IMPAX Asset Management

Impax Climate Report 2025

Impax Asset Management Group Plc ("Impax") Climate Report 2025 in line with the recommendations of the Taskforce for Climate-related Financial Disclosures ("TCFD") for the year ended 31 December 2024

impaxam.com

IMPAX Asset Management

The transition to a more sustainable economy is not limited to any one sector, nor any single country. It is a broad reaching trend that will continue to reshape all corners of the global economy.

Foreword

Ian Simm
Founder and
Chief Executive

Thank you for reading Impax Asset Management's second annual Climate Report.

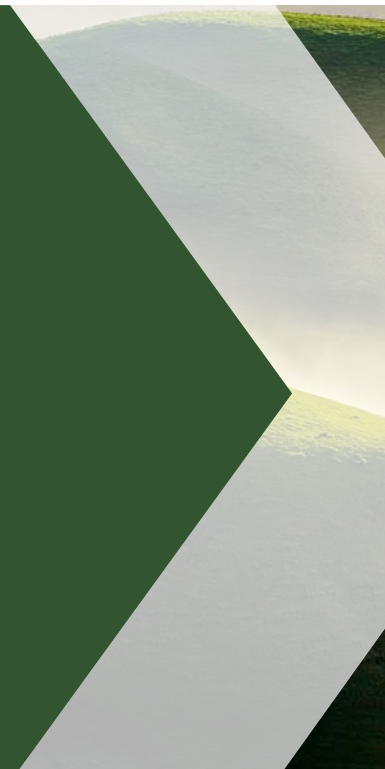
As corporate reporting under the Task Force for Climate-related Financial Disclosures ("TCFD") framework evolves, the quality of information available to investors continues to improve. We value this reporting as investors and so are pleased to publish our own disclosures for the benefit of our clients, investors and other interested parties.

Since 1998, Impax has been investing in the transition to a more sustainable global economy, seeking opportunities to create attractive investment returns from economic transformations propelled by clean technology, regulations designed to protect the natural environment and consumer demand for more efficient, less harmful goods and services.

In the past year, economic and policy obstacles to this transition have emerged. Global macroeconomic headwinds, primarily driven by US import tariffs and reciprocal trade barriers, and the new US administration's antipathy towards climate change, are combining to limit governments' ambition on climate action. The tightening ratchet of national pledges and regulation has stalled, and a disorderly and slower climate transition looks more likely.

This is reflected in the dilution of corporate net-zero commitments: more than 200 companies were removed from the Science-Based Targets initiative ("SBTi")'s commitment list in 2024 because they

It remains our conviction that initiatives like NZAM can play an important role in highlighting systemic climate risks and in identifying actions to reduce and manage them



failed to meet deadlines or submit validated targets.[1] In January 2025, the Net Zero Asset Managers ("NZAM") initiative announced that it would suspend activities as it undergoes a review, citing recent developments in the US and different regulatory expectations.[2] It remains our conviction though that initiatives like NZAM can play an important role in highlighting systemic climate risks and in identifying actions to reduce and manage them.

As set out in this report, we continue to embed climate-related factors within our risk management process and continue to seek investment opportunities in innovative solutions and technologies that contribute to mitigating or responding to climate change and its effects. By way of illustration, Bloomberg New Energy Finance ("BloombergNEF") projects that investment in digital grid infrastructure will almost double by 2040 under a business-as-usual scenario – and roughly treble under its net-zero scenario – as ageing grids expand and modernise.[3]

Markets may be imperfect, but their participants are rational. So, while US presidential executive orders will undoubtedly colour investment decisions, asset owners' interest in the economic opportunities arising from climate-driven trends will ultimately continue to shape how capital is allocated.

The transition to a more sustainable economy is not limited to any one sector, nor any single country. It is a broad-reaching trend that will continue to reshape all corners of the global economy in the months and years ahead. It therefore remains at the very centre of our investment decisions and engagement activities, as outlined in this important report.

1 Science-Based Targets initiative, March 2024: Final campaign evaluation report published, including commitments removed
2 Net Zero Asset Managers initiative, 13 January 2025: Update from the Net Zero Asset Managers initiative
3 BloombergNEF, October 2024: New Energy Outlook 2024

Introduction

We are very pleased to publish Impax's second annual Climate Report in line with the recommendations and recommended disclosures of the TCFD. This report, which covers the calendar year 2024 ("the Period"), builds on the disclosures included in the Climate Report 2024.

Together with the associated entity and product-level reports, this report complies with our requirements under the Environmental, Social and Governance ("ESG") Sourcebook rules issued by the Financial Conduct Authority ("FCA").

As a specialist investor in the transition to a more sustainable economy, managing climate-related risks and identifying climate-related opportunities is at the core of what we do. Our reporting looks to demonstrate how we integrate this across the investment strategies that we manage on behalf of our clients and throughout our business.

Changes to our Climate Report

In our inaugural Climate Report last year, we took the important step of addressing the recommendations of both the TCFD and the Transition Plan Taskforce ("TPT"), including the latter's Asset Managers Sector Guidance to which we contributed significantly.[4] Our commitment to this approach reflects our efforts to both improve climate-related disclosures and streamline reporting.

We have continued to evolve our reporting, while maintaining the structure of last year's report, bringing us closer to alignment with the TPT framework and the likely direction of future regulation on transition plan disclosures.

Key changes from 2024, which are also set out at the start of relevant sections, are:

- **Section 1 (Strategy):** We outline how we have refined our approach to assessing climate-related risks, in particular the climate risk categories we use. We also highlight the increased likelihood of a disorderly and slowing climate transition.
- **Section 2 (Implementation):** We introduce our proprietary Fixed Income sustainability framework which has been introduced since the last report. This new framework covers a bespoke screening approach, a sustainability tiering system, an Issuer Resilience methodology to identify environmental, social and governance issues that have the potential to affect credit quality, and stewardship. The key climate-related aspects of this new framework include a focus on excluding issuers posing the most harm to the climate, and assessing and engaging on climate transition preparedness.
- **Section 3 (Engagement):** We have included new graphics to illustrate our approach to systematic stewardship and, separately, how our approach to escalation with investee companies is contributing to progress against our NZAM target. We also set out our approach to engagement in the context of our Fixed Income investments, reflecting our new Fixed Income sustainability framework.
- **Section 5 (Metrics & targets):** We highlight how our NZAM methodology has been updated to align with the latest industry guidance on assessing corporate climate transitions. We also include financed emissions metrics for Fixed Income, which did not feature last year. Finally, we have included additional commentary on the data, including observations on year-on-year trends.

4 See Transition Plan Taskforce, October 2023: Disclosure Framework and TPT, April 2024: Asset Managers Sector Guidance. The TPT guidance draws on the transition plan components identified by GFANZ in its transition plan guidance, supporting international convergence

Contributing to the 'climate transition'

Stewardship and advocacy are the twin levers that we can pull to help our investee companies navigate risks and opportunities and to support the decarbonisation of the global economy. Given the systemic nature of climate-related risks, we actively engage with a range of stakeholders – including peers, policymakers and regulators – to drive regulatory or policy change.

We are proud of our successes in shaping policy action to incentivise the transition to a low-emission, climate resilient economy (the "climate transition"). For example, during 2024, a central theme of our policy advocacy was to encourage governments to develop national transition plans, consisting of ambitious emissions reduction goals, underpinned by sectoral pathways and dialogues with investors on detailed policies needed to attract private capital. We called for these policy frameworks to be reflected in investable Nationally Determined Contributions ("NDCs") submitted to the United Nations ("UN") and we worked with like-minded investors through a range of member networks to communicate these messages. We were pleased to see our contributions reflected in investor statements ahead of UK and European elections and the COP30 climate summit in Brazil.

An evolution in our reporting

Climate reporting is inevitably a constant work in progress as the regulatory landscape evolves and as data quality and availability improves. Much as we expect our investee companies to improve their climate-related disclosures, we will continue to hone our own approach in line with best practices.

In 2025, we are evaluating our approach to net-zero targets and the case for establishing medium- and longer-term targets, with clearer action plans for meeting them.

In parallel, we are identifying any gaps against the final Taskforce on Nature-related Financial Disclosures ("TNFD") framework and updating our approach to considering nature-related issues ahead of reporting in 2026.

Lisa Beauvilain
Global Head of Sustainability & Stewardship, Co-Head of the Sustainability Centre

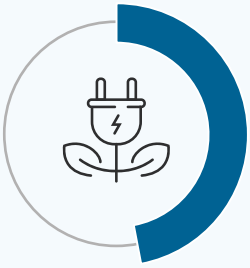
Chris Dodwell
Global Head of Policy & Advocacy, Co-Head of the Sustainability Centre

2024 Highlights[5,6]

Investments

91%

AUM committed under NZAM that has 'transition aligned/aligning' climate management and disclosures[5]



47%

AUM invested in 'climate solutions'

Operational

95% electricity from renewable sources across Impax offices

2030 target is 100%

MORNINGSTAR®

2024 Winner

Best Asset Manager
Sustainable Investing Awards

Stewardship & Advocacy

25%

of engagement dialogues focused on climate-related issues in 2024

79%

climate-related shareholder proposals supported in 2024

Co-chaired the working group developing the TPT Asset Management Sector Guidance, published April 2024.

5 As at 31 December 2024. See page 14 for our definition of 'transition aligned/aligning'
6 Our other areas of priority for stewardship and advocacy activities are Governance, Nature and People. See our Stewardship and Advocacy Report 2025 for details of our activities in 2024

Structure of this report

The report is structured under the five elements proposed by the TPT: strategy, implementation (of that strategy in our investments, operations and risk management), engagement (with investee companies and other stakeholders), governance, and metrics and targets.

For ease of reference, we have set out at the beginning of each section the specific TCFD and TPT disclosures which the section addresses. We have also provided a summary of our disclosures against the TCFD's recommended disclosures on governance, strategy, risk management, and metrics and targets in a TCFD Disclosures Summary table on pages 8 to 10.

Entity and product-level reporting

The following entities within the Impax Group, as a result of being regulated by FCA, are required to publish their own separate TCFD entity-level reports pursuant to the ESG Sourcebook rules issued by the FCA. These entities predominantly rely on this Report in the publication of their own reports:

- Impax Asset Management (AIFM) Limited ("AIFM")
- Impax Asset Management Limited ("IAML")

In addition, AIFM is required to publish a product-level TCFD report in respect of the following investment trust:

- Impax Environmental Markets plc

We will also be publishing equivalent data for each of Impax's investment strategies, in line with the content included in the FCA's product-level reporting requirements. These will be distributed to relevant clients and made available on request.

Summary TCFD disclosures

TCFD pillar: Governance

See Section 4

Recommended disclosures

a) Describe the Board's oversight of climate-related risks and opportunities.

b) Describe the management's role in assessing and managing climate-related risks.

Summary of Impax disclosure

- The Board is responsible for governing and overseeing Impax's strategy and providing an oversight, control and monitoring role of its operations and risks. The Audit & Risk Committee is responsible for oversight of audit and risk management, including climate and sustainability risk management. A Non-Executive Director is Board Observer of the employee-led Environment Group, which provides input and advice to support decision making on Impax's operational climate policies, performance and targets. **See Section 4.1**
- Management and monitoring of climate-related risks and opportunities, including implementing the TCFD recommendations, is delegated to senior management, specifically the Management Committee. Senior management is represented on investment committees, which oversee the Company's investment activities, investment performance and risk management, and regularly address climate-related issues. In October 2023, the Impax Sustainability Centre was established as a centre of excellence providing services, tools and knowledge to the firm and our clients. **See Section 4.2**

TCFD pillar: Strategy

See Section 1

Recommended disclosures

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Summary of Impax disclosure

- Impax's business model is aligned towards the transition to a more sustainable economy, which is more resource efficient, achieves deep reductions in greenhouse gas ("GHG") emissions and is positioned to provide substantial long-term benefits to society, such as a healthier environment. As a result, our exposure to climate risks is, in most cases, the opposite of investment portfolios with high exposure to the conventional energy value chain. **See Section 1.1**
- The principal climate-related risks we face, as investors focused on the transition to a more sustainable economy, are related to a slower pace of transition. We have presented the material climate-related risks and opportunities identified over different timeframes, their potential impact and our strategy for mitigating those risks. **See Section 1.2**
- We consider that Impax is well-positioned to benefit from the climate transition and to realise the opportunities associated with more ambitious climate scenarios. We have identified a range of business risks associated with a slower transition and have incorporated measures within our investment process and engagement activities to ensure that our strategy remains resilient to them. **See Section 1.2**

TCFD pillar: Risk management

See Sections 2 and 3

Recommended disclosures

a) Describe the organisation's processes for identifying and assessing climate-related risks.

b) Describe the organisation's processes for managing climate-related risks.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Summary of Impax disclosure

- Climate risk has been embedded into our investment process, our engagements with investee companies and other stakeholders and our business operations. **See Sections 2.1 and 3**
- We integrate climate and other material risks into the investment process for all of Impax's assets under management ("AUM"), across all asset classes and geographies, through company-, issuer- or project-level Corporate Resilience analysis. To identify markets for potential investment, we have developed proprietary tools, including the Impax Sustainability Lens and our Environmental Markets taxonomy, which integrate climate-related risks and opportunities. We undertake fundamental analysis at the company- or issuer-level including specific climate change assessments to analyse companies' exposure and preparedness for transition and physical risks through evaluation of their disclosures, targets, management practices and performance. We also apply Impax's Fossil Fuel Policy to mitigate or eliminate climate-related risks associated with investing in companies with fossil fuel-related assets and activities. **See Section 2.1**
- We view engagement as a key part of our strategy for managing climate-related risks and supporting the climate transition. We proactively engage with investee companies, encouraging them to adopt best practices such as targets for emission reductions, improve disclosures of climate risks and opportunities and address concerns regarding physical risk and adaptation. Working together with industry peers is a key part of our stewardship work, both through collaborative engagement and active participation in industry working groups. Through our advocacy work, we look to shape better policy and accelerate the transition by engaging directly with policy makers, collaborating closely with academics and publishing our insights to influence wider public debate. **See Section 3**
- While our operational GHG emissions and transition risks are low, we are committed to monitoring and reducing our operational emissions, including setting a target to source 100% of our electricity from renewable sources by 2030, increasing energy efficiency and reducing business travel emissions. The physical risks facing our offices, which vary by location, remain relatively low. We manage these through our business continuity plan which includes measures to allow the company to operate from multiple remote locations. **See Section 2.2**
- Climate risk has been formally included in Impax's key risk register, making it subject to independent oversight and assurance from the Enterprise Risk team. Two climate-related risks are identified: first, physical risks to Impax operations, and second, risks arising from any failure to appropriately integrate climate risk into investment-related decisions. **See Section 2.3**

TCFD pillar: Metrics and targets

See Section 5

Recommended disclosures

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Disclose Scope 1, 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Summary of Impax disclosure

Investments **Sections 5.1, 5.2 and 5.3**

- The key metrics we use are: % AUM invested in 'transition aligned/aligning' companies; % AUM invested in 'climate solutions'; avoided emissions; financed emissions (various metrics identified by the FCA); exposure to carbon risk; and exposure to acute risks hazards and vulnerability/resilience. We provide details of methodologies used in Section 5 in the Appendix on page 75.
- Our NZAM target is to aim for 100% of our 'Committed AUM' (see page 16) to be 'climate resilient' and within the categories 'transition aligned' or 'transition aligning' by 2030. As of 31 December 2024, the distribution of Committed AUM was 91% 'transition aligned' or 'aligning', 9% 'non-aligned', with 47% of Impax's Committed AUM invested in companies or assets providing 'climate solutions'. The avoided emissions associated with our Active Listed Equities strategies (82% of AUM) were 170 tonnes CO_2 effective ("tCO_2e")/US$1mn invested.
- The financed emissions associated with Impax's total AUM during the Period were: Scope 1 & 2 emissions 1.8m tCO_2e; Scope 3 emissions 8.7m tCO_2e; total carbon footprint 273 tCO_2e /US$1mn invested.
- Exposure to carbon risk: our estimate of Active Listed Equities strategies' exposure to heightened carbon risk under the ambitious Network for Greening the Financial System ("NGFS") Net Zero 2050 scenario is 2% in 2030, rising to 9% in 2050.
- Exposure to physical risks: our analysis of exposure to acute risks hazards (extreme heat and precipitation, drought, cyclones and floods) and scores for vulnerability and resilience for each Impax strategy are set out in **Section 5.3.2**.
- The relevant metrics of in-scope AUM relating to the two FCA-regulated entities in the Impax group (AIFM and IAML) can be found in their accompanying entity-level reports.

Operations **See Section 5.4**

- Emissions arising from our operations were: direct (Scope 1, natural gas) 23 tCO_2e; indirect (Scope 2, electricity consumed, market-based approach) 7 tCO_2e; business travel (Scope 3) 370 tCO_2e.
- We have set a target to source 100% of our electricity from renewable sources across all Impax offices by 2030. At the end of 2024, the figure stood at 95%.

1 Strategy

1. Strategy

Structure

In line with the TCFD recommendations, this section describes climate-related risks and opportunities, their impact on Impax's business and strategy and the resilience of Impax's strategy taking into consideration our approach to scenario analysis.

Following the TPT guidance, this section sets out our objectives and priorities for responding and contributing to the climate transition through our investment strategy and processes, our engagement with investee companies, peers and policymakers, and our own business operations. This includes reducing the financed GHG emissions associated with our investment activities; managing climate-related risks and capturing climate-related opportunities; and using available levers to embed and accelerate the climate transition by supporting this transition in the real economy.

Key changes from our 2024 report

We have reflected the following amendments to our assessment of material climate-related risks during 2024, as set out in Table 1a of this report (page 21):

- We have refined climate risk categories to better reflect our internal approaches to manage investment risk and performance. We have split transition risk into policy, market and litigation risks, with a project underway to enhance our approach to integrating these risks into our enterprise risk management framework.
- We highlight that the likelihood of a disorderly and slower transition has increased, with higher levels of policy uncertainty and trade protectionism expected to be a material risk in the short term. Despite this, there are significant differences across sectors and regions in the climate transition, with falling technology costs and supportive regulation continuing to drive deployment of less resource and emissions intensive products across multiple sectors.
- To mitigate heightened risks, Impax's Sustainability Centre works closely with our investment team to monitor these policy evolutions at a granular level and ensure that there is a regular re-evaluation of the long-term investment thesis for companies and securities across our portfolios.

1.1 Approach to the climate transition

Impax's objectives and priorities for contributing to the climate transition

As a specialist investor in the transition to a more sustainable economy, a detailed and sophisticated appreciation of the risks and opportunities arising from climate change is central to our mission, investment philosophy and business model. This speaks to the core of Impax's objectives and priorities for responding and contributing to the climate transition.

Founded in 1998, Impax has pioneered investment in the transition to a more sustainable global economy across asset classes and is today one of the largest investment managers dedicated to this area.

Investment philosophy:

- We believe that capital markets will be shaped profoundly by global sustainability challenges, including climate change.
- We invest in companies and assets that we believe are well positioned to benefit from the transition to a more sustainable economy.
- We seek 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.[7]

Mission statement:

- To generate strong, risk-adjusted investment returns from investing in the opportunities and risks 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.
- To provide a stimulating, collaborative and supportive workplace for our staff.

We consider that the asset management sector as a whole can best contribute to meeting the goals of the Paris Agreement in the following ways:

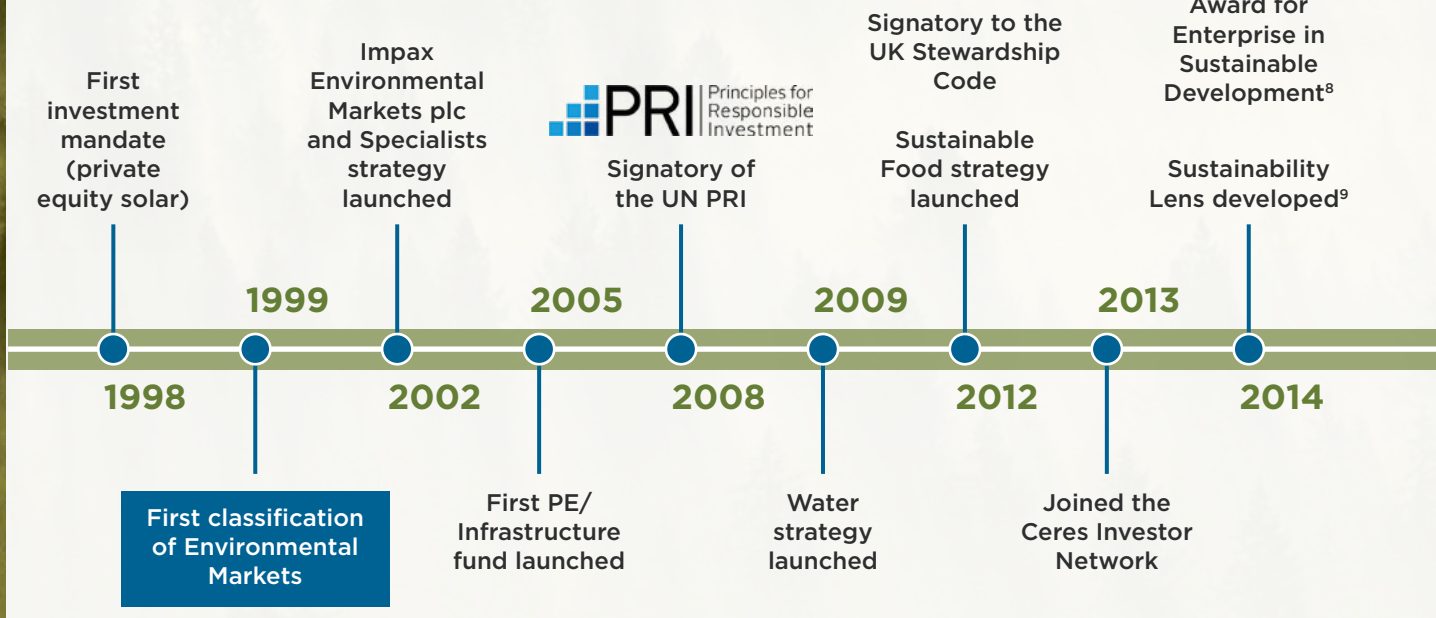
1. **Integrating climate risk into our investment decisions:** assessing risk exposures within portfolios and using tools to minimise exposure to transition and physical risks.
2. **Investing in climate solutions:** through a range of asset classes in both public and private markets.
3. **Engaging with investee companies and policymakers:** identifying companies to engage with on their targets, disclosures and the details of their transition plans; encouraging policymakers to implement policies which will accelerate the climate transition.

We demonstrate the first and second elements above in our Investment strategy (see page 17 and Sections 2.1 and 2.2 for more detail) and the third in our Engagement strategy (see page 18 and Section 3 for more detail).

7 For more information on our investment philosophy, please see our website.

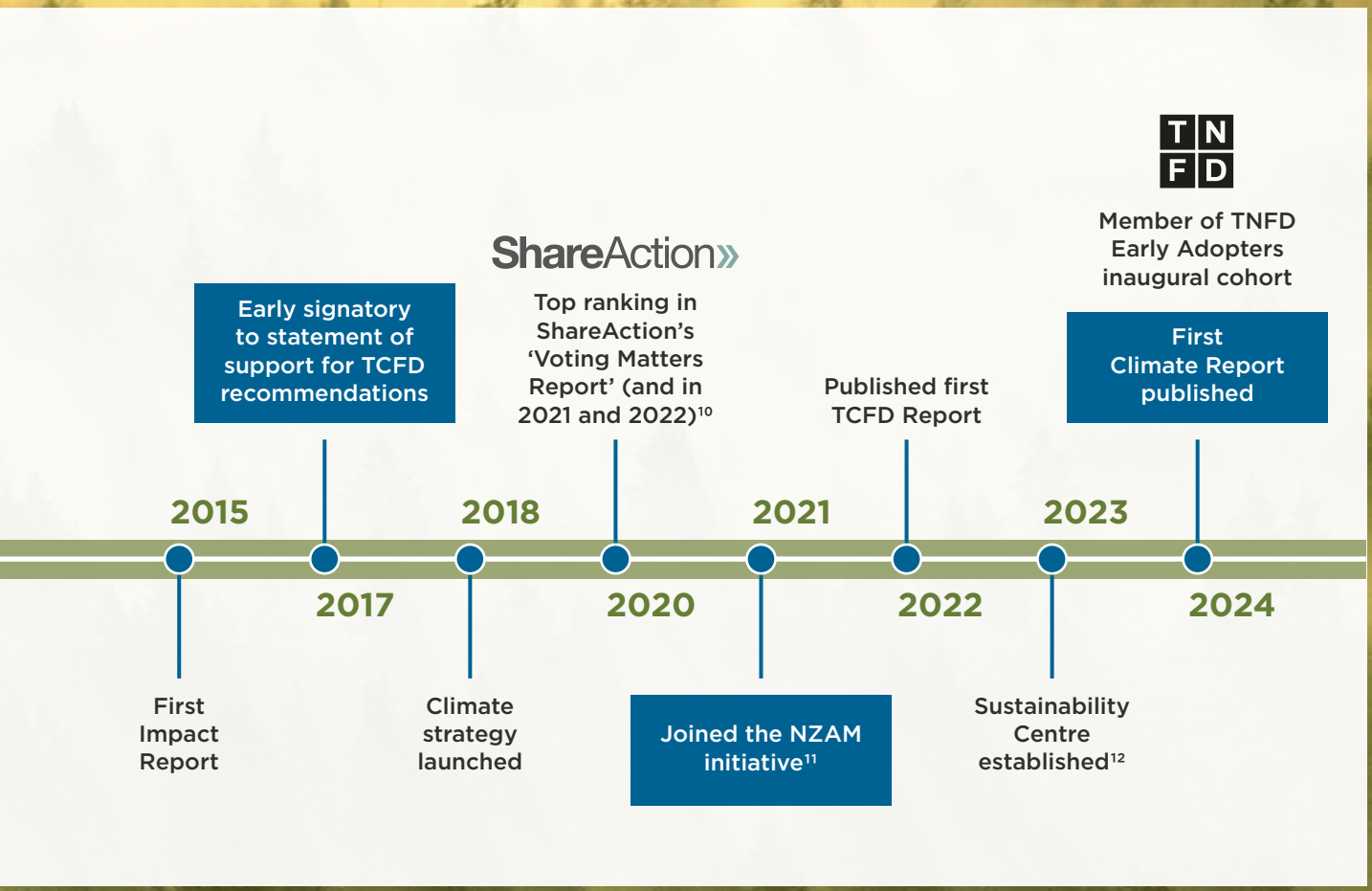
Evolution of Impax's approach

Impax's approach to the climate transition within its investment approach and processes has evolved over more than 25 years since its founding in 1998. Major milestones in this process have included:



8 We were first awarded a Queen's Award for Enterprise in Sustainable Development in 2014, in recognition of our pioneering role in supporting the expansion of companies and projects that contribute to the development of a more sustainable society. We are proud to have won the award again in 2020 and in 2024, now renamed the King's Award for Enterprise.

9 Please see Section 2.1.1 (page 25) for more details



10 In ShareAction's Voting Matters 2020 report, Impax's voting record ranked first out of 60 of the world's largest asset managers on 102 shareholder resolutions on climate change, climate-related lobbying and social issues
11 Please see page 16 for more details
12 Please see Section 4.2 (page 52) for more details

Impax's climate targets

As a signatory of the NZAM initiative, Impax supports the goal of net-zero emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

As part of that initiative, we have adopted a target that 100% of our assets covered by the NZAM commitment – being all actively managed listed equities and private markets investments (our "Committed AUM") – will be deployed into 'transition aligned' or 'transition aligning' investments by 2030, with 50% in 'transition aligned' investments by 2030 (see Section 5.1 (page 58) for details). We also commit to reporting annually on the percentage of our investments invested in 'climate solutions' and the avoided emissions associated with those investments.

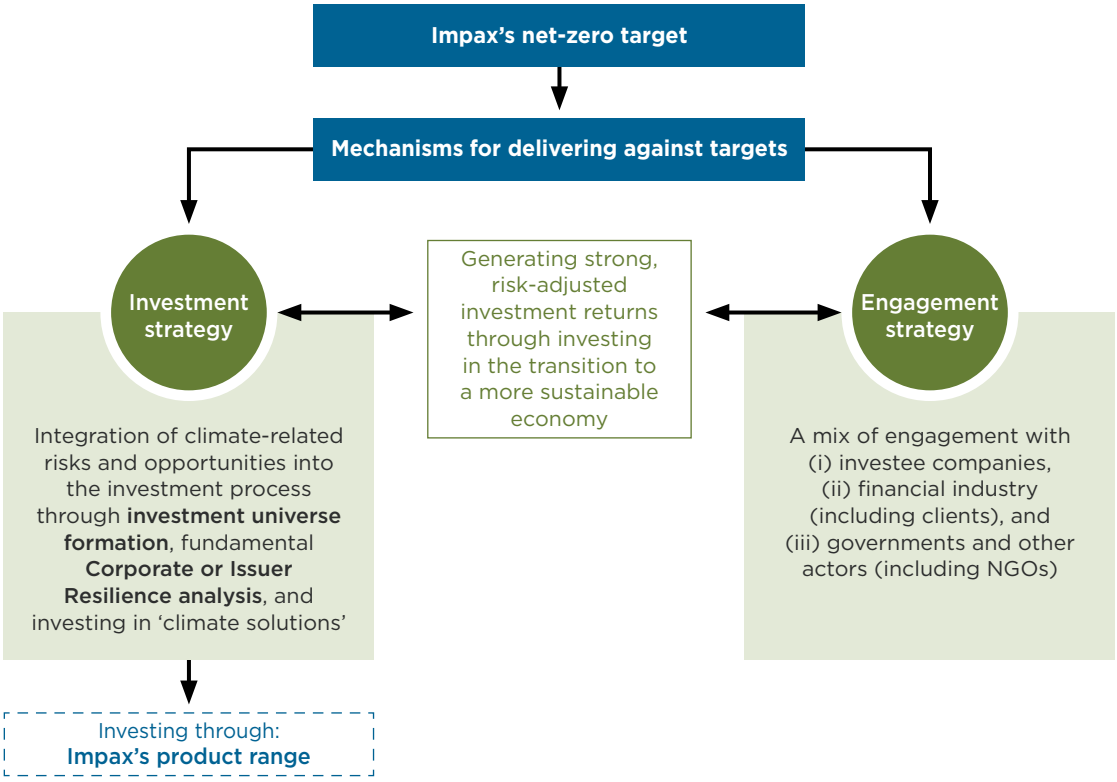
Our headline numbers for our NZAM commitments in 2024 in terms of our Committed AUM were:

- 91% in 'transition aligned/aligning' investments
- 47% invested in companies or assets providing 'climate solutions'
- Avoided emissions of 170 tCO_2e per $1mn invested (in Active Listed Equities strategies)

We set out more detail on these metrics and targets, and related methodologies, in Section 5 from page 55.

Next, we set out how we deliver our objectives, as a specialist investor in the transition to a more sustainable economy, through our investment, engagement and operational strategies.

Delivering Impax's net-zero target



Pursuing Impax's objectives and priorities through our investment strategy

Investing in the climate transition

At the core of our investment strategy is a recognition of the disruptive forces caused by climate change, and the benefits of aligning to a sustainable, low-carbon and climate-resilient economy. We recognise that activities with lower sustainability-related risks, including lower climate-related risks, are set to benefit from the climate transition. Low-carbon and climate-resilient activities are less at risk of disruption from changing consumer preferences and regulation that seeks to mitigate and adapt to biodiversity loss and global warming. Impax's investment strategies intentionally seek out companies that are well positioned to enable and navigate this transition.

Our product suite invests in and enables the climate transition by identifying companies that are providing environmental solutions or adopting sustainable practices.

Our Listed Equities product range is split into Thematic and Core strategies. Our Thematic strategies seek to invest in companies providing solutions to environmental and social challenges. This includes our Climate strategy, launched in 2018, which invests in companies that generate at least 50% of their underlying revenue from sales of products or services that constitute 'climate solutions', including both climate mitigation and adaptation. Our Core strategies apply Impax's proprietary framework, the Sustainability Lens, to achieve long-term capital growth by investing in companies benefiting from the transition to a more sustainable global economy.

Our Private Markets business supports the climate transition by investing in renewable energy infrastructure that replaces fossil fuels. We develop and construct clean energy assets, including solar, wind and storage, and adjacent sectors such as energy efficiency and decentralised generation. This helps decarbonise power systems, strengthen energy security and accelerate the shift to a more sustainable economy.

Lastly, our Fixed Income strategies make allocations to sectors based on the opportunities and risks arising from the transition to a more sustainable economy. This includes an assessment of the use of proceeds or a structured product collateral pool's alignment with transition themes.

See Section 2.1 (page 25) for further details.

Pricing in climate risks

We recognise that the path to a low-GHG emissions, climate-resilient economy is constantly evolving, creating financially material risks and opportunities that diverge across sectors and regions. The impacts of a slow and uncoordinated policy response are ultimately being felt in rising global temperatures, more severe natural disasters and the loss of ecosystems.[13]

We also recognise that inaction today is likely to lead to heightened transition risks, due to disruptive and sudden policy shifts in the future to address the challenges of climate change and biodiversity loss, and rising costs from physical climate risks.

To account for the complexity of the transition, our investment approach is grounded in understanding and pricing in a company's exposure to climate-related risks and opportunities amidst wider disruptive forces. Evaluation at a thematic, sub-industry and company level helps us to grasp the specific and ecosystem-wide challenges and opportunities that our investments face. We utilise proprietary tools such as the Environmental Markets taxonomy and the Sustainability Lens to inform our identification of companies enabling the transition. In addition to this idea generation, we conduct in-depth, fundamental research which integrates material sustainability analysis to guide all investment decisions. This analysis enables a deeper and more integrated understanding of investee companies' overall risk profiles, with transition and physical climate related risks, as well as their risk management capabilities and processes, being evaluated alongside traditional risk factors. See Section 2.1 (page 25) for further details.

13 World Meteorological Organization, May 2025: WMO Global Annual to Decadal Climate Update (2025-2029)

Pursuing Impax's objectives and priorities through our engagement strategy

As an investor focused on the transition to a more sustainable global economy, Impax views engagement as a key part of our strategy for managing climate-related risks and delivering risk-adjusted returns from our clients.

We have identified two priority themes for climate-related engagement: managing transition risks; and increasing resilience to physical climate risks.

We pursue our objectives through engagement with investee companies (see Section 3.1 on page 38), the financial industry (see Section 3.2 on page 42), and government, public sector, communities and civil society (see Section 3.4 on page 44).

Pursuing Impax's objectives and priorities through our operational strategy

We are committed to monitoring and reducing our own operational emissions as well as understanding and limiting our exposure to physical climate risks.

As an asset manager, our principal contribution to the climate transition is through our investment and engagement strategy. Nonetheless, we recognise the importance of our global business operations as part of our climate strategy.

We have set a target of sourcing 100% of our electricity from renewable sources by 2030 and are seeking opportunities to maximise the energy efficiency of our offices. We also look to minimise business-related travel emissions, our largest source of operational emissions. We have assessed the physical risks facing our offices, which vary by location, and remain relatively low. We manage these through our business continuity plan which includes measures to allow the company to operate from multiple remote locations. Further information on our operational strategy is set out in Section 2.2 (page 33).

1.2 Climate-related risks and opportunities

As set out above, we believe that Impax's business model is aligned towards a transition in the global economy that is more resource efficient, less GHG emissions-intensive and is positioned to provide substantial long-term benefits to society, such as a healthier environment.

The principal climate-related risks we face, as investors focused on this transition, are related to a slower pace of transition. We are aware of, and seek to prepare for, future states of the world in which the drivers of the transition proceed more slowly than expected or even go into reverse. Nonetheless, it remains our conviction that technological innovation, decreasing costs of technology and changing consumer preferences will drive adoption of technologies and processes over the long term with lower emissions intensity, despite shifts in government policy.

Impax's approach to climate-related scenario analysis

Climate scenario analysis is an important tool for testing the resilience of our business model to an inherently uncertain future. Impax has, for many years, employed senior specialists with experience working for national governments, leading consultancies and distinguished academic institutions on climate economics. It is from this perspective that we are investigating how best to complement the work that is ongoing within the NGFS, the International Energy Agency ("IEA") and other institutions.

Amongst the drivers that influence the pace of the ongoing climate transition, there are a range of macroeconomic factors and socio-political dynamics that we believe are not yet sufficiently developed in typical scenario analysis. While more advanced integrated assessment models ("IAMs") and Intergovernmental Panel on Climate Change ("IPCC") scenarios have sought to improve their capacity to capture the interactions between the real economy, financial markets and national politics, they remain insufficient for sophisticated business planning, especially over shorter durations (for example, the next one to five years). At a macroeconomic level, key considerations include fossil fuel price volatility, interest rate expectations and inflation. At the political level, factors include international trade policy, monetary and interest rate policy, infrastructure planning and permits, and the public acceptability of shifting tax burdens.

In April 2024, we ran an internal workshop with senior members of our investment team to explore the implications of recent work conducted by the University of Exeter on short-term, decision-useful, climate scenarios. These scenarios inform the identification of climate-related risks summarised in Table 1a. We update our assessment of these risks, their probabilities, timeframes and mitigation strategies on an annual basis to reflect updated views among Impax's investment team and Sustainability Centre on how risks and opportunities will materialise over time and how they can be most effectively managed. To ensure we continue to increase the application of scenario analysis in the investment and engagement process, we set up an internal project in 2025 to evaluate how to advance our asset-level transition risk methodology, utilising more decision-useful, short-term scenarios. This project will pilot an updated and bespoke approach to assessing transition risk on a subset of companies in our portfolios.

In addition to the use of scenario analysis at a strategic level, we have developed a proprietary approach and tools for integrating both physical climate risks and carbon pricing into our investment process and engagement activities. As described further in Section 2.1 (page 25), these approaches incorporate a range of climate scenarios including 2°C or lower scenarios.

Impax's material climate-related risks and opportunities

The evaluation of climate-related risks and opportunities is central to our business and financial planning decisions, including our investment in data, human resources and product development.

In Tables 1a and 1b, we present the material external risks and opportunities, respectively, that we have identified over the short (0 to 5 years), medium (0 to 10 years) and long term (0 to 15 years), their potential impact on the organisation, and our strategy for mitigating those risks and realising those opportunities in pursuit of Impax's objectives and priorities for responding and contributing to the climate transition (which are set out in more detail in Sections 2 and 3).

Given that our investment strategies seek to achieve strong risk-adjusted returns from the transition to a more sustainable economy, the directionality of our exposure to climate risks will in many cases be the opposite of what would be expected from investment portfolios with high exposure to the conventional energy value chain.

To ensure we continue to mitigate risks across our business strategy, we have sought to enhance our enterprise risk management framework to better track and escalate the impact of evolving transition and physical risks on Impax's investment risk and performance. Updates to our enterprise risk management will be finalised in 2025.

Whilst we have yet to develop a standalone transition plan, our overall business strategy already encompasses the components of transition plan guidance issued by Glasgow Financial Alliance for Net Zero ("GFANZ") and the approach recommended by the TPT.[14,15]

Table 1a: Impax's key climate-related risks

The table shown on page 21 illustrates our assessment of climate-related risks (including both transition – split into policy, market and litigation risks – and physical risks) relevant to Impax, their potential financial impacts and possible mitigation actions. We have sought to refine risk categories to better reflect our internal approaches to manage investment risk and performance.

Since our last Climate Report, we recognise that the likelihood of a disorderly and slower transition has increased, with higher levels of policy uncertainty and trade protectionism expected to remain in the immediate term. We believe these risks are particularly material in the short term, as shown in our updated time horizon assessment.

To mitigate heightened risks, the Impax Sustainability Centre works closely with the investment team to monitor these policy evolutions at a granular level and to ensure that there is a regular re-evaluation of our investment thesis for companies and securities with high exposure to 'climate solutions'. Our investment strategy considers the extent to which these factors will undermine the long-term investment thesis for a company and seeks to adjust exposure where appropriate. Despite the attention given to the delay or reversal of specific climate policies, our research highlights the significant differences across sectors and regions in the climate transition, with falling technology costs and supportive regulation continuing to drive the deployment of less resource and emissions-intensive products across multiple sectors.

14 GFANZ, 2022: Financial Institution Net-zero Transition Plans. See page 17 of TPT Disclosure Framework, October 2023 and the TPT Asset Managers Sector Guidance, April 2024.
15 Transition Plan Taskforce, 2023: TPT Disclosure Framework / TPT: April 2024: Asset Managers Sector Guidance

Table 1a: Impax's key climate-related risks

	Risk identified	Potential financial impact on investee companies (or Impax where shown)	Risk mitigation strategy	Time horizon	Impact on Impax[16]
Policy	Increasing uncertainty around climate policies with countries slowing or reversing ambition	• Lower sales growth across product lines reliant on policy support • Higher uncertainty over future returns delays capital investment decisions by companies	• Regular updates to company valuations using proprietary investment tools that track material individual policies • Engagement with investee companies on risk mitigation measures • Engagement with policymakers to ensure consistent policy signals	0–5 years	High
Policy	Increase in trade protectionism across environmental solutions disrupts supply chains	• Increase in operating costs and lower market demand for protected goods	• Regular updates to company valuations using proprietary investment tools that track material individual policies • Engagement with investee companies on risk mitigation measures • In-house macroeconomic framework captures evolving view of geopolitical risks	0–5 years	Medium
Policy	Costs of increasing financial regulation	• Impax faces higher costs of regulatory compliance (risk to Impax)	• Engagement with regulators to encourage interoperability of sustainable financial regulation • Development of internal policies and guidelines to ensure compliance with changing regulations	0–5 years	Medium
Market	Demand for lower carbon technologies rises slower than anticipated due to less supportive macroeconomic conditions (inflation/ interest rate environment) and microeconomic conditions (technology costs, consumer demand)	• Lower profit margins and slower demand growth for some low-carbon technologies	• Update view of sub-sector risks via our investment processes and tools • Update macroeconomic framework and view of sub-sector risks via our investment processes and tools	0–10 years	Medium
Reputational	Performance is negatively affected by the challenges facing the climate transition and scale-up of environment solutions	• Lower financial returns lead key clients to withdraw assets, leading to a reduction in net client AUM (risk to Impax)	• Active management of investment portfolios through business cycles • Sustainability client advisory function to support clients and communicate our view on secular drivers of the transition	0–5 years	High
Acute & chronic events	Extreme weather events (droughts, flooding, wild-fires) negatively impact infrastructure	• Increase in operating costs due to damage to property • Higher food prices drive higher inflation and lower GDP growth • Decreased productivity due to health and safety concerns	• Engagement with investee companies to improve disclosure and management of physical climate risks • Identify opportunities for investment in adaptation to physical risks	0–15 years	Medium

16 We assess impact qualitatively based on the scope of companies in our investment universe that are affected by a risk or opportunity, or the extent to which a risk or opportunity affects multiple Impax business functions, combined with a judgement of the degree to which a risk can be mitigated (or an opportunity realised)

Table 1b: Impax's key climate-related opportunities

The table below illustrates our assessment of climate-related opportunities relevant to Impax, potential financial impacts and actions to realise them.

	Risk opportunity	Potential financial impact on investee companies (or Impax where shown)	Achievement strategy	Time horizon	Impact on Impax[16]
Policy	Climate policies increase with a focus on green industrial policy and local manufacturing of climate solutions	• Lower operating and capital costs for companies benefitting from green industrial policy incentives	• Identify companies benefitting from policy developments via our investment tools and processes	0–10 years	High
Litigation	Increase in litigation against government and companies due to their lack of action on global warming	• Improves relative performance of companies that are taking action relative to their industry	• Evaluate litigation risks within our transition risk assessments, at company and Global Industry Classification Standard (GICS) sub-industry level to identify companies that are well positioned relative to peers	0–10 years	Low
Technology	Continued innovation makes low-carbon technologies cheaper than incumbents, spurring adoption	• Higher sales growth for manufacturers of climate solutions	• Update view of sub-sector opportunities and market penetration via our investment processes and tools	0–15 years	Medium
Market	Consumers place an increasing value on sustainable consumption	• Higher revenues for sustainable goods and services, and higher demand for companies supporting the transition	• Identify companies benefitting from consumer driven price and demand uplift via our investment tools and sectoral working groups	5–10 years	Medium
Reputational	Greenwashing concerns and market volatility increase demand for specialist investors with a track record investing in environmental solutions	• Increase in client AUM due to Impax's credibility and experience as an investor in the transition to a more sustainable economy	• Communicate Impax's track record, expertise and differentiated approach across asset classes to meet client demand	0–10 years	High
Acute & chronic events	Extreme weather events increase demand for adaptation solutions across multiple sectors (i.e. agriculture, healthcare, insurance)	• Increase in sales growth of adaptation solutions, such as healthcare solutions required due to higher pollution	• Impax's Climate Opportunities taxonomy is used to identify companies across multiple sectors that benefit from the greater need for climate adaptation and resilience	0–15 years	High

16 We assess impact qualitatively based on the scope of companies in our investment universe that are affected by a risk or opportunity, or the extent to which a risk or opportunity affects multiple Impax business functions, combined with a judgement of the degree to which a risk can be mitigated (or an opportunity realised)

2

Implementation

Investments, operations & risk management

2. Implementation
Investments, operations & risk management

Structure

In line with the TCFD's recommendations, this section forms part of our Risk Management disclosures, specifically on **our processes for identifying and assessing climate-related risks**, managing those risks and how these processes are integrated into our overall risk management framework.

In line with the TPT guidance, this section **sets out the ongoing actions that we are taking to deliver our climate transition strategy** (outlined in Section 1) through our investment process, product strategy and investment policies, as well as in our business operations.

Key changes from our 2024 report

During 2024, Impax has developed its proprietary methodology for integrating sustainability – including climate-related issues - into the Fixed Income investment process, reflecting the growth of investments in this asset class. The new Fixed Income sustainability framework has four components, namely:

- **A screening approach** to adhere to global norms and certain business activities that are not eligible for investment.
- **A Fixed Income Sustainability Tier System** to help categorise each fixed income sector (activity) into one of five tiers based on alignment with the transition to a more sustainable economy.
- **A Fixed Income Issuer Resilience analytical methodology to identify environmental, social and governance issues** that have the potential to affect credit quality, with an emphasis on risk management.
- **Stewardship and issuer engagement** which can be bottom-up, company and issuer-specific, top-down, based on themes, collaborative with other investors and/or organisations as well as systematic, combining policy advocacy and issuer-specific engagements.

The key climate-related aspects of this new framework include a focus on excluding issuers posing the most harm to the climate, and assessing and engaging on climate transition preparedness.

This new framework has been reflected in this year's Climate Report.

2.1 Delivering our climate transition strategy through our investment strategy

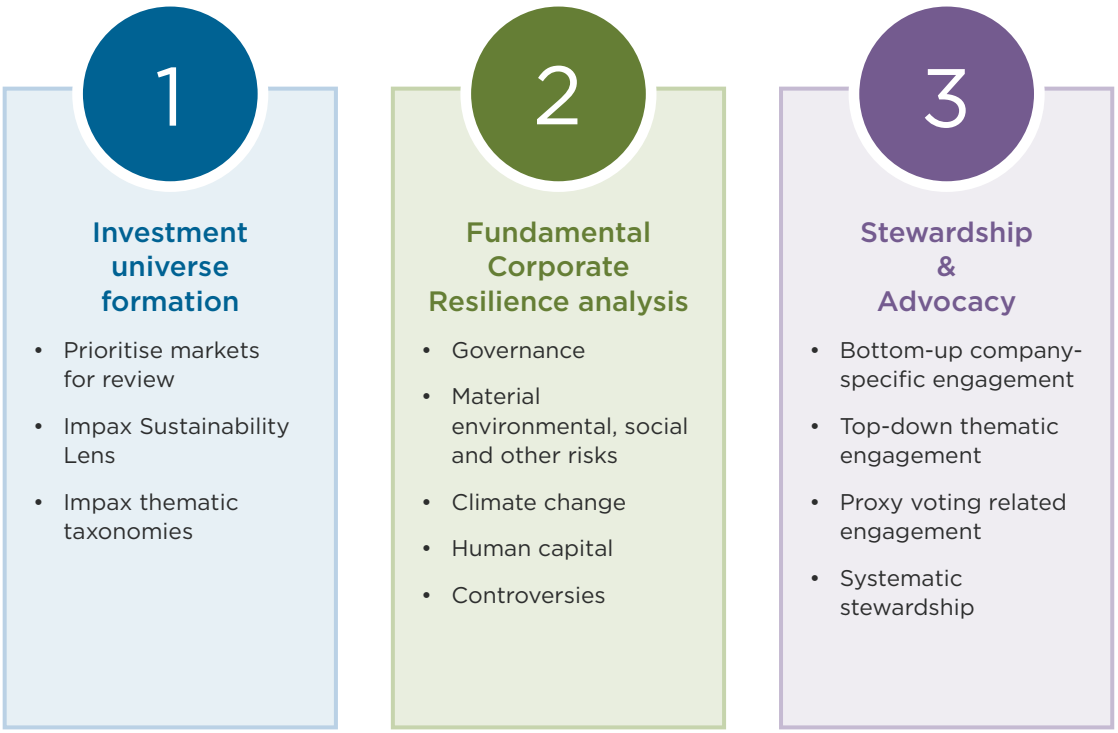
2.1.1 Investment process

We continue to integrate climate and other material risks into the investment process for all of Impax's AUM, across all asset classes and geographies, through company-, issuer- or project-level resilience analysis, which we refer to as Corporate Resilience analysis (or Issuer Resilience analysis, in the case of Fixed Income).

Integration of climate-related risks into our investment process – Listed Equities

For Impax's Active Listed Equities investments, our investment approach consists of three main steps which are summarised in Figure 2a, below. Further details of our investment process can be found in our Sustainable Investment Policy.[17]

Figure 2a: Our Active Listed Equities investment approach



17 See the Impax Sustainable Investment Policy for more details

(i) Investment universe formation

Impax's investments and strategies are aligned to the transition to a more sustainable global economy. It is our guiding conviction that activities with lower sustainability risks and higher opportunities are set to benefit from the climate transition and are well positioned for the long-term. Our investment solutions are driven by proprietary idea generation tools that help the investment teams identify the highest opportunity sectors and companies with lower physical and transition risks.

Impax's Sustainability Lens

Impax's proprietary Sustainability Lens analyses the risks and opportunities created by the transition to a more sustainable economy and highlights areas of the market exposed to a range of social and environmental tailwinds and headwinds. The Lens assesses all economic activities across nine risks and eight opportunities, including climate risk and opportunities.

Internal sector and sustainability experts advise on the sub-sector risk and opportunities, which leads to an overall sub-sector-level risk and opportunities position and rating. These groups, which are subsets of the investment team with sector and sustainability expertise, meet quarterly to review the most material social and environmental risks facing each sub-industry and update the Lens and sub-sector scoring accordingly.

The Lens is overseen by the Impax Lens Committee ("ILC"), which is responsible for guidance and oversight of the Lens risk and opportunity analysis.

Impax's Environmental Markets taxonomy

We have been developing our proprietary universe of companies providing environmental solutions since early 1999, with ideas sourced through internal research of sector and geographical developments as well as through a wide and deep network of contacts.

This opportunity set has expanded significantly over the past 25 years. The Impax Environmental Markets taxonomy currently represents around 2,500 companies, each classified within one of six thematic areas (see Figure 2b on page 27). To be included in the investable universe, companies must generate at least 20% of their revenues in themes defined by our proprietary thematic taxonomies.

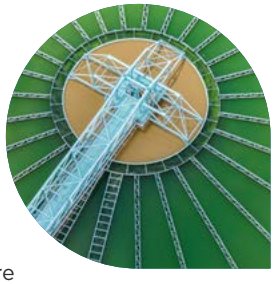
This threshold is evaluated by the analyst responsible for the stock and is confirmed and documented by a member of the Sustainability Centre. The universe is continuously monitored and regularly updated. We have a range of thematic strategies, based on our proprietary thematic environmental and social taxonomies or universes, outlined in Figure 2c on page 31.

Figure 2b: Our classification of Environmental Markets

Energy

Alternative energy
- Hydrogen
- Biofuels
- Wind
- Solar
- Developers & independent power producers

Energy management & efficiency
- Smart grids
- Industrial, consumer & buildings efficiency
- Power storage and un-interruptible power supply
- Lighting



Water

Water infrastructure & technologies
- Distribution & infrastructure
- Treatment
- Efficiency
- Utilities

Smart environment

Environmental services & resources
- Research & Development ("R&D") & consultancies
- Finance & investment
- Testing & monitoring
- Pollution control

Digital infrastructure
- Efficient Information Technology ("IT")
- Cloud computing
- Digital collaboration solutions
- Environmental resources

Clean and efficient transport

Transport solutions
- Advanced aviation
- Advanced shipping
- Railways
- E-bikes & bicycles
- Buses & coaches
- Road vehicles & devices
- Pollution reduction
- Shared mobility

Circular economy

Resource efficiency & waste management
- General & hazardous waste management
- Recycled, recyclable products & biomaterials
- Resource circularity & efficiency
- Technologies

Sustainable food

Sustainable food & agriculture
- Organic & alternative
- Technology & logistics
- Safety & packaging
- Agri- & aquaculture
- Forestry

(ii) Fundamental Corporate Resilience analysis

In advance of the Corporate Resilience analysis, we apply Impax's Fossil Fuel Policy (detailed in Section 2.1.3 on page 32. The Sustainability Centre evaluates whether companies with fossil fuel-related activities, or assets within the utilities and energy sectors, have credible plans for climate risk mitigation to determine eligibility for investment.

The first step is fundamental analysis at the company level. This includes in-depth financial research and analysis as well as the proprietary Corporate Resilience analysis, which includes climate change as one of five pillars. We assess companies' exposure to and preparedness for transition and physical risks through evaluation of their disclosures, targets, management practices and performance. As part of the climate transition analysis, each company is also assessed and categorised on an ongoing basis for its net-zero alignment ('aligned', 'aligning' and 'non-aligned'). A more detailed description of the climate analysis in Impax's Corporate Resilience analysis follows on page 29.

For Active Listed Equities investments, the lead investment analysts for each investee company are responsible for financial and Corporate Resilience analysis, as well as related engagements. The Sustainability Centre team is responsible for the oversight, peer review and scoring of the Corporate Resilience analysis, coordination of focus areas of engagement and continuous development of Impax's sustainability, and stewardship approaches and methodologies.

We analyse company disclosures and reports, and use external research as inputs to, and support for, our analysis. When all inputs are gathered for each company, the lead analyst assigns a proprietary Corporate Resilience score for each of the five pillars within our Corporate Resilience analysis (including climate change), as well as an overall score. This analysis is updated on an annual basis for existing holdings. The Corporate Resilience analysis process across Impax's active and systematic listed investments is described in Impax's Sustainable Investment Policy.[18]

18 See the Impax Sustainable Investment Policy for more details

Climate-related risk assessment and management

The key components of our approach to assessing the climate-related transition and physical risks facing investee or prospective investee companies are set out below.

Transition risks

The transition risks we assess at the company level include:

- **Disclosure:** Rigour of measurement and transparency of reporting of climate risk exposure and management, including GHG emissions across all scopes, in absolute and relative intensity terms
- **Management:** Establishment of climate-related management systems and strategy; capital expenditure investment in energy efficiency and renewable energy; management compensation tied to climate outcomes
- **Target-setting:** Robustness of targets, including whether they are science-based and include short-, medium- and longer-term time horizons, Paris alignment with sectoral pathways to net zero, and external verification
- **Performance:** Outcomes achieved from climate strategy and target-setting

As described in Section 5.3.1 on page 65, we have developed a proprietary carbon risk model to assess our investee companies' exposure to carbon risk. We use this analysis to identify specific companies with high exposure to transition risks with whom we then engage to encourage improved management of those risks.

In our Private Markets investment strategy, transition risks are considered during the due diligence phase. Where required, mitigation measures may be implemented in an investee company's bespoke sustainability strategy.

Physical risks

The physical risks we assess at the company level include:

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

For both our Active Listed Equities and Private Markets investments, we have used scenario analysis to assess our investee companies' exposure to acute physical risks (see Section 5.3.2 on page 66 for details).

Our assessment tool is used to flag companies facing elevated physical risks to inform additional examination of that risk and our engagement work.

(iii) Stewardship and engagement

Corporate Resilience analysis and engagement continue to be integrated in our investment process. Insights from our Corporate Resilience analysis help us to establish priorities for company-level engagements, which are used both to mitigate risk and to enhance value and investment opportunities. Full details on our stewardship approach and how we integrate climate-related issues into our engagement and proxy voting activities are set out in Section 3 (from page 35).

Integration of climate-related risks into our investment process – Fixed Income

Since our 2024 Climate Report, Impax has developed a new proprietary sustainability framework for fixed income.[19] The new framework, which covers climate-related issues, has four key components:

1 **Screening (norms, activities)**

These screens include adherence to global norms, as well as screens for business activities such as oil and gas exploration, coal mining, controversial weapons and tobacco, which are not eligible for investment. These are monitored with the help of third-party data and internal screening, checks and controls.

2 **Fixed Income Sustainability Tier System (sector-level)**

Impax uses a proprietary Fixed Income Sustainability Tier System. This classification system uses proprietary inputs, including the Impax Sustainability Lens, to help categorise each fixed income sector (activity) into one of five tiers based on alignment with the transition to a more sustainable economy, with a focus on sustainability risks. Higher risk sectors are, for example, those with higher carbon intensity (such as fossil energy generation) or negative waste externalities (such as chemicals, metals and mining) and undergo additional analysis regarding transition plans and are prioritised for engagement.

3 **Fixed Income Issuer Resilience Analysis (issuer-level)**

Impax has developed a proprietary Fixed Income analytical methodology to identify environmental, social and governance issues that have the potential to affect credit quality, with an emphasis on risk management. An assessment of the issuers' climate transition alignment is part of this analysis. Issuers are rated as part of the Issuer Resilience analysis and issuers with weaker ratings are prioritised for engagement and those with weakest ratings are ineligible for investment.

4 **Stewardship and issuer engagement**

In the Fixed Income investment process, engagement is an important tool in monitoring and managing risk, and for encouraging and supporting investee companies and issuers to develop enhanced structures, processes and disclosures. There are similar drivers for engagement sourcing and prioritisation in fixed income, as for equities: engagements can be bottom-up, company and issuer-specific, top-down, based on themes, collaborative with other investors and/or organisations as well as systematic, combining policy advocacy and issuer-specific engagements.

Credit analysts are responsible for the integration of fundamental credit and Issuer Resilience analysis and related issuer engagement. We view the integration of financial, sustainability and Issuer Resilience analysis as critical for the effective inclusion of sustainability risks in asset valuations and in the investment process. Members of the Sustainability Centre provide insights and advice to the credit analysts, as well as oversight of investment-related sustainability risks and characteristics of issuers and portfolios through the Fixed Income Risk Committee.

19 The Impax Sustainability Framework for Fixed Income does not yet apply to the US Short Duration Responsible High Yield and the Global Short Maturity Responsible High Yield strategies, which were part of Impax's acquisition of the European assets of SKY Harbor Capital Management in April 2025

Integration of climate-related risks into our investment process – Private Markets

Our Private Markets business has one investment strategy, the New Energy Fund series, which is dedicated to investing in predominately European renewable energy infrastructure. We develop, construct, operate and sell wind, solar, small-scale hydro electricity generation, energy efficiency and decentralised generation projects. As such, the strategy is inherently aligned to capitalising on opportunities that arise from the climate transition.

Understanding climate-related risks and opportunities is a key part of the analysis for our Private Markets business. This initial analysis is undertaken by the Transaction team and presented to the Investment Committee as part of the due diligence process. As we typically take majority stakes and always have control rights, we are able to design a bespoke strategy for all of our investments which is implemented from inception. Using our initial analysis, the PE/Infrastructure team seeks to mitigate key climate risks through structuring by ensuring investee companies implement Impax policies and procedures. The Asset Management team is responsible for helping our investee companies to implement the climate strategy throughout the ownership phase through to exit, supported by the Transaction Team, with oversight provided by the Head of Asset Management and Sustainability.

2.1.2 Products and services

Our product suite continues to invest in and enable the climate transition by identifying companies that are providing environmental solutions or adopting sustainable practices.

Our full set of investment products is set out in Figure 2c, below:

Figure 2c: Our investment products

Equities

Core

Global All Cap
Global Opportunities (2015)

US Large Cap
US Large Cap (2016)
US Sustainable Economy (2021)

US Small Cap
US Small Cap (2008)

EAFE Large Cap
International Sustainable Economy (2015)

Thematic

Environmental

Global All Cap
Leaders (2008)
Water (2009)
Sustainable Food (2012)
Climate (2018)

Global Small & Mid Cap
Specialists (2002)

US All Cap
US Environmental Leaders (2019)

Asia Pacific All Cap
Asia Environmental (2009)

Thematic

Social

Global All Cap
Social Leaders (2023)

Global Large Cap
Global Women's Leadership (2014)

Infrastructure

Global All Cap
Sustainable Infrastructure (2022)

Fixed Income

Investment Grade
US Core Bond (2016)
Core Plus Bond (2020)

High Yield
Global High Yield Bond (2015)
US High Yield (2015)

Emerging Markets Corporate
Emerging Markets Corporate Bond (2015)

Private Markets

European Renewables
New Energy (2005)

Multi-Asset

Multi-Asset
Sustainable Allocation (1971)

Note that 'Cap' refers to the market capitalisation of relevant listed equities

Thematic strategies, which represent the majority of our AUM, seek to achieve sustainable, above-market returns across a range of environmental and social themes. These are underpinned by our proprietary Environment Markets taxonomy and associated universe of stocks (see page 27).

Our Core listed equities strategies, which are based on our proprietary Sustainability Lens framework (see page 26), seek to achieve long-term capital growth by investing in companies benefiting from the transition to a more sustainable global economy.

Climate strategy: capturing climate mitigation and adaptation opportunities[20]

The Impax Climate strategy aims to invest in listed companies with a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences. To identify these companies across a diverse range of sub-sectors, we developed a Climate taxonomy and investment universe split into two overarching themes: Mitigation and Adaptation.

Mitigation is focused on the reduction and prevention of GHG emissions. Examples include renewable energy, energy and resource efficiency, and sustainable and efficient agriculture.

Adaptation is focused on addressing the immediate impacts of climate change and issues arising from it. Examples include strengthening energy network infrastructure and efforts to reduce impacts of flooding and storm water surges as well as healthcare solutions to address increased spread of vector-borne diseases, the need for business continuity solutions, and products and services to forecast and mitigate financial losses caused by extreme climate events.

As at 31 December 2024, our Climate investment universe encompassed approximately 1,400 securities and the AUM of our Climate strategy stood at £2.4bn.[21]

2.1.3 Policies and conditions

We have developed a range of company-wide policies that we use in the delivery of our investment and engagement strategies.

Full details of the stewardship and sustainability-related policies are set out in our UK Stewardship Code Statement 2025, together with information about the Sustainability Policy Committee which is responsible for their oversight, reviews and approval.

Policies with high relevance to climate-related risks and opportunities include:

Fossil Fuel Policy

This policy aims to mitigate climate-related risks associated with investing in companies with fossil fuel-related assets and activities, within the utility and energy sectors. Such risks include government intervention to regulate GHGs, changes in consumer preferences, technological developments and other liabilities, like stranded asset risks, in addition to reputational and litigation risks. The policy covers Impax listed investment strategies, as at June 2025.[22]

20 We have been contributing to developing best practice in measuring and monitoring physical climate risks by co-chairing the CFRF's Adaptation Working Group. See Section 3.3 (page 46) for more details

21 Impax analysis, as at 31 December 2024

22 The application of the Fossil Fuel Policy to the Emerging Markets Corporate Bond, Global High Yield, Global Short Maturity Responsible High Yield and US Short Duration Responsible High Yield strategies is currently under review

Under the policy, we will not invest in companies that derive revenues or profits from fossil fuel exploration and production as we believe they face significant climate transition risks.[23] Nor will we invest in companies that generate more than 5% of their revenues or profits from refining, processing, storing, transporting and distributing fossil fuels, unless we have determined that they have credible plans for climate risk mitigation aligned with the climate transition. Further details can be found on our website.

Approach to nature, biodiversity and deforestation

Climate change and nature are closely interlinked. With rising awareness of the scale of nature-related risks, we have increased our activities in this area. Our Nature, Biodiversity and Deforestation Approach, published in February 2024, describes our approach to managing nature-related risks in our investments, alongside the objectives of both our company engagement and our policy advocacy on nature-related issues. In the Appendix to this report (page 73), we outline how we identify, assess and manage nature-related risks and opportunities as they pertain to Listed Equities and Fixed Income investments, as well as Private Markets.

2.2 Integrating climate risks in our operations

Transition risks

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

- As noted in Section 1, we have set a target to source 100% of our electricity from renewable sources across all Impax offices (from electricity use) by 2030.
- All offices are in shared buildings where energy efficiency measures are centrally managed and largely out of our control. However, the London headquarters are in a certified green building (rated "excellent" by Building Research Establishment Environmental Assessment Method ("BREEAM") and managed by an ISO 14001-aligned building management system) and we are implementing various initiatives to minimise inefficiencies and seek energy-saving opportunities.[24] These initiatives include cooling our server room to reduce energy consumption, limiting our heating, ventilation and air conditioning ("HVAC") controls by optimising and unifying our setpoints, as well as reducing the operating hours of our HVAC equipment to ensure that we reduce electricity use, and exploring the option to include a daylight-saving system as part of our lighting controls.
- Air travel has historically been Impax's largest source of operational emissions. See Section 5.4.2 (page 71) for details of our Scope 3 emissions management approach.

23 The Fossil Fuel Policy does not apply to: companies with indirect exposure to fossil fuels such as automotives, transport, industrials and financials; companies providing transitional air quality solutions, such as emerging market utility, storage or distribution companies, e.g., replacing coal in regions where coal represents a high proportion of the energy mix in the grid system

24 BREEAM stands for the Building Research Establishment Environmental Assessment Methodology. The accreditation is administered by the Building Research Establishment

Physical risks

Our assessment of climate-related risks relating to our operations concluded that the physical risks facing our offices remain relatively low. Key risks identified and assessed vary by office location:

- Drought risk and water stress (London, Dublin and Copenhagen): while drought risk and water stress are high across the metropolitan areas where Impax offices are based, most significantly in London, our water risks are moderate and more indirect as an office-based company.
- Major storms (US and Hong Kong): major storm risk is notable, and expected to increase, for our US (Portsmouth, New Hampshire and New York City) and Hong Kong offices, with rising sea levels elevating coastal flooding risks.
- Typhoons (Tokyo): our Japan office faces the risk of typhoons.

Overall, the assessment indicated that the main operational risks are associated with connecting infrastructure and transportation systems on which employees depend. Our principal risk management measure is our business continuity plan which includes measures that address recovery locations, systems recovery and the recovery of critical business functions in the event of these and other operational risks. The COVID-19 pandemic provided a real-life demonstration of our ability to successfully operate from multiple remote locations anywhere that a secure internet connection is present.

2.3 Integrating climate risks into our risk management framework

Climate risk has been formally recorded in our key risk register, making it subject to independent oversight and assurance from the Enterprise Risk Committee. This committee reports into the Audit & Risk Committee ("ARC"), which is comprised of independent Non-Executive Directors of the Board. (See Section 4.1 (page 49) for details on board oversight of sustainability risk management.)

Two operational climate-related risks are defined: first, physical risks to Impax operations; and second, risks arising from any failure to appropriately integrate climate risk into investment decisions. Both are monitored and measured through the incident management process.

Work continues to fully integrate climate-related risks into the risk management framework, which is based on the 'three lines of defence' model. The framework enables risk identification, risk measurement, risk mitigation, risk monitoring and reporting, thereby ensuring a holistic and integrated risk management culture. Under this framework, respective business units lead in identifying, assessing and managing relevant risks – the 'first line', compliance and risk functions then provide independent challenge – the 'second line', internal audit then provides independent assurance of risk management – the 'third line'. The framework is overseen by the ARC and adheres to the ISO 31000 standard.

As mentioned in Section 1.2, we are enhancing our enterprise risk management framework to better track and escalate the impact of transition and physical risks on Impax's investment risk and performance, with updates due to be finalised by the end of 2025.

3

Engagement

with investee companies & stakeholders

3. Investee companies & stakeholders

Structure

In line with the TCFD's recommendations, this section forms part of our Risk Management disclosures, specifically on our processes for managing climate related risks through engagement with investee companies and wider stakeholders including other financial market participants, clients, government, public sector, communities and civil society.

In line with the TPT's recommended disclosures for asset managers, we set out how we engage with these stakeholder groups to help deliver our climate transition strategy.

Key changes from our 2024 report

As noted in Section 2, we have developed a proprietary methodology for integrating sustainability – including climate-related issues – into the Fixed Income investment process. This new framework covers engagement with fixed income issuers and other stakeholders, which represents the main change in our engagement approach since our 2024 Climate Report. The key climate-related aspects of our engagement approach under this new framework include a focus on excluding issuers posing the most harm to the climate, and engaging on climate transition preparedness.

In addition, we have made the following presentational changes to this section compared with last year:

- Refreshing our description of Impax's holistic approach to engagement (see Figure 3a)
- A graphic demonstrating how our approach to escalation with investee companies supports progress against our NZAM target (see Figure 3c)

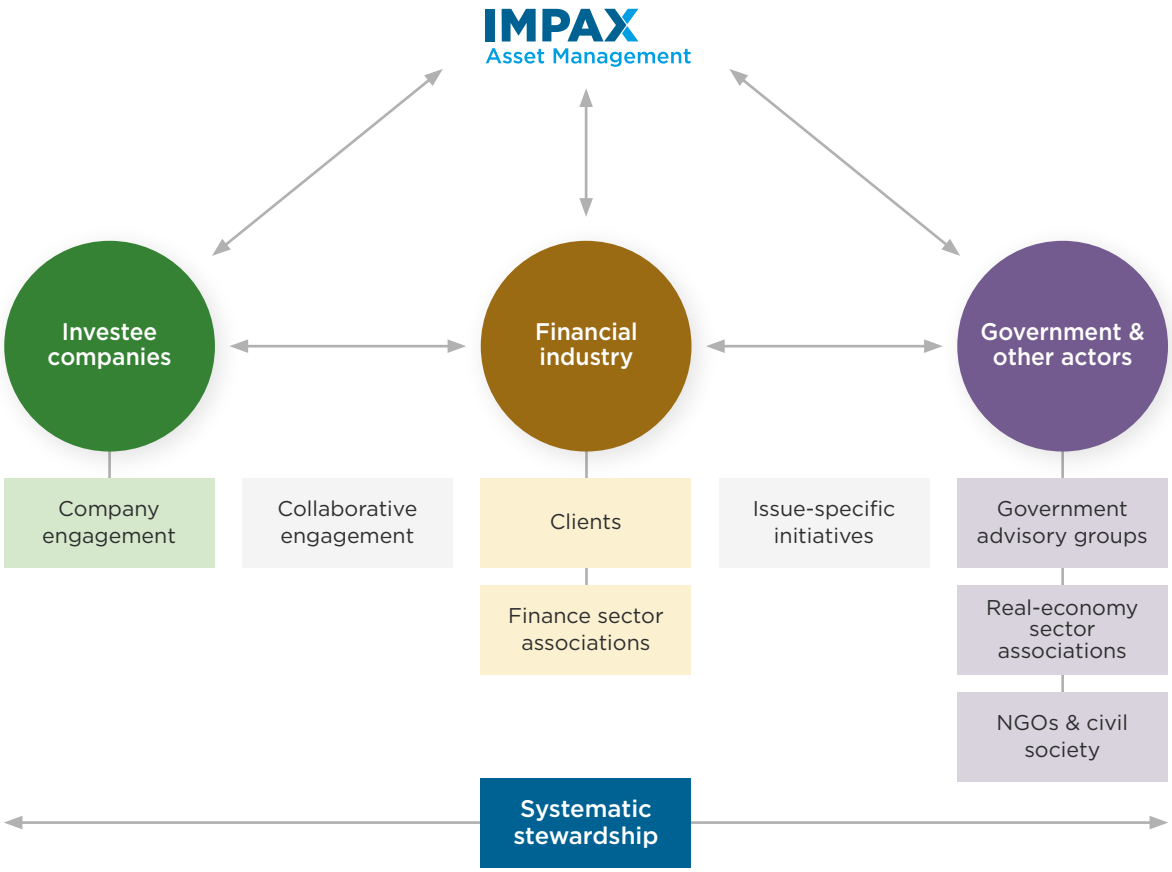
Impax's holistic approach to engagement

Impax believes that significant, positive real-world impact can be achieved through focused, well-structured stewardship and advocacy efforts. Our lever for accelerating change range from company specific engagement to advocacy initiatives related to global frameworks.

As an active shareholder with a long-term investment horizon, we believe it is in the interests of our clients that we proactively engage with a wide spectrum of stakeholders – including investee companies and regulators – in an effort to minimise risks and to protect and enhance value for shareholders.

Our holistic approach to engagement is summarised in Figure 3a on page 37 which captures both the stakeholders with whom we engage and the core channels through which we do so.

Figure 3a: Impax's holistic approach to stewardship



Systematic stewardship

In recent years, Impax has broadened our use of systematic stewardship, where we combine company engagement, working with clients and peers and policy advocacy to address challenging systemic risks by driving systems-level change.

In addition to our ongoing work on physical climate risks and adaptation planning (see page 38), we plan to launch new systematic projects on corporate transition planning, Artificial Intelligence ("AI") and energy use, and sectoral nature-related dependencies and impacts.

Channels of engagement

As well as direct dialogues with companies, clients, government and civil society, we use channels including:

Collaborative engagement:[25] Net Zero Engagement Initiative, Nature Action 100

Financial sector associations: Ceres, IIGCC, PRI, UKSIF

Issue-specific initiatives: CFRF, ETC, GFANZ, IPDD

Government advisory groups: UK Net Zero Council

Real-economy associations: CBI, SMI

25 While Impax may consult with other market participants on certain engagement efforts, Impax unilaterally determines whether and to what extent to engage with other stakeholders and all of Impax's investment decisions are independent and based on its own, unilateral strategy for maximizing return on investment

Systematic stewardship: physical climate risk

Since 2021, we have been engaging companies regarding their exposure to and preparedness for extreme climate events, together with a New York-based public plan and other investors. Following the initial outreach to all constituents of the S&P 500 Index of large-capitalisation US companies in 2020, and smaller, focused engagements throughout 2021 to 2024, we have found that companies are now more likely to understand that physical climate risk can pose material risks to their business. However, there remains a significant gap between what investors need to know and what companies are doing in evaluating physical risks.

Many companies have adjusted their business continuity plans or conducted their own analyses of their value chain vulnerabilities, but this is very far from conducting the kind of analysis – including scenario analysis – needed to price physical risk. An important element of this engagement initiative included Impax's support for the development of the US Securities and Exchange Commission ("SEC") Climate Change Disclosure rule.

In 2024, the engagement focused on utility companies and efforts to make their generation and transmission assets more resilient to extreme weather; utilities are often subject to litigation when their transmission lines start wildfires. We found that utilities vary widely in their perception of climate physical risk, and preparedness for it. Without exception, the companies best prepared to deal with future climate disasters have already been through at least one, such as a major wildfire incident, and that the lessons learned changed their planning processes.

In 2025, we are focusing our engagements on reinsurance companies and their efforts to support climate resilience and adaptation.

3.1 Engagement with investee companies to deliver our climate transition strategy

Engagement as part of the Listed Investments investment process

As part of our investment approach, we believe it is in the interests of our investors that we engage with our investee companies to minimise risks, protect and enhance shareholder value, to promote greater transparency on material environmental and social issues, and to encourage companies and issuers to develop and become more resilient over time.

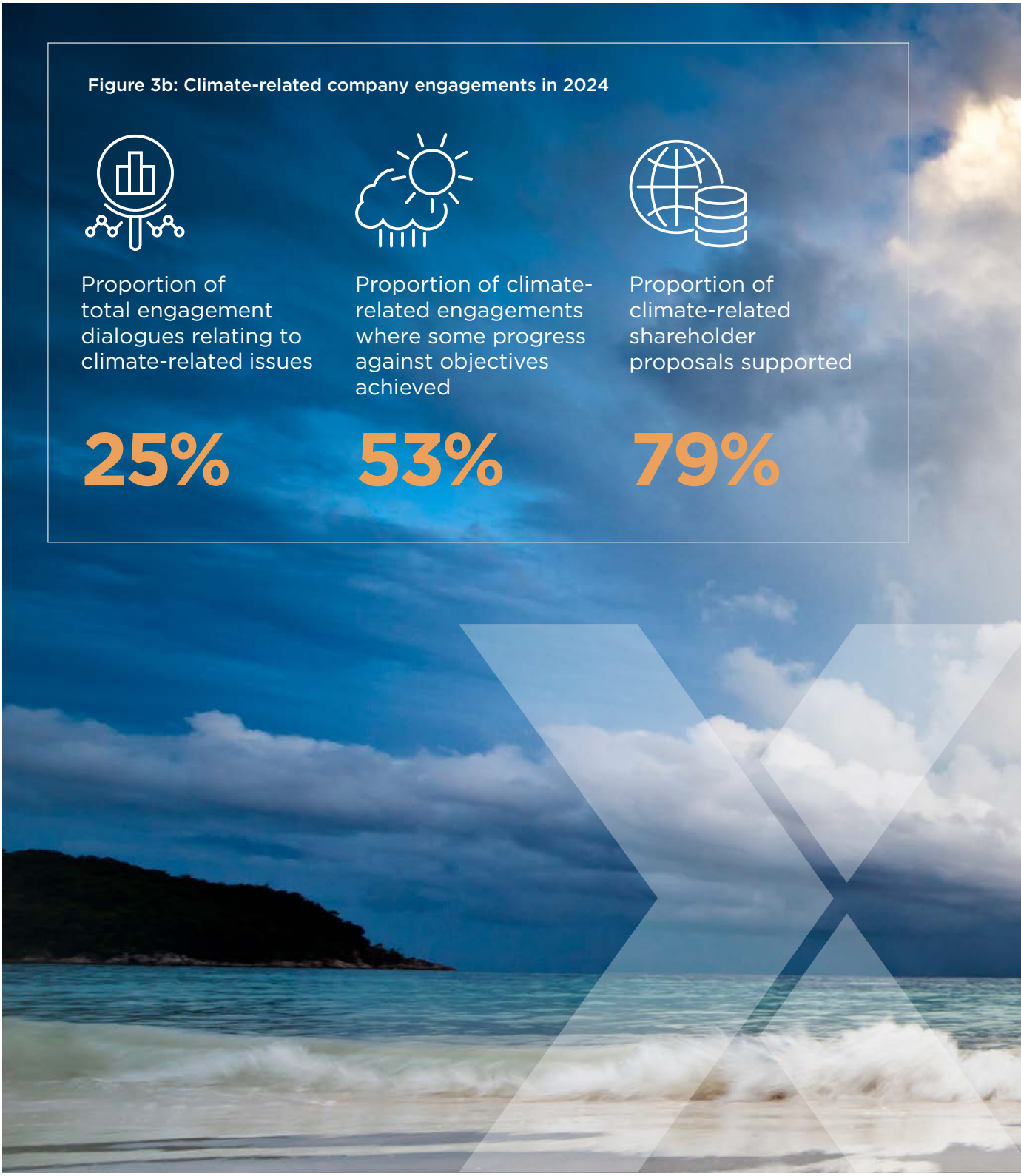
Our investee companies' business models, products and services are generally aligned with the transition to a more sustainable economy. This means that our engagements are usually not focused on changing companies' strategies or business models, but rather seeking to influence how the companies are operating and the structures, processes and disclosures they have in place.

A focus on both transition and physical risks

Climate risks are systemic for all companies, hence both transition and physical climate risks are assessed as part of our proprietary Corporate Resilience analysis. We continue to assess companies' climate governance, policies, processes, strategies, incentives and target-setting to manage climate transition risks and GHG reduction in the real economy. We set out below how, in practice, we are managing the different dimensions of climate risks through our company engagements.

Transition risk: In line with our NZAM target, set in 2022 (see Sections 1 and 5 for more details), we classify all our owned active listed companies into 'aligned', 'aligning' or 'non-aligned' to net zero. We believe our stewardship activity will play a significant role in helping us achieve that target through direct and collaborative company engagement, incorporating climate into voting decisions and, where relevant, policy advocacy.

Physical climate risk: Since 2020, Impax has been engaging with a group of institutional investors to encourage companies to start reporting their climate risks and opportunities aligned to the TCFD (as described in the systematic stewardship example on page 38).



Climate-related engagements in 2024

In 2024, Impax undertook 147 engagement dialogues – a discussion with, or response from, a company on a specific or range of sustainability-related issues – with 120 companies.

One-quarter of our total engagement dialogues addressed climate-related issues in 2024. We also supported 79% of climate-related shareholder proposals, covering topics such as transition plan reporting, emissions reductions targets, say on climate, clean energy financing, alignment with Paris Agreement and just transition reporting.

Nearly 60% of our climate-related engagements addressed objectives relating to companies transitioning to net zero, including improving GHG emissions disclosure, particularly Scope 3 emissions, setting science-based targets and developing or implementing transition plans. In line with our NZAM commitment, many of these engagements focused on investee companies currently assessed as 'non-aligned' to the transition to net zero. Nearly one-quarter of climate-related engagements specifically addressed adaptation and resilience to physical climate risks, particularly with utilities companies. The remainder of engagements addressed both transition and physical climate risks in the same engagement.

As outlined in our proxy voting guidelines, we communicated our view that climate risk oversight resides primarily with the board committees and directors responsible for risk and audit. Where we see insufficient progress in the development of climate risk management processes, we vote against Chair of the Audit and Risk Committee, or best equivalent director.

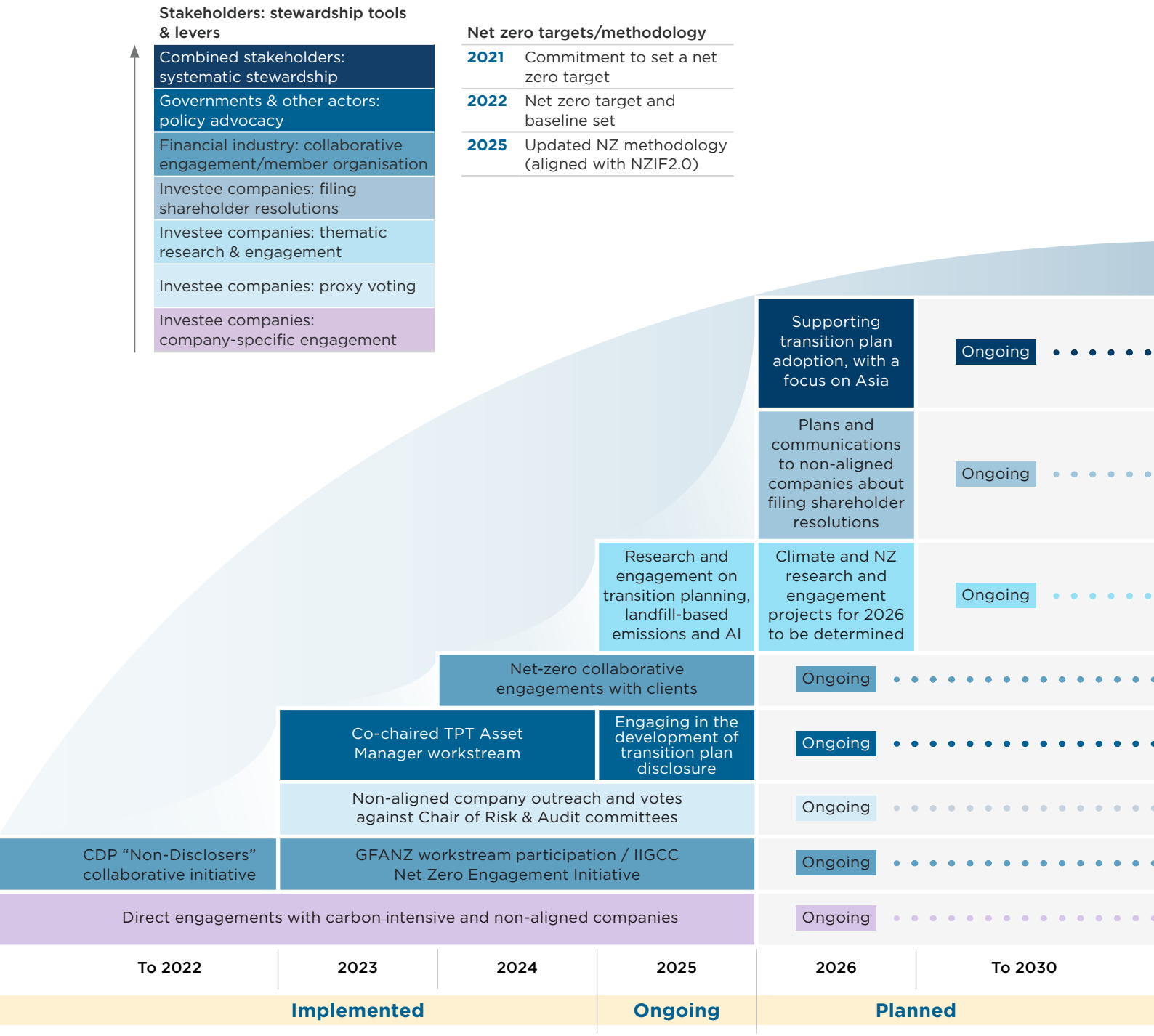
In addition to company-specific engagements and proxy voting relating to our NZAM commitment, we have also been active in collaborative engagements on net zero with clients, other shareholders and industry organisations. For examples of our climate-related engagements during the Period, please see pages 20 to 27 of our Stewardship & Advocacy Report 2025.

Our engagement priorities for 2025 include:

- Continued engagement with 'non-aligned' companies;
- Engagement on the themes of AI-related energy demand and emissions impact, focusing on carbon-intensive activities, including holdings with data centres;
- Engagement on physical climate risks and adaptation with a focus on the insurance and reinsurance sectors and companies in Asia (in collaboration with a major Asian asset owner).

In Figure 3c, below, we set out how we have been using stewardship levers with different stakeholders to help us make progress and deliver on our 2030 NZAM target. It illustrates how, since committing to the NZAM target in 2021, we have been broadening and escalating our stewardship activities from direct engagement with individual investee companies through to collaborations, industry initiatives and to policy advocacy. Through this escalation, we have sought to drive change at the investee company-level as well as system-wide change to address climate transition risks across our investments through the achievement of the NZAM target.

Figure 3c: Impax net zero roadmap and timeline
How we use stewardship levers and escalation for positive outcomes over time



Engagement as part of the Fixed Income investment process

Engagement is an important tool within the Fixed Income investment process to monitor and manage risk, and to encourage and support investee companies and issuers to develop enhanced structures, processes and disclosures.

The priorities for fixed income engagement stem from issuers' activities, which can be within harder-to-transition sectors or from issuer-specific risks relating to inadequate structures or processes, as well as controversies. There are similar types or engagements that are relevant and available in fixed income, as for equities: engagements can be bottom-up, company and issuer-specific, top-down, based on themes, collaborative with other investors and/or organisations as well as systematic, combining policy advocacy and issuer-specific engagements.

Engagement as part of the Private Markets investment process

Private Markets funds typically hold majority stakes with control rights, allowing us to take an active role in managing investments and having board representation. The team identifies and manages sustainability-related matters post-acquisition, aligning with Impax's standards, and establishing communication and reporting functions.

Business plans are agreed upon during acquisition and updated annually. Key performance indicators are regularly reviewed by Impax and the Board of Directors or Supervisory Board of all platform investments. We maintain regular communication with local teams through various channels.

Our investee companies' business models are generally aligned with the transition to a sustainable economy. Our engagements therefore focus on influencing operations, structures, processes, and disclosures and to help to guide business strategies.

3.2 Engagement with the financial industry to deliver our climate transition strategy

Collaborative engagements

Collaborative engagements and joint representations with other institutions and investors are an important aspect of our stewardship work. During 2024, about 22% of our engagement dialogues with 28 investee companies were undertaken collaboratively, an incremental increase on previous years.

Our collaborative engagement efforts in 2024 primarily focused on our engagement partnerships with key clients. In addition, we were an active member of the following collaborative engagement initiatives, which we intend to continue participating in during 2025:

- **Institutional Investors Group on Climate Change ("IIGCC") Net Zero Engagement Initiative:** We continued to participate in a group engagement with Linde, a US industrial gas and engineering company on its net-zero transition plan. See page 25 of our Stewardship and Advocacy Report 2024 for details.
- **Nature Action 100:** We became a signatory to the Nature Action 100 initiative led by the IIGCC and Ceres in 2023. The initiative established a set of six investor expectations pertaining to corporate ambitions, assessment, targets, implementation, governance, and engagement with stakeholders. In 2024, we participated in collaborative engagements with all five companies allocated to Impax. We have seen varying levels of company responsiveness and engagement with the initiative. As a co-lead on the engagement group with Unilever, we initiated an initial engagement meeting asking the company to undertake an in-depth assessment of its dependencies and impacts on nature (see page 34 of the Stewardship and Advocacy Report 2025).

Industry associations

On an ongoing basis, we play an active role in a wide range of industry association working groups to address market-wide and systemic risks. Each year, we prioritise this engagement based on alignment of these groups to our overall engagement priorities and our assessment of how these groups can effectively influence policy and market change. During 2024, we were actively involved (including holding leadership positions) in the following industry working groups focussed on climate-related issues:

- **Ceres:** working groups on Policy, Paris Aligned Investment, Valuing Water, Land Use and Climate, Accounting and Carbon Asset Risk
- **CFRF:** Adaptation Working Group
- **Confederation of British Industry ("CBI"):** Net Zero Committee (chair), Net Zero Working Group, Sustainable Finance Working Group
- **GFANZ:** workstreams on Mainstream Transition Finance, Energy & Real Economy and Public Policy
- **IIGCC:** Policy Advisory Group, UK Policy Working Group (co-chair), EU Real Economy Working Group
- **Investor Policy Dialogue on Deforestation ("IPDD"):** Consumer Countries Working Group (co-chair)
- **Principles for Responsible Investment ("PRI"):** Global Policy Reference Group, PRI Spring, Sustainable Systems Investment Managers Reference Group
- **Sustainable Markets Initiative ("SMI"):** Asset Manager/Asset Owner Taskforce
- **UK Sustainable Investment and Finance Association ("UKSIF"):** Policy Committee

Further information on our approach to engagement with industry initiatives can be found on pages 48 of our Stewardship and Advocacy Report 2025 and in our UK Stewardship Code Statement 2025.

Engagement with our clients

Impax is one of the largest and longest-established investors dedicated to investing in the transition to a more sustainable economy. We manage assets for some of the world's largest asset owners and are committed to outstanding levels of client service, with comprehensive and transparent reporting. Details of our client base and types are set out in our UK Stewardship Code Statement 2025.

Our clients receive annual climate-related sustainability reporting at a firm-level on impact outcomes associated with our investment strategies and on our stewardship and advocacy activities. In addition, each client receives a bespoke, account-specific Sustainability Report with a comprehensive overview of the impact and engagement outcomes for their portfolio.

We believe that adopting a partnership approach with our clients leads to stronger long-term relationships and better outcomes for both parties. Partnership activity can cover a broad range of collaborations and draws upon expertise from across our diverse teams, including: collaborative engagement with investee companies, joint policy advocacy, client-driven research projects, publication of topical briefs on sustainability trends, engagement and stewardship norms, and sustainability-related government policies and regulations; and insights into Impax's Corporate Resilience research and sustainability themes.

In addition, during 2024, we co-led a project as part of the SMI to share lessons learnt from asset owners on how they allocate capital in the context of climate change. As part of the project, we invited Chief Investment Officers (CIOs) from 11 asset owners to discuss their approach to effectively manage climate risks and opportunities in their portfolios and business strategy. Findings from the interviews were amalgamated into a public report, which shares lessons all asset owners and managers can use as they plan their response to climate change.[26] The project also brought together a CIO panel during New York Climate Week to discuss the report's findings and identify common barriers faced across the industry.

3.3 Engagement with government, public sector, communities and civil society

Policy advocacy

The principal purpose of our policy advocacy work is to support policymakers in the creation of enabling environments which will accelerate the transition to a more sustainable economy.

We are active across a range of channels, ranging from traditional reactive approaches – including as an active member of industry associations (see Section 3.2 on page 43), responding to consultations and participating in issue-specific initiatives and sign-on letters – to more innovative pro-active interventions, such as publishing our perspectives and commentaries, funding research, piloting new approaches, partnering with clients and bilateral discussions with policymakers.

Our ongoing priority areas for policy advocacy are set out below, together with examples of activity under each header.

1 **National transition planning**

The core message of this workstream is that national governments should adopt ambitious national emissions reduction goals, underpinned by sectoral pathways and dialogues with investors on detailed policies needed to attract private capital, and that these commitments and policy frameworks should be reflected in 'investable' NDCs submitted to the United Nations Framework Convention on Climate Change ("UNFCCC").

Example: IIGCC, UKSIF, ETC, UK Net Zero Council. During 2024, we engaged with a wide variety of networks communicate with governments on how to develop net-zero policy frameworks that provide the confidence and certainty needed to attract private investment. Further details of these activities are set out in on page 24 of our Stewardship and Advocacy Report 2025.

2 **Corporate transition planning**

The core aim of this workstream is to ensure that climate risks and opportunities are integrated into decision making by corporates and financial institutions including through effective implementation of the TCFD recommendations and the development of decision-useful transition plans in line with the International Financial Reporting Standards ("IFRS") S2 Climate-related Disclosures.

Example: TPT: We co-chaired the working group developing the TPT Asset Managers Sector Guidance, which was published in April 2024.[27] The report provided tailored guidance for asset managers on how to prepare transition plans in line with the TPT's disclosure recommendations and provides links to extensive relevant third-party guidance.

Example: Ceres Avoided Emissions project: During 2023, we initiated a project with Ceres on avoided emissions which conducted a landscape analysis of existing methods for calculating avoided emissions, the merits of specific methodologies to specific situations and understanding how avoided emissions may fit into corporate transition plans and investor climate action plans. The final report, Investing in the Future: Unlocking Value Through Avoided Emissions, was issued in

26 Sustainable Markets Initiative, October 2024: The climate has changed: how CIOs are investing in a climate-resilient economy
27 Transition Plan Taskforce, April 2024: Asset Manager Sector Guidance

2024, and Ceres recapped its major findings in investor working groups.[28]

3 Physical climate risks and adaptation

In recognition of the need to increase action to manage the physical impacts of climate change, we continue to engage with policymakers and other stakeholders on the need to increase action to assess and manage the physical impacts of climate change.

Example: CFRF Adaptation Working Group ("AWG"): As co-chair of the AWG, we contributed to the report, Mobilising Adaptation Finance to Build Resilience, which provides guidance for the industry to assess physical risks they face and to facilitate increased levels of investment into climate adaptation to respond to those risks as an opportunity.[29]

4 Nature

A key objective of this work is to encourage governments to develop policy frameworks which support the goal of halting and reversing deforestation and land degradation by 2030 by engaging with governments in producer and consumer countries.[30]

Example: IPDD: We co-chair the Consumer Countries Working Group which is engaging with governments to encourage the introduction of legislation requiring end-users of commodities to act within their supply chains, such as the EU Deforestation Regulation and the UK Environment Act 2021.

28 Ceres, August 2024: Investing in the Future: Unlocking Value Through Avoided Emissions
29 CFRF, October 2024: Mobilising Adaptation Finance to Build Resilience
30 For more information on policy advocacy relating to broader nature-related themes, please see page 32 of our Stewardship and Advocacy Report 2025

Thought leadership

For many years, Impax has published its perspectives and commentaries in reports, blogs and opinion pieces to raise awareness on a broad array of topics linked to sustainability and the transition to a more sustainable economy. We often collaborate with expert organisations, academic partners and clients in the development of these thought leadership publications.

Examples of our thought leadership relating to climate change published during 2024 are included below:

- **America should be the eagle, not the ostrich, of the clean energy transition**
  We discuss how, with US jobs, leadership and investment returns at stake, the transition to a cleaner, more resilient economy must be embraced.
- Electricity networks: the new pipelines of the global economy
  We explain how the rapid expansion of electricity grids by 2050 is creating compelling opportunities for companies with the materials and know-how to create a new backbone for the global energy system.
- **AI's double-edged role in the sustainability revolution**
  We explore AI's role in enabling climate solutions and how we should approach the environmental challenges arising from its energy intensity.
- **Seeking Resilience**
  We summarise our systematic stewardship activities relating to physical climate risks, highlighting the need for better information on how companies are preparing to cope with a more volatile and dangerous climate future.
- Mobilising finance to achieve a more resilient economy
  We introduce a framework that governments, companies and investors can use to mobilise finance and increase climate resilience.

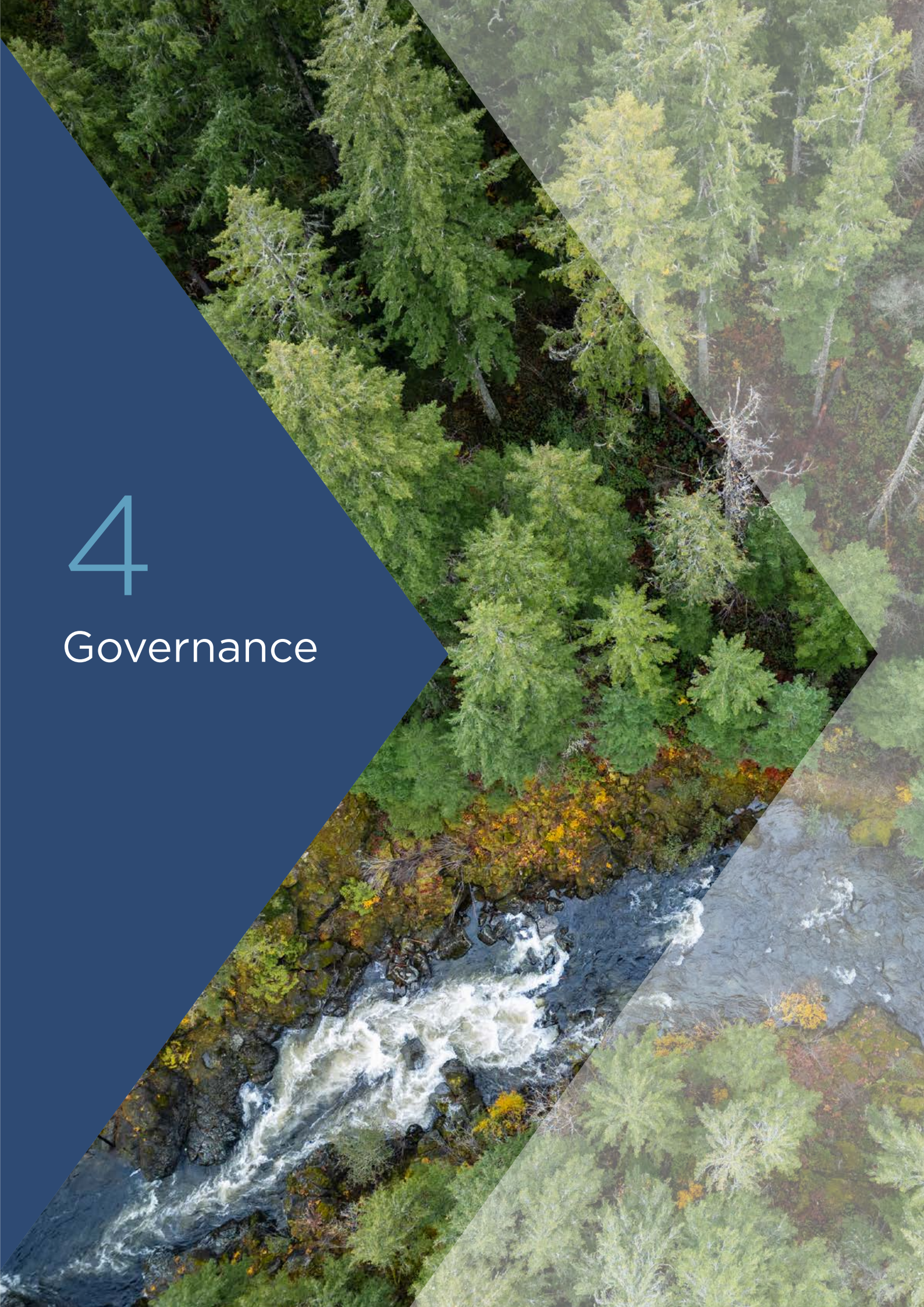
Impax in the community

One of our five company values is 'Building a common future'. This recognises that we have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development and to stewarding our environmental and societal impact for the benefit of current and future generations.

On an ongoing basis, Impax supports a small number of strategic community partners which align to our mission as specialists in the transition to a more sustainable economy. These partners support issues related to the environment and social inclusion, with a particular focus on education and green skills. Impax aims to donate 0.5% to 1% of pre-tax profit to support its charitable partners each year.

Four of our current partners, Ashden, Ceres, Groundwork UK and the Hope Program are focused on climate-related issues. Ashden promotes innovations in climate solutions through Impax's sponsorship of its annual awards. We have partnered with Ceres, a leading US NGO addressing the world's greatest sustainability challenges through collaborations with leaders in business, government and finance, for more than nine years. With Groundwork UK and the Hope Program, we support initiatives to help disadvantaged young people find work in the green economy in the North of England and in New York City, respectively.[31]

31 Further details of our charitable partners and community activities can be found in Principle 1 on page 4 of our UK Stewardship Code Statement 2025.



4

Governance

4. Governance

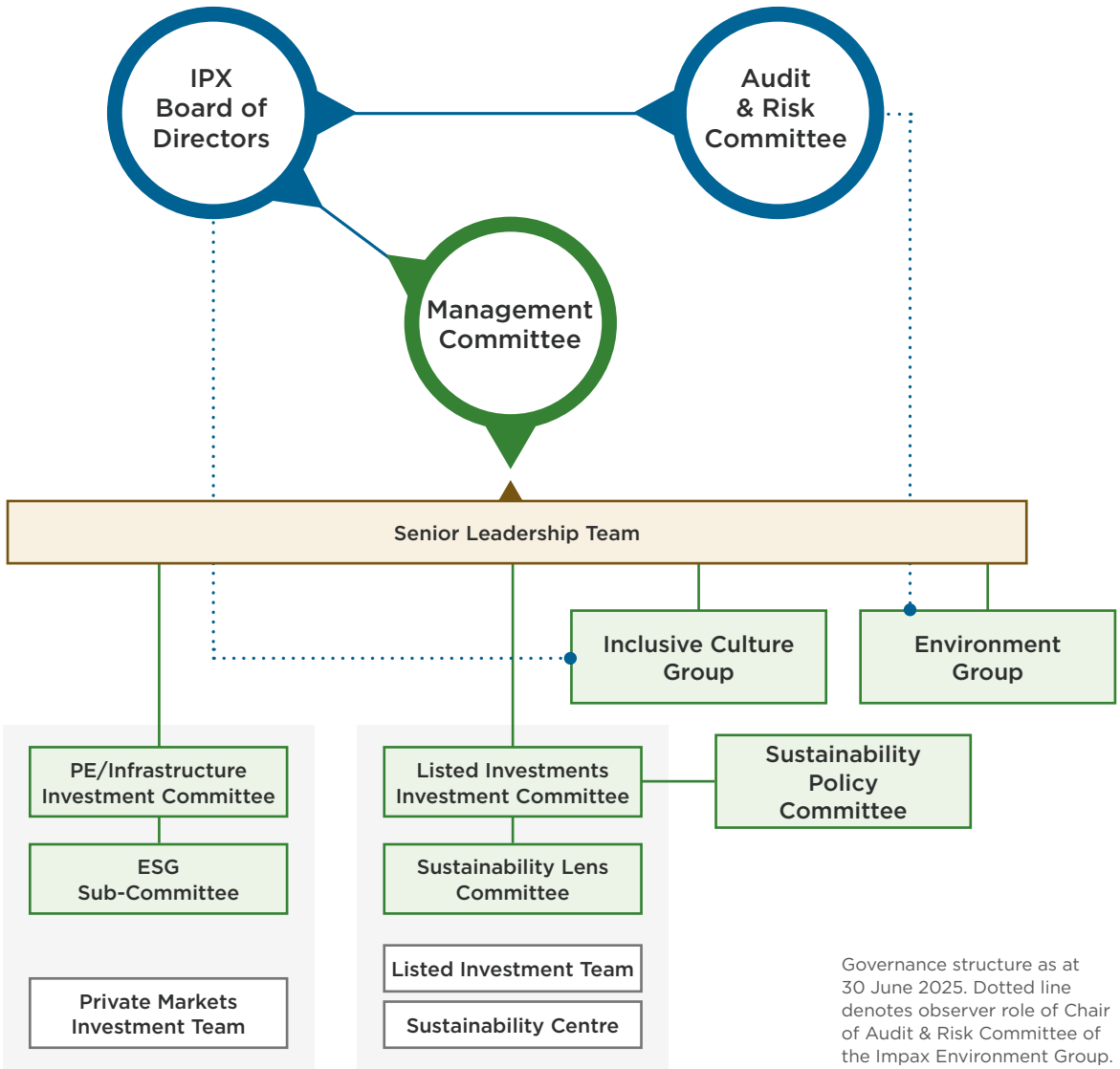
Structure

In line with TCFD's recommended disclosures, this section sets out how we have embedded climate-related issues, risks and opportunities within our governance structures and organisational arrangements, including board oversight and the role of management and internal committees in assessing and managing climate-related risks.

In line with the TPT's recommended disclosures, we also include information on how we have aligned our culture, incentives and remuneration with the climate transition and actions that we are taking to assess, maintain and build the skills, competencies and knowledge needed to achieve our strategy.

The key elements of our governance approach are captured in Figure 4a, below:

Figure 4a: Impax's governance of climate-related issues
Abridged governance structure outlining oversight of climate-related issues



Governance structure as at 30 June 2025. Dotted line denotes observer role of Chair of Audit & Risk Committee of the Impax Environment Group.

4.1 Board oversight

The Board is responsible for governing and overseeing the company's strategy and providing an oversight, control and monitoring of its operations and risks. The key elements of this approach are as follows:

- The ARC, which is comprised of independent Non-Executive Directors of the Board, is responsible for the oversight of audit and risk management across Impax, including climate and sustainability risk management, on behalf of the Board. ARC is supported by the Enterprise Risk Committee, which is responsible for oversight of risk management across each of the company's regulated entities.
- A Non-Executive Director is Board Observer of the employee-led Environment Group, which provides input and advice to support decision making on Impax's operational climate policies, performance and targets.
- The Board discusses climate-related issues as part of wider discussions at periodic meetings when the topics arise, and at least annually as part of its review of risk appetite statements.
- The senior management team – which, through the Management Committee and the Chief Executive – reports to the Board and Board Committees, is responsible for managing and monitoring climate-related risks and opportunities.

Audit & Risk Committee

Committee details	**Chair:** Non-Executive Director (Annette Wilson, since 1 December 2023) **Membership:** Non-Executive Directors[32]
Committee description	The Committee assists the Chief Executive in designing, facilitating and overseeing the actions necessary to deliver Impax's business plan. The Committee meets monthly.

32 Membership, as at 30 June 2025: Annette Wilson (Chair), Julia Bond, Lyle Logan and Simon O'Regan (observer)

4.2 Management roles, responsibilities and accountability

The key features of how management oversees climate-related issues are as follows:

- Senior management, specifically the Management Committee, is responsible for the management and monitoring of climate-related risks and opportunities, including implementing the TCFD recommendations.
- Although not a standing agenda item, climate-related risks are discussed as part of wider discussions at monthly Management Committee meetings and at Senior Leadership Team meetings (every two months), as and when there are new environmental policies or targets to discuss and approve, for instance.
- Specialists across the firm are responsible for identifying climate-related risks at a sector and thematic level via dedicated committees, most notably the Sustainability Lens Committee and the Sustainability Policy Committee.
- The Private Markets division has its own Investment Committee and Sub-Committee for discussing sustainability matters.
- The Impax Sustainability Centre oversees and supports the integration of sustainability within the investment process and the management of sustainability-related risks, both via the investment teams and specialist committees. Further information on the Sustainability Centre is set out on page 52.

Management Committee

Committee details	**Chair:** Founder & Chief Executive **Membership:** Impax senior executives
Committee description	The Committee assists the Chief Executive in designing, facilitating and overseeing the actions necessary to deliver Impax's business plan. The Committee meets monthly.

Listed Investments Investment Committee

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

Sustainability Lens Committee

Committee details	**Chair:** Chief Investment Officer (Listed Equities) and Global Head of Sustainability & Stewardship **Membership:** Impax's leading sustainability experts
Committee description	The Committee assesses emerging issues, risks and opportunities, and their consequences for the Impax Sustainability Lens and for various economic activities. Outcomes and decisions from the meeting are reported at the Investment Commit-tee meeting. The Committee meets every quarter.

Sustainability Policy Committee

Committee details	**Chair:** President, North America **Membership:** Impax staff, including legal and compliance representatives
Committee description	The Committee oversees, reviews and approves Impax's sustainability and stewardship-related policies and positions. Significant policy developments are reported to the Investment Committee. The Committee meets as required.

Environment Group

Committee details	**Chair:** Head of Sustainability & Stewardship, North America and Senior Associate, Sustainability & Stewardship **Membership:** Impax staff, with a Board observer
Committee description	The Group is responsible for measuring, monitoring and reporting on Impax's operational environmental and climate performance, as well as proposing firm-level environmental and climate policies, management systems and targets. It reports to the Management Committee and provides an annual update to the Board. The Group meets every quarter.

PE/Infrastructure Investment Committee

Committee details	**Chair:** Founder & Chief Executive **Membership:**[33] Head of the Private Equity (PE) Team, Head of the Transaction Team (PE); Head of Asset Management & Sustainability (PE), with an independent observer; Two independent, non-voting members who have held senior management positions in the infrastructure sector.[34]
Committee description	The Committee approves all investment and divestment proposals for the Impax New Energy Investors Funds. The Committee ensures that all investment decisions are made in compliance with the relevant Fund's investment policy, Limited Partnership Agreement and investor side letters. The PE Team's Head of Sustainability is an observer on the Investment Committee, responsible for ensuring that investment decisions comply with the policies and other relevant rules and regulations relating to sustainability topics, including climate. The Committee meets as required.

PE/Infrastructure Sub-Committee focusing on sustainability topics

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

33 This is the Investment Committee for Impax New Energy Investors IV SCSp.
34 The two independent members of the Committee are Barbara Boos and Michael Gerrard, as at 30 June 2025.

Inclusive Culture Group

Committee details	**Chairs:** Head of Stewardship and Head of Corporate Communications **Membership:** Impax staff, with a Board observer
Committee description	The Inclusive Culture Group is responsible for Impax's equity, diversity and inclusion strategy and reports regularly to the Senior Leadership Team and the Board. Non-Executive Director sponsor. The Inclusive Culture Group meets quarterly to align on ideas, actions and progress, and to communicate feedback from colleagues.

Impax Sustainability Centre

The Impax Sustainability Centre provides services, knowledge, tools and expertise on investing in the transition to a more sustainable economy to our investment teams as well as the broader organisation.

The team has grown in recent years, bringing in policy, stewardship and quantitative skills and experience from the public, private and academic sectors. This enables the Centre to provide thought leadership on how technology, policy and market drivers will continue to disrupt sectors in which we invest and to engage effectively across our value chain to manage risks and opportunities created by these disruptions.

The Sustainability Centre's activities are organised across four pillars outlined below:[35]

35 Further information on the Sustainability Centre can be found on page 8 of our UK Stewardship Code Statement 2025.

4.3 Culture

Sustainability and climate risk analysis continue to be fully integrated within Impax's investment process and across our business functions. Across all teams and business functions, an understanding of our material climate risks and opportunities is part of day-to-day discussions and business decisions.

We encourage a shared responsibility and understanding of climate-related risks and opportunities throughout our processes. For instance, investment team members are both responsible for proprietary in-house Corporate Resilience analysis and are involved in all climate-related engagements with investee companies under their coverage within Impax's actively managed portfolios. The investment team works closely with the Sustainability Centre, which is responsible for the oversight, peer-review and scoring of the Corporate Resilience analysis, coordination of engagement themes and continuous development of climate risk analysis approaches.

Further details of Impax's investment beliefs, mission statement and values can be found in our UK Stewardship Code Statement 2025.[36]

4.4 Incentives and remuneration

The incentives of senior management and all members of the investment team and the Sustainability Centre are aligned to Impax's strategy of investing in the transition to a more sustainable economy.

Staff remuneration is governed by the Remuneration Committee whose purpose is to ensure that employees are fairly rewarded for their individual contribution to the overall company performance, while ensuring that remuneration packages do not promote undue risk taking.

For example, the Chief Executive has an individual performance scorecard comprising "Financial & Quantitative" objectives (60%) and "Strategic & Qualitative" objectives (40%). The latter includes a metric on "equity, diversity & inclusion and environment" with performance measures on "firm-wide equity, diversity & inclusion targets; net CO_2 emissions".[37]

All listed investment analysts and portfolio managers have three components to their remuneration: performance, stock/issuer analysis and coverage, and collaboration and culture. The second component explicitly references high-quality Corporate Resilience analysis, sustainability-driven idea generation, and effective engagement work with investee companies

Remuneration for members of the Sustainability Centre is determined by their performance against objectives related to the four pillars outlined on page 50, plus contributions to internal objectives (for example, inclusive culture and team- and firm-level collaboration).

All members of the PE/Infrastructure team are responsible for integrating sustainability through the investment lifecycle, from initial due diligence through to exit. Every member of the team has at least one outcome-focused sustainability objective as part of their annual performance goals.

36 See Principle 1 on page 2 of our UK Stewardship Code Statement 2025
37 Impax Asset Management, November 2024: Annual Report & Accounts 2024, page 95

4.5 Skills, competencies and training

Skills and competencies

Impax has approximately 80 investment team members across its global offices with a further 17 members of the Sustainability Centre who specialise in sustainability research, Corporate Resilience analysis, stewardship, and policy research and advocacy. This makes it one of the largest and longest-established investment teams dedicated to and focused exclusively on the transition to a more sustainable economy.

The investment team is made up of individuals with diverse backgrounds and deep sectoral expertise on a broad range of activities critical for the transition, such as healthcare, financials, infrastructure, technology and agriculture.

Processes for the assessment and management of climate-related risks and opportunities meanwhile benefit from extensive in-house expertise on climate throughout the organisation. As well as having trained climate scientists on the investment team, a team of experts in climate change, environmental and energy policy sits within the Sustainability Centre.

Several members of the Executive Committee also have leadership roles or sit on the boards of organisations that have an objective to promote the transition to a more sustainable economy.[38]

Training

To support continued knowledge sharing within and outside of Impax, the Sustainability Centre coordinates and leads in-house training, thematic debates and sustainability-focused insights.

In 2024, training sessions were organised on sustainability and engagement related to fixed income, having developed a new Impax Fixed Income Sustainability Framework (as described in Section 2 on page 30). An eight-module internal sustainability training programme, covering areas such as company-level Corporate Resilience analysis, stewardship, policy advocacy, net zero and impact measurement, was also developed and has been made available to all staff as recorded training modules.

38 For further details of external roles held by Impax senior staff, please see Principle 4 on page 20 of our UK Stewardship Code Statement 2025

5 Metrics & targets

5. Metrics & targets

Structure

In line with the TCFD recommendations, this section discloses the metrics that we use to assess climate-related risks and opportunities and Scope 1, 2 and 3 GHG emissions. It also sets out more detail on our 2030 net-zero alignment target, mentioned in Section 1, and our performance against those targets. In line with the FCA ESG Sourcebook, we have included information on financed emissions according to the mandatory metrics and additional metrics that we consider useful for investors alongside information on methodologies.

In terms of the TPT guidance, we intend to consider including additional metrics and targets recommended by TPT ahead of our next report in 2026 (including longer term targets beyond 2030) as we continue to evolve our approach to transition planning.

Key changes from our 2024 report

- **Update to NZAM methodology:** Since our 2024 Climate Report, we updated our methodology to align with the IIGCC Net-Zero Investment Framework ("NZIF") 2.0's scoring framework, and the latest industry guidance on assessing corporate climate transitions. Our approach is also aligned with the GFANZ Financial Institution Net-zero Transition Plan ("NZTP") guidance.[39]
- **Inclusion of financed emissions metrics for Fixed Income:** Reflecting our ongoing efforts to improve reporting and the creation of our new Fixed Income Sustainability Framework (see Section 2 on page 30), we now report on key financed emissions metrics for this asset class.
- **Inclusion of trend commentary:** We have also incorporated a greater level of commentary on trends in the metrics data reported, compared with the 2024 Climate Report which primarily focused on describing the methodology used to calculate the metrics. Our methodology for calculating climate-related metrics is now included in the Appendix from page 75.

Summary of metrics included in this report and key use cases

Metric	Use cases
Transition 'aligned' & 'aligning'/'non-aligned'	• Monitoring companies' NZAM target process for prioritising engagements • Investment process (input into Corporate Resilience analysis)
Investments in 'climate solutions'	• Investment process (input into investment universe formation and key sustainability indicators ("KSIs")) • Client reporting
Avoided GHG emissions	• Investment process (input into investment universe formation and KSIs) • Impact measurement • Client reporting
Financed emissions	• Regulatory compliance • Client reporting
Exposure to carbon risk	• Investment process (input into Corporate Resilience analysis) • Prioritising companies for engagement
Exposure to physical risks	• Investment process (input into Corporate Resilience analysis) • Prioritising companies for engagement
Engagement metrics	• Monitoring effectiveness of company engagement • Client reporting
Operational metrics	• Monitoring progress against operational targets • Regulatory reporting

39 GFANZ, November 2022: Financial Institution Net-zero Transition Plans: Fundamentals, Recommendations, and Guidance

This section is structured as follows, with key metrics highlighted:

Investments		
5.1	**Financing the transition**	
5.1.1	Net-zero target (NZAM): Transition alignment – 'aligned' & 'aligning'/'non-aligned'	% AUM
5.1.2	Exposure to 'climate solutions'	% AUM
5.1.3	Avoided GHG emissions	tCO_2e / US$1mn invested
5.2	**Financed emissions (FCA mandatory metrics)**	
	Scope 1 & 2 emissions	tCO_2e
	Scope 3 emissions (FCA mandatory)	tCO_2e
	Total GHG emissions	tCO_2e
	Total carbon footprint	tCO_2e / US$1mn invested
	WACI (weighted average carbon intensity) Scope 1 & 2	tCO_2e / US$1mn revenue
	WACI Scope 1, 2 & 3	tCO_2e / US$1mn revenue
5.3	**Climate-related risks**	
5.3.1	Exposure to carbon risk	% portfolio AUM
5.3.2	Exposure to physical risks	% portfolio AUM
5.4	**Operations**	
5.4.1	Operational emissions (Scope 1, 2 & 3)	tCO_2e
5.4.2	Environmental targets	% renewable electricity
5.4.3	Exposure to physical risks	n/a

Within each sub-section, we set out the 2024 data for each metric, context, and commentary on data where appropriate. A description of our methodology for calculating these metrics is included within the Appendix, on page 75.

Data accuracy

We recognise that climate-related data is frequently based on estimates or proxy data and, as a result, provides an imperfect view of portfolio exposures or risks. The data we rely on can also change materially from one year to the next, as data quality and availability improves, or as estimation methods change. We continue to engage companies on enhanced decision-useful public disclosures, and advocate for harmonisation and greater standardisation of reporting practices within the financial industry. We have taken the greatest efforts to ensure that the data we use is as accurate as possible, and that any outputs should be interpreted as approximate and not precise.

Investments

5.1 Financing the transition

5.1.1 Net-zero target (NZAM): Transition alignment

The distribution of Committed AUM in transition 'aligned', 'aligning' and 'non-aligned' categories, as of 31 December 2024, stood at:[40]

Net zero transition alignment		2024	2023	2022	2021*
Aligned & aligning	Share of Committed AUM	91%	92%	92%	92%
Non-aligned	Share of Committed AUM	9%	8%	8%	8%

*Baseline.
Source: Impax analysis, as at 31 December 2024.

Context

Our NZAM commitment covers all actively managed listed equities and private markets investments. As of 31 December 2024, the committed scope was 84%, representing US$35.9bn.[41] The remaining AUM consists of listed equities in systematic strategies, advisory accounts, fixed income issuers and cash, for which transition alignment analysis has either not yet been completed or methodologies for transition alignment are not available. Over time, we plan to increase the proportion of AUM committed.

In addition to tracking the percentage of 'non-aligned' AUM in regard to net zero and climate resilience, we monitor the companies that are 'non-aligned' for stewardship purposes. Three years on from our baseline assessment against this target, we continue to find higher levels of 'non-alignment' among smaller companies and companies based in Asia. This is due to their climate risk management processes and disclosures often being less advanced, in contrast to a general trend of gradual improvement in climate risk management practices. Results at the portfolio level may also vary over shorter time horizons due to portfolio construction and turnover.

Commentary on data

We have updated our NZAM methodology in line with best practice industry guidance from the IIGCC's NZIF 2.0. This has strengthened our focus on the concrete, forward-looking plans companies have to manage climate risks and their historic performance relative to targets. Importantly, the materiality of climate risk is now incorporated into the assessment approach. Using the NZIF methodology and the Impax Sustainability Lens, we identify sub-industries that face highly material climate risks and analyse companies in those sub-sectors more stringently. To be classified as 'aligned' or 'aligning', we expect these companies to have more ambitious targets and risk management strategies. Year-on-year changes in the table above reflect these changes in methodology, to some extent. A small number of companies (3%) with low materiality risks now classify as 'aligning' under our new methodology.

40 'Transition aligned' and climate resilient management processes of investee companies include: 1) robust sector-relevant near- and long-term GHG reduction targets to a net-zero pathway (externally verified by, for example, SBTi); 2) management strategies and processes that enable climate and GHG target achievement (for example, capex spending, climate-linked management compensation); and 3) climate transparency and appropriate risk pricing (TCFD-aligned reporting). 'Transition aligning' companies have initiated climate risk management processes and have respective commitments in place but have not fully formalised and internalised these yet as part of a long-term net-zero corporate strategy. Where companies are 'not aligned' to a climate resilient net-zero pathway, climate risk management processes have not yet been initiated, are significantly underdeveloped, or have notably stalled or deteriorated.

41 Impax analysis, as at 31 December 2024

5.1.2 Investments in climate solutions

As part of our commitment to the climate transition, we committed to reporting on the level of our investment in 'climate solutions' (as defined below).

As at 31 December 2024, 47% of Impax's Committed AUM was invested in 'climate solutions' provided by investee companies and private market assets, representing a total investment of US$16.6bn.[42]

This year, in further refinement of our commitment to invest in and report on climate solutions, and consistent with our proprietary thematic revenue exposure analysis, we account specifically for the share of investee companies' revenues from 'climate solutions' that we are invested in. The percentage of our AUM invested in climate solutions has remained broadly constant year over year (48% last year). The slight decrease can be attributed to marginal changes in our portfolio composition.

Methodology (climate solutions)

To be classified as 'climate solutions' under Impax's proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences. Further information about the Climate Opportunities taxonomy can be found in Section 2.1.2 on page 32.

5.1.3 Avoided GHG emissions

Avoided GHG emissions		2024	2023	2022	2021
Active Listed Equities	tCO_2e / US$1mn invested	170	230	270	218
Private Markets	tCO_2e / US$1mn invested	28	86	80	

Source: Impax analysis, as at 31 December 2024. Note that these figures relate to assets owned by the Private Markets funds as at 31 December 2024. This excludes assets which have been exited over the course of the Period.

Context

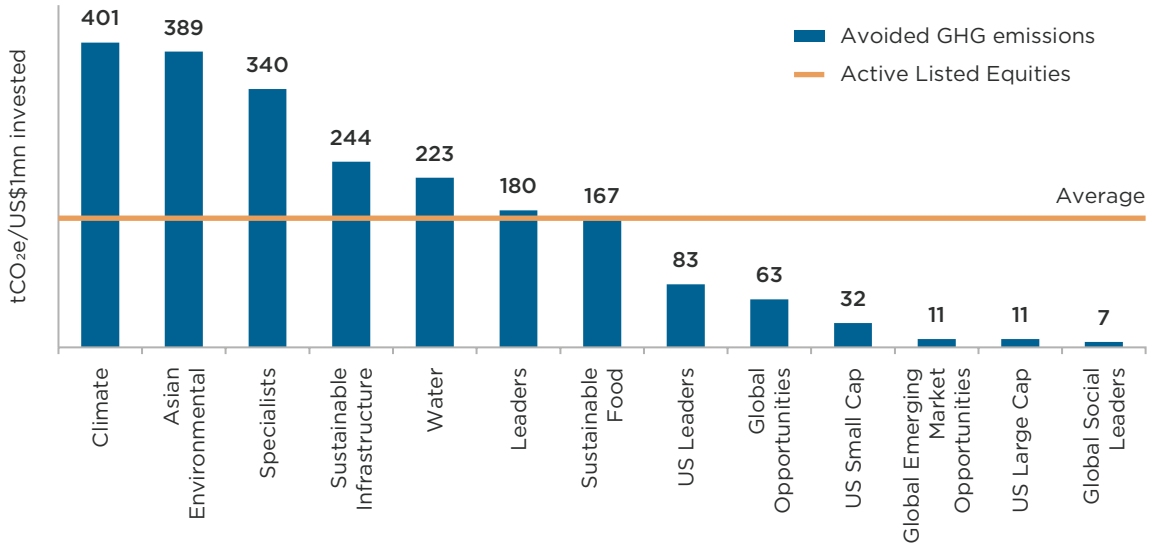
We believe the concept of 'avoided emissions' – which allows us to calculate the positive impact that a company's product or service has on society – is a useful one. It is a highly relevant metric for measuring the real-world impact of 'climate solutions' through the use of products or services that either fully substitute higher-emitting alternatives, such as renewable energy displacing coal generation, or through products or services that provide incremental energy or resource efficiency gains.

Our Private Markets strategy is to bring renewable energy projects through the development and permitting stages and sell during construction or in the early stages of operation. We only report the emissions avoided from projects which are still owned at the end of the reporting period. The operational capacity and avoided emissions for 2024 was lower than in 2023 due to a number of successful asset exits during the year.

We calculate and report, at a portfolio level, the avoided GHG emissions associated with the products and services of companies held in Impax strategies in 2024, based on US$1mn invested in each respective strategy, in Figure 5a on page 60. Our reporting captures avoided GHG emissions for investment strategies that account for 84% of Impax's total AUM, as at 31 December 2024.

42 Impax analysis, at 31 December 2024. Investment-related AUM excludes cash. Please note that these data have not been externally assured but undergone internal verification.

Figure 5a: Avoided GHG emissions by Active Listed Equities strategy in 2024
Based on US$1mn invested, companies held in Impax strategies contributed to:



Source: Impax analysis, as at 31 December 2024.

Commentary on data

The decline in avoided GHG emissions between 2023 and 2024 largely reflects a technical methodological change. As explained on page 76, we have updated our methodology for calculating avoid emissions to more closely reflect industry standards.

5.2 Financed emissions

GHG emissions, total carbon footprint and WACI

Table 5b: Financed GHG emissions – Active Listed Equities

Metrics	Unit	2024	2023	2022	2021
Scope 1 & 2 emissions	Million tCO_2e	1.8	2.7	3.0	3.5
Scope 3 emissions	Million tCO_2e	8.7	8.4	7.4	6.4
Total GHG emissions (Scope 1, 2 & 3)	Million tCO_2e	10.5	11.2	10.4	9.9
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	273	246	257	188
WACI (Scope 1, 2)	tCO_2e / US$1mn revenue	97	120	131	141

Source: Impax analysis, as at 31 December 2024. Please note that Scope 1 & 2 emissions figures for the year 2023, as reported in our 2024 report, have been adjusted to reflect revised data

Table 5c: Financed GHG emissions – Private Markets

Metrics	Unit	2024	2023
Scope 1 & 2 emissions	tCO_2e	796	954
Scope 3 emissions	tCO_2e	82,268	694
Total GHG emissions (Scope 1, 2 & 3)[48]	tCO_2e	83,064	4,948
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	185	11

Source: Impax analysis, as at 31 December 2024

Table 5d: Financed GHG emissions – Systematic Listed Equities

Metrics	Unit	2024	2023
Scope 1 & 2 emissions	Thousand tCO_2e	85	135
Scope 3 emissions	Thousand tCO_2e	752	728
Total GHG emissions (Scope 1, 2 & 3)	Thousand tCO_2e	837	863
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	37	57
WACI (Scope 1, 2)	tCO_2e / US$1mn invested	63	81

Source: Impax analysis, incorporating data sourced from MSCI, portfolio holdings as at 31 December 2024.

Table 5e: Financed GHG emissions – Fixed Income

Metrics	Unit	2024
Scope 1 & 2 emissions	Thousand tCO_2e	84
Scope 3 emissions	Thousand tCO_2e	571
Total GHG emissions (Scope 1, 2 & 3)	Thousand tCO_2e	656
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	352
WACI (Scope 1, 2)	tCO_2e / US$1mn sales	84

Source: Data sourced from MSCI, portfolio holdings as at 31 December 2024.

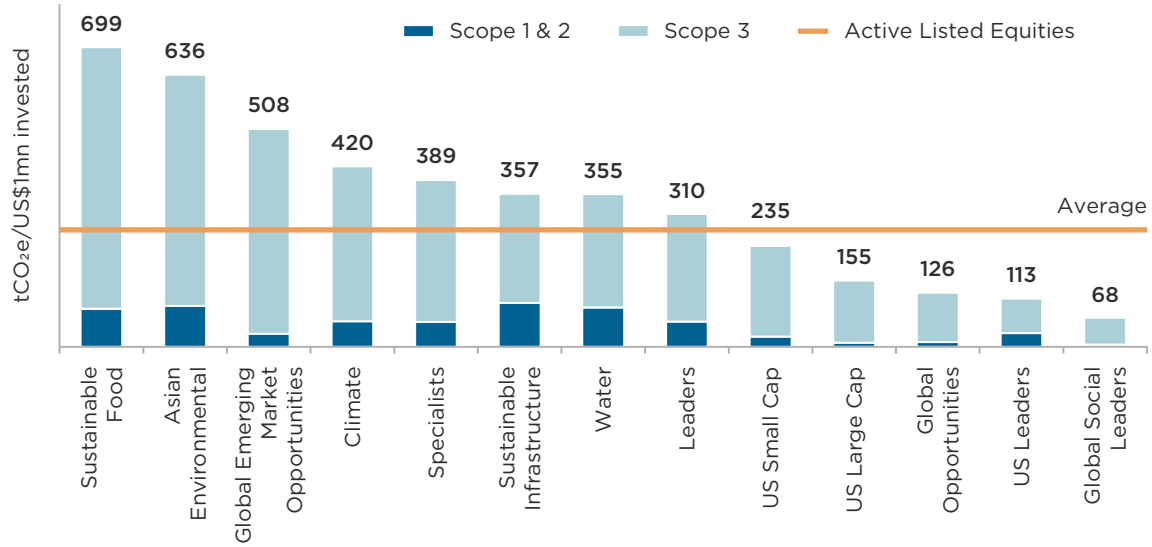
Context

For our Active Listed Equities (Table 5b) and Systematic Listed Equities (Table 5d) strategies, the Scope 1, 2 & 3 emissions and Total GHG emissions metrics represent the respective absolute GHG emissions associated with Impax's investment, expressed in tCO_2e. Total carbon footprint represents the total carbon emissions associated with Impax's investment normalised by the investment's market value, expressed in tCO_2e per US$1mn invested. The 'WACI (Scope 1, 2)' metrics represent the exposure to carbon-intensive companies, expressed in tCO_2e per US$1mn revenue.

Within our Private Markets division (Table 5c), the process of collecting data on GHG emissions is now well-established within the investee companies. During the Period, the methodology for measuring GHG emissions was updated to move away from estimating life-cycle emissions and spreading them over the life of the asset to reporting supply-chain emissions during the construction phase in line with the GHG Protocol. Lifecycle analysis estimates the total emissions of a project from inception to disposal and it was not possible to separate emissions between Scopes 1, 2 and 3. This has led to a significant increase is in GHG emissions associated with the strategy from 2023 to 2024.

For our Fixed Income strategies (Table 5e), the Scope 1, 2 & 3 emissions and Total GHG emissions metrics represent the respective absolute GHG emissions associated with Impax's investment, expressed in tCO_2e, as a percentage of outstanding shares for listed equities and as a percentage of Enterprise Value Including Cash (EVIC) for fixed income. The total carbon footprint represents the total carbon emissions associated with Impax's investment normalized by the investment's EVIC, expressed in tCO_2e per US$1mn invested. The 'WACI (Scope 1, 2)' metrics represent the exposure to carbon-intensive companies, expressed in tCO_2e per US$1mn sales.

Figure 5f: GHG emissions by Active Listed Equities strategy in 2024
Based on US$1mn invested, companies held in Impax strategies contributed to:



Source: Impax analysis, as at 31 December 2024.

Commentary on data

The year-on-year decline in Scope 1 and 2 GHG emissions shown in Table 5b can largely be attributed to a decline in Active Listed Equities AUM. Scope 3 emissions continue to increase year-on-year due to more comprehensive reporting by companies, as they gain clarity regarding environmental impacts across their value chains.

We calculate and report, at a portfolio level, the GHG emissions associated with the companies held in our Active Listed Equities strategies in 2024, based on US$1mn invested in each strategy, in Figure 5f, above. Our reporting captures GHG emissions for investment strategies that account for 84% of Impax's total AUM, as at 31 December 2024. Emissions are separated into Scopes 1 and 2 (combined) and Scope 3.

The new methodology adopted for our Private Markets assets during the period involves collecting detailed data on supply chain emissions (including estimates) and helps to provide a more accurate picture of a project's GHG emissions. This is now possible due to improvements in the availability of GHG emissions data from supply chains. This leads to a year-on-year increase in Scope 3 emissions (see Table 5c on page 60) due to the nature of the strategy to build renewable energy projects as construction is the most emissions-intensive stage in a renewable energy project's lifecycle.

This is the first year that we have calculated and reported financed emissions data for our Fixed Income assets (see Table 5e on page 61). We have used emissions data from Morgan Stanley Capital International ("MSCI") where the coverage of data is lower in Fixed Income than in Listed Equities. As we report on this data in subsequent years and anticipate incremental improvements in coverage, we will be able to contextualise this data and make year-on-year comparisons.

5.3 Climate-related risks

We are intentionally not presenting a Value at Risk (VaR) analysis in this report. While VaR is an important tool in risk management across financial services (and especially for banks), we do not see it as the ideal tool for climate risk assessment in asset management. Indeed, there is a risk that the use of VaR methodologies would create a sense of false certainty regarding the estimation of climate financial risks.

We believe that estimating the financial risks associated with climate change is a prime example of 'radical uncertainty'. Given the highly idiosyncratic nature of those risks today, we believe that an aggregation to VaR at the product level provides only a limited amount of decision-useful information to our investment and risk management teams.

Below, we outline how we assess our portfolio companies' exposure to carbon risk and physical climate risks, respectively, for our Active Listed Equities strategies.

5.3.1 Exposure to carbon risk

Table 5g: Exposure to carbon risk by Active Listed Equities strategy

Strategy	Heightened Carbon Risk 2030 (%)	Heightened Carbon Risk 2050 (%)
Asian Environmental	1.5	10.6
Climate	3.8	5.1
Global Emerging Market Opportunities ("GEMO")	0.0	5.5
Global Opportunities	0.0	3.5
Global Social Leaders	0.0	0.0
Leaders	2.3	15.7
Specialists	0.8	11.6
Sustainable Food	1.5	11.3
Sustainable Infrastructure	5.3	20.8
US Large Cap	0.0	0.0
US Leaders	0.0	14.7
US Small Cap	0.9	6.0
Water	5.5	11.2
Active Listed Equities (overall)	**2.1**	**8.8**

Source: Impax analysis, portfolio holdings as at 31 December 2024. Strategy data is reported on a GIPS composite basis. The darker the shading, the greater the risk that carbon pricing under the 'Net Zero 2050' NGFS scenario poses to the investment strategy.

Table 5h: Carbon risk sector contribution heatmap by Active Listed Equities strategy – 2030

2030 GICS Sector	Water	US Small Cap	US Large Cap	US Leaders	Sustainable Infrastructure	Sustainable Food	Specialists	Leaders	Global Social Leaders	Global Opportunities	GEMO	Climate	Asian Environmental
Information Technology													
Real Estate													
Health Care													
Industrials													
Consumer Staples													
Materials													
Communication Services													
Financials													
Utilities													
Consumer Discretionary													
Energy													

Source: Impax analysis, portfolio holdings as at 31 December 2024. Strategy data is reported on a GIPS composite basis. The darker the shading, the greater the risk that carbon pricing under the 'Net Zero 2050' NGFS scenario poses to the GICS sector and investment strategy.

Table 5i: Carbon risk sector contribution heatmap by Active Listed Equities strategy – 2050

2050 GICS Sector	Water	US Small Cap	US Large Cap	US Leaders	Sustainable Infrastructure	Sustainable Food	Specialists	Leaders	Global Social Leaders	Global Opportunities	GEMO	Climate	Asian Environmental
Information Technology													
Real Estate													
Health Care													
Industrials													
Consumer Staples													
Materials													
Communication Services													
Financials													
Utilities													
Consumer Discretionary													
Energy													

Source: Impax analysis, portfolio holdings as at 31 December 2024. Strategy data is reported on a GIPS composite basis. The darker the shading, the greater the risk that carbon pricing under the 'Net Zero 2050' NGFS scenario poses to the GICS sector and investment strategy.

Context

These results are an output of Impax's carbon risk model, which incorporates carbon prices from the seven scenarios defined by the NGFS, as outlined in the Appendix (see page 77). Carbon prices refer to the rate of carbon tax and price of emissions permits.

Under a 'Net Zero 2050' NGFS scenario, we estimate that 2% of our current Active Listed Equities holdings will face 'heightened carbon risk' by 2030. The same estimation is 9% by 2050 (see Table 5f). Assets facing 'heightened carbon risk' are those that have a potential reduction in earnings before income and tax ("EBIT") of greater than 30%.

Table 5g shows the strategy-level exposure to 'heightened carbon risk' under this 'Net Zero 2050' NGFS scenario. This is calculated as the sum of portfolio weights for assets with a potential EBIT reduction greater than 30% by 2030 and 2050, respectively.

We have also analysed the carbon risk contribution by sector for our Active Listed Equities strategies, calculated as the product sum of portfolio weights and potential EBIT reduction of assets in each sector by 2030 and 2050, respectively. This analysis is illustrated in Tables 5h and 5i, where GICS sectors are highlighted as a function of both the respective strategy's allocation in the sector and that sector's emissions.

Commentary on data

Our assessment highlights that the key source of carbon risk, over both the short (2030) and long-term (2050), for our Active Listed Equities strategies is attributable to their significant allocation to the Materials, Industrials and Utilities sectors, which have a relatively high carbon intensity. Many of these companies' products enable reductions in system-wide GHG emissions but their own processes are, in some cases, carbon-intensive.

5.3.2 Exposure to physical risks

(a) Active Listed Equities

Table 5j: Scenario analysis on Average Annual Exposure ("AAE") to acute risks in 2020 to 2039, by strategy

	Extreme heat		
	Portfolio weighted average total number of days per year exposed		
	SSP1-1.9 50th percentile	**SSP2-4.5** 50th percentile	**SSP3-7.0** 90th percentile
Asian Environmental	12.1	12.7	19.5
Climate	5.4	5.8	9.8
GEMO	17.2	17.9	27.5
Global Opportunities	6.6	7.0	11.7
Global Social Leaders	5.6	6.0	9.9
Leaders	7.3	7.8	12.5
Specialists	6.0	6.4	10.6
Sustainable Food	6.9	7.3	12.0
Sustainable Infrastructure	3.5	3.8	6.8
US Large Cap	6.8	7.2	11.7
US Leaders	7.1	7.6	12.2
US Small Cap	5.1	5.6	9.7
Water	5.4	5.9	9.9
Active Listed Equities (overall)	**6.4**	**6.9**	**11.3**

	Extreme precipitation (50mm/day)		
	Portfolio weighted average total number of days per year exposed		
	SSP1-1.9 50th percentile	**SSP2-4.5** 50th percentile	**SSP3-7.0** 90th percentile
Asian Environmental	0.8	0.9	1.7
Climate	0.3	0.3	0.8
GEMO	0.8	0.8	1.7
Global Opportunities	0.5	0.5	1.1
Global Social Leaders	0.4	0.4	0.9
Leaders	0.4	0.4	1.0
Specialists	0.4	0.4	0.9
Sustainable Food	0.4	0.4	0.9
Sustainable Infrastructure	0.3	0.3	0.8
US Large Cap	0.4	0.4	1.0
US Leaders	0.4	0.4	1.0
US Small Cap	0.3	0.3	0.9
Water	0.4	0.4	0.9
Active Listed Equities (overall)	0.4	0.4	1.0

Source: Impax analysis, incorporating open-source data, portfolio holdings as at 31 December 2024. Strategy data is reported on a GIPS composite basis.

Table 5k: Scenario analysis on AAE to acute risks in 2020 to 2039, by strategy (continued)

	Drought		
	Portfolio weighted average number of consecutive dry days experienced in a geography per year		
	SSP1-1.9 50th percentile	**SSP2-4.5** 50th percentile	**SSP3-7.0** 90th percentile
Asian Environmental	40.8	40.9	47.1
Climate	30.8	31.0	35.8
GEMO	40.2	40.4	46.7
Global Opportunities	29.5	29.7	34.2
Global Social Leaders	28.9	29.1	33.4
Leaders	31.8	32.0	36.8
Specialists	31.4	31.6	36.4
Sustainable Food	30.6	30.8	35.4
Sustainable Infrastructure	26.2	26.4	30.3
US Large Cap	31.3	31.5	36.2
US Leaders	31.2	31.4	36.2
US Small Cap	32.5	32.7	37.7
Water	30.0	30.2	34.8
Active Listed Equities (overall)	30.8	31.0	35.6

Source: Impax analysis, incorporating open-source data, portfolio holdings as at 31 December 2024. Strategy data is reported on a GIPS composite basis.

Table 5m: Forecast of exposure to acute risks in 2030

	Portfolio weighted average exposure (%) to 'high risk' assets			
	Cyclone	River Flood Risk	Coastal Flood Risk	Flood
Asian Environmental	34.0%	7.7%	2.4%	10.2%
Climate	36.9%	5.6%	1.2%	6.7%
GEMO	14.3%	3.0%	0.8%	3.8%
Global Opportunities	33.4%	7.6%	1.2%	8.8%
Global Social Leaders	21.6%	5.0%	0.8%	5.8%
Leaders	38.0%	5.5%	1.5%	6.9%
Specialists	30.3%	5.1%	1.7%	6.8%
Sustainable Food	27.0%	5.2%	1.9%	7.1%
Sustainable Infrastructure	35.2%	5.8%	1.8%	7.6%
US Large Cap	37.6%	3.9%	2.5%	6.5%
US Leaders	35.2%	3.9%	1.2%	5.1%
US Small Cap	23.9%	2.4%	1.4%	3.8%
Water	32.1%	8.2%	1.6%	9.8%
Active Listed Equities (overall)	**34.0%**	**6.5%**	**1.5%**	**8.0%**

Source: Impax analysis, incorporating data sourced from Bloomberg, portfolio holdings as at 31 December 2024. Strategy data is reported on a GIPS composite basis.

Table 5n: Impax Vulnerability Score by strategy

	Company practices	Sub-industry materiality	Country vulnerability		
	Portfolio weighted average PCR score in stock-level Impax Fundamental ESG Analysis (1–5)	Portfolio weighted average PCR score in sub-industry-level Impax Sustainability Lens (1–5)	Portfolio weighted average quintile score in country-level ND-GAIN Country Index (1–5)	Impax Vulnerability Score	Label
Asian Environmental	3.1	3.1	2.7	2.9	M
Climate	3.1	3.1	3.0	2.7	L
GEMO	3.5	3.5	2.9	3.2	M-H
Global Opportunities	2.5	2.5	2.8	2.7	L-M
Global Social Leaders	2.9	2.9	2.8	2.7	L
Leaders	2.9	2.9	3.0	2.8	M
Specialists	3.5	3.5	3.0	2.9	M
Sustainable Food	2.8	2.8	3.6	3.0	M-H
Sustainable Infrastructure	2.8	2.8	3.6	2.7	L-M
US Large Cap	2.8	2.8	2.6	2.6	L
US Leaders	3.1	3.1	2.8	2.8	L-M
US Small Cap	4.3	4.3	3.0	3.0	M-H
Water	3.2	3.2	3.5	3.2	M-H
Active Listed Equities (overall)	**2.9**	**2.9**	**3.0**	**2.9**	**M**

Key: Moderate-heightened | Moderate | Low-moderate | Low

Source: Impax analysis, incorporating data sourced from Bloomberg, portfolio holdings as at 31 December 2024. Strategy data is reported on a GIPS composite basis.

Table 5p: Private Markets – exposure to physical climate risks

Risk	Portfolio Exposure to Projected 'High Risk' (% of FMV)	Portfolio Exposure to Projected 'Very High Risk' (% of FMV)
Water Stress	0%	3%
Drought Risk	1%	0%
Cyclone Risk	0%	0%
Wildfire Risk	0%	0%
Flood Risk	0%	0%
All Risks	1%	3%

Source: Impax analysis, as at 31 December 2024. FMV is the Fund's fair market value.

Context

Analysis of our Active Listed Equities strategies' exposure to physical climate risks entails three elements:

- AAE to three acute risk hazards (extreme heat, extreme precipitation, and drought) under three Coupled Model Intercomparison Project ("CMIP6") IIPCC climate scenarios ("SSP1-1.9", "SSP2-4.5", "SSP3-7.0").[43] Our analysis is summarised in Tables 5j and 5k on pages 66 and 67.
- A forecast of exposure to acute risks from cyclones and floods (river and coastal) in 2030, expressed as exposure to 'high risk' assets.[44] Our analysis is summarised in Table 5m on page 68.
- A metric of strategies' vulnerability/resilience in form of a proprietary Impax Vulnerability Score reflecting a combination of investee companies' physical climate risk practices[45], sub-industry level materiality of physical climate risks[46], and country-level readiness/vulnerability[47]. Our analysis is summarised in Table 5n on page 68.

In relation to our Private Markets investments, Table 5p represents the exposure of the fund to 'High' or 'Very High' climate risks for the more advanced projects which have been assessed. This is based on 30% of the Fund's fair market value (FMV), which has been assessed.

Commentary on data

At the group level, our assessment of exposure to physical climate risk across our Active Listed Equities portfolios did not flag a material change across any of the physical climate risk exposure metrics disclosed. The key drivers of year-on-year change in exposure, per strategy, were due to the purchase or sale of individual stocks, as well as changes in position sizes for existing holdings. Note that portfolio decisions were not driven by our assessment of physical climate risk exposure. Rather, the observed changes in exposure reflect incidental outcomes of active investment decisions, such as stock selection and position sizing, made independently of physical climate risk considerations.

43 World Climate Research Programme, 2024: Coupled Model Intercomparison Project and the IPCC. CMIP6 is the latest phase of collaboration under the Coupled Model Intercomparison Project (CMIP). CMIP6 climate model data provide the foundation for the IPCC's Sixth Assessment Reports.
44 'High risk' assets are those expected to be impacted significantly in the event of the reference hazard
45 Impax fundamental Corporate Resilience analysis
46 Impax Sustainability Lens
47 Notre Dame Global Adaptation Initiative, May 2023: Country Index

For example:

- The Asian Environmental strategy materially reduced its cyclone risk exposure due to the exit of highly exposed names that were sold or reduced within the portfolio.
- US Leaders saw a c.20% increase in assessed exposure to extreme heat under the SSP2-4.5 scenario given the sale of names with US-only exposure, alongside the purchase of a particular US-listed name with material exposure to India.
- Finally, a 6% reduction in drought exposure across all scenarios is noted for the Sustainable Food strategy as a result of reduced positions in various agricultural equipment stocks with global exposure.
- Overall, the underlying country-vulnerability improved as measured by the Notre Dame Global Adaptation Initiative ("ND-GAIN") index. However, the update saw the bar raised for what constituted top-quintile performance, driving the vulnerability score for the group up marginally.

Although we report a 4% exposure to identified physical climate risks for our more advanced Private Markets investments, the nature of portfolio projects means they are not vulnerable to the risks identified. For example, water stress or drought risk are not relevant to a solar photovoltaic or wind farm as their development, construction and operation does not rely on local water sources.

5.4 Operations

5.4.1 Operational metrics

Company GHG emissions

GHG emissions	Unit	2024	2023[34]	2022	Change (%)
Direct (Scope 1, natural gas)	tCO_2e	23	22	27	7%
Indirect (Scope 2, electricity consumed, location-based approach)	tCO_2e	77	77	74	0%
Indirect (Scope 2, electricity consumed, market-based approach)	tCO_2e	7	25	4	-74%
Value chain (Scope 3, Category 6: business travel only)[48]	tCO_2e	370	477	495	-23%
Impax total (Scope 1,2 & 3; market-based approach)	tCO_2e	399	524	526	-24%

The Company's total global energy consumption over the Period was 502 megawatt hours ("MWh"), higher than in 2023, due to the addition of our Danish office, whichopened in 2024, to our reporting scope.[49] Our London and New Hampshire offices accounted for 38% and 46% of total energy consumption during the Period, respectively.

The Company's total GHG emissions (Scopes 1, 2 and 3) decreased year-on-year, despite a slight increase in Scope 1 emissions (attributable to the opening of our Danish office). In New Hampshire, we continued to use renewable electricity from an alternative renewable energy provider, ensuring that our market-based Scope 2 emissions decreased from 2023 (when our previous renewable energy provider unexpectedly wound down).

48 The Scope 3 GHG emissions reported here are exclusive of financed emissions, which are reported separately under Investments further above in this Section
49 Reporting in line with Streamlined Energy and Carbon Reporting requirements (SECR)

5.4.2 Company environmental targets

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

- **Scope 2 emissions target:** To source 100% of our electricity from renewable sources across all Impax offices (from electricity use). The company-wide figure stood at 95% at the end of the Period.
- **Scope 3 emissions target:** Air travel has historically been Impax's largest source of operational emissions, and we now look to substitute short-haul air travel by rail or coach where possible.

We also favour video conference meetings whenever practicable. We rolled out our new global business travel platform in 2023, and we have now collected a baseline of firmwide business travel data. This will be used to inform the target-setting process for our Scope 3 business travel emissions.

5.4.3 Operational climate risk assessment and management

Transition risks

As outlined in Section 2.2 (page 33), we are committed to monitoring and reducing our own operational emissions across Scope 1, Scope 2 (emissions relating to electricity consumption) and Scope 3 (largely business travel), including in our offices.

Physical risks

Our assessment of climate-related risks relating to our operations concluded that the physical risks facing our offices remain relatively low. Please see Section 2.2 (page 34) for more details.

Appendix

Appendix: Approach to nature, biodiversity and deforestation

Climate change and nature are closely interlinked. Climate change is accelerating biodiversity loss and nature-based solutions have the potential to mitigate future climate impacts. Pressure is growing on financial institutions to disclose their exposure to nature-related risks and to integrate them as a financial risk into their investment processes, as evidenced by the launch of the recommendations of the TNFD in September 2023. At the launch of those recommendations, we became an early adopter and committed to reporting in line with the framework in 2026 (for 2025).

The alleviation of pressures on nature and biodiversity have always been strongly aligned with Impax's investment philosophy and processes, as a specialist investor in the transition to a more sustainable economy. With rising awareness of the scale of nature-related risks, we have increased our activities in this area and in 2022 published a standalone Nature, Biodiversity and Deforestation Policy. Our updated and extended Nature, Biodiversity and Deforestation Approach ("NBD Approach") followed in February 2024.[50] This describes our approach to managing nature-related risks in our investments, alongside the objectives of both our company engagement and our policy advocacy on nature-related issues.

We believe that the TNFD's recommendations will play an essential role in aligning financial flows to a nature-positive transition by providing a risk management and disclosure framework for organisations to report on nature-related dependencies, impacts, risks and opportunities. We have been a strong supporter of the TNFD since its inception and participated in the Informal Working Group that drew up its terms of reference. We contributed to the work of the TNFD Forum including pilot-testing the beta version of the TNFD Framework and hosting an asset manager roundtable as part of the consultation on the draft framework.

As a step towards combining TCFD and TNFD reporting in the future, we set out a summary of how we currently integrate nature-related risks into our investment process under our NDB Approach, below. During 2025, we will be identifying any gaps against the final TNFD framework and making the necessary changes to our approach to considering nature-related issues ahead of reporting in 2026.

Listed equities and fixed income

1 Identifying and assessing nature-related risks and opportunities

Nature-related risks: dependency and impact

We assess nature-related risks by conducting top-down analysis to identify at-risk economic activities and respective value chains using external research tools including Exploring Natural Capital Opportunities, Risks and Exposure ("ENCORE"). Related findings have been reflected in the Impax Sustainability Lens, where we have identified resource and biodiversity dependence and potential negative impacts relating to natural resources and natural ecosystems.

As a member of the Finance Sector Deforestation Action ("FSDA") initiative, we are committed to working towards eliminating agricultural commodity-driven tropical deforestation risks for 'forest risk' sectors in our investment portfolios by 2025, on a best-efforts basis. We use external tools and benchmarks to support our assessments of deforestation risk, including Global Canopy's Forest 500 Benchmark Report.

50 Impax, February 2024: Impax's Approach to Nature, Biodiversity, and Deforestation

Nature-related opportunities

The TNFD recognises the need for, and opportunities in, investment with evidence of material mitigation of nature-related risk. We are currently evaluating the extent to which activities of companies held in our Environmental Markets strategies contribute to addressing the five direct drivers of biodiversity identified by the Intergovernmental Panel on Biodiversity and Ecosystem Services ("IPBES"). Our thinking is outlined in a recent Insights article.[51]

Enhanced research capacity: metrics and data

During 2024, we continued to make use of the biodiversity and nature data provider we onboarded in 2023 in order to enhance our capabilities in:

- Assessing the biodiversity and nature-related dependencies and impact of Impax's investee companies
- Quantifying biodiversity and nature-related dependencies and impacts at the company level
- Providing disclosures in line with TNFD and client reporting needs
- Undertaking internal research on biodiversity and nature-related risks and opportunities.

This will also allow us to identify companies with operating locations in or near Key Biodiversity Areas.

2 Managing nature-related risks in the investment process

We integrate sustainability-related risks into our investment process as outlined in Section 2.1 (page 25).

In relation to our stewardship activities, we have been particularly encouraged to see more investors undertaking efforts to reduce biodiversity loss. We have joined several groups – including Nature Action 100, the IPDD and PRI Spring – that are working to address commodity-driven tropical deforestation, which will be necessary to solve interrelated climate and biodiversity challenges. See page 28 of our Stewardship and Advocacy Report 2025 for highlights of our nature-related stewardship activities in 2024.

Private Markets

The Private Markets investment process follows a similar approach to integrating nature-related risks that is tailored to investing in renewable energy infrastructure. As nature is a location-specific issue, we analyse each site's exact location, considering habitats and biomes affected by the project's design, assembly and infrastructure as part of the permitting process. Necessary mitigating factors are considered as part of site designs during the planning stage, which are implemented and monitored during construction and operational phases. Our approach to engagement as part of the Private Markets investment process is outlined in Section 3.1 (page 42).

Governance

We have fully integrated nature-related risks into the governance structure and processes used for other sustainability risks, including climate, as outlined in Section 4 (page 48).

51 Impax, March 2024: Investing to address biodiversity loss

Appendix: Methodology for calculating climate-related metrics

Methodology – Committed AUM

Our committed AUM figure includes the AUM of all our discretionary Active Listed Equities accounts and the AUM for our private markets. We then subtract 3% cash as a proxy to give us the Committed AUM figure.

Metric title	Metric	Summary of methodology for calculating metric
Net-zero target (NZAM): Transition alignment – 'aligned' & 'aligning'/ 'non-aligned'	% AUM	We have assessed the alignment of our portfolio companies' climate management and processes to the net-zero transition based on the PAII NZIF. Since our 2024 Climate Report, we updated our methodology to align with NZIF 2.0's scoring framework, and the latest industry guidance on assessing corporate climate transitions. Our approach is also aligned with the GFANZ Financial Institution NZTP guidance.[52] We continue to assess corporate net zero alignment based on robust near- and long-term targets, climate transparency and appropriate risk pricing, management strategies, and credible action plans. While we continue to focus on these critical aspects of sound climate risk management and net zero alignment, a key evolution in our guidance is an increased emphasis on a company's performance (e.g. progress relative to targets) and the concrete actions it is undertaking to achieve targets. As a result of this shift, the guidance provides a higher threshold for companies to be classified as 'aligned' or 'aligning', in line with NZIF 2.0's view on net zero alignment. Impax's updated guidance also provides a more stringent set of criteria for companies in material sub-industries, based on NZIF 2.0 classification, versus past guidance that was industry neutral. Finally, there is greater clarity on the assessment of climate risk management. We actively engage with our investee companies, with our 'asks' highlighted by our 'net zero transition alignment' definition. That includes the setting of actionable absolute near- and long-term science-based GHG emission reduction targets (i.e. in line with at least a 'well-below 2°C' scenario), on a trajectory with value-chain net zero, ideally approved by the SBTi. Our 2030 target under NZAM has been approved by IIGCC, a founding partner of the NZAM initiative. IIGCC assessed that our target followed the PAII Net Zero Investment Framework.

52 GFANZ, November 2022: Financial Institution Net-zero Transition Plans: Fundamentals, Recommendations, and Guidance

Avoided GHG emissions	tCO_2e / US$1mn invested	**Active Listed Equities** We believe a structured approach ensures a robust and credible assessment of avoided emissions, helping us understand and effectively communicate the potential impact of climate solutions in the real world. We recognize that there is not yet a universally agreed-upon, standardized methodology for calculating avoided emissions. Despite the progress made by the WBCSD, World Resources Institute, Glasgow Financial Alliance for Net Zero (GFANZ) and others, the field is still evolving. To address this, we have strengthened our collaboration with peers and external data providers and have supported research with organisations such as Ceres to provide further clarity on the topic. Through these collaborations, we aim to enhance the quality, transparency, and credibility of future avoided emissions methodologies and reporting standards. Using reported data: • Where companies report their own data on avoided emissions, we assess the reliability of their methodology. This includes a review of each company's reference scenario, use of life cycle emissions, and the assumptions of the length of product life cycles. In certain cases, we adjust the reported avoided emissions figure by applying attribution factors. For example, a Chinese solar component manufacturer's products represented approximately 20% of the total cost of a solar module, and so we only attributed 20% of the reported avoided emissions to the final figure. In the near future, we aim to refine our attribution methodology in line with avoided emissions standards like the WBCSD, leveraging external data sources and capabilities.[53] • The robustness of a company's methodology is assessed to determine whether the data is appropriate and can be used in our calculations. If a company has provided insufficient transparency on their methodology, its avoided emissions claims may not be considered. This was the case for a forestry company that reported avoided emissions through its wood products in its 2023 CDP Climate report. We did not consider this to meet the adequate legitimacy criteria as the baseline scenario was not credible. Estimating avoided emissions: If a company offers a credible climate solution but reports neither its avoided emissions, nor the information required to judge its reference scenario, we may estimate the figure ourselves using the following approach: • Identify the solution: determine its functional output and, if possible, where it will be deployed. • Timeframe: when a company reports an avoided emissions figure based on a life cycle analysis, we annualise this total figure to the current year of sales. • Defining the reference scenario: the reference scenario reflects our best estimate of how emissions would evolve over time if the solution in question was not used. This approach relies on the assumption that solutions are displacing the reference products in the market, without considering that they may be 'additional' to these in some cases. Our choice of the reference scenario will depend on the context (geography, industry, etc.) in which the solution will be implemented. The reference case will be either a 'specific' product or service or the 'average' product or service in the market where the solution will be deployed. • Leveraging external data and research to assess life cycle emissions: we assess the life cycle emissions of both the reference scenario and the climate solution. This includes emissions from production, use, and end-of-life stages, ensuring a comprehensive comparison. Given the difficulty in obtaining product- or service-level emissions data, we rely on emissions factors, other external data and industry research. • Quantifying avoided emissions: the final avoided emissions are calculated by comparing the emissions from the reference scenario with those from the climate solution. The difference between these two figures gives us the avoided emissions, indicating the positive impact of the climate solution. **Private Markets** Avoided GHG emissions are calculated based on actual production from the operating renewable energy assets. Impax's impact methodology is based on equity value and carbon avoided relative to country-specific grid electricity generation. Data is as at 31 December 2024, using the IEA emission factors database.

53 World Business Council for Sustainable Development (WBCSD), 2023: Guidance on Avoided Emissions

<table>
<tr><th colspan="3">Financed emissions (FCA mandatory metrics)</th></tr>
<tr><td>Scope 1 & 2 emissions</td><td>tCO_2e

tCO_2e / US$1mn invested

tCO_2e / US$1mn revenue

tCO_2e / US$1mn revenue</td><td rowspan="6">Active Listed Equities

We have gathered all GHG emissions data disclosed by our investee companies, estimating Scope 1 and 2 emissions where those are not reported.[54] For missing Scope 1 and 2 data, we have used a Bloomberg methodology that estimates emissions based on a precise peer grouping of companies. We do not use estimates for Scope 3 emissions, for which data disclosed by companies remains patchy and we continue to make the case for stronger reporting through engagement.

Direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) were included in our analysis. Scope 2 emissions included in analysis are market-based where this information is available. Other indirect emissions (Scope 3, for example, air travel and waste) are also included where available. GHG emissions are measured in CO_2 equivalents, which includes GHG emissions from methane and nitrous oxide, or CO_2 depending on data availability.

Private Markets

During the Period, the methodology for measuring GHG emissions was updated to move away from estimating lifecycle emissions and spreading them over the life of the asset to reporting supply-chain emissions during the construction phase in line with the GHG Protocol. Lifecycle analysis estimates the total emissions of a project from inception to disposal and it was not possible to separate emissions between Scopes 1, 2 and 3. This has led to a significant increase in GHG emissions associated with the strategy from 2023 to 2024.

Systematic Listed Equities

The financed emissions metrics for Impax's Systematic Listed Equities strategies have been calculated using Scope 1, 2 and 3 GHG emissions data sourced from MSCI.</td></tr>
<tr><td>Scope 3 emissions (FCA mandatory)</td><td>tCO_2e</td></tr>
<tr><td>Total GHG emissions</td><td>tCO_2e</td></tr>
<tr><td>Total carbon footprint</td><td>tCO_2e / US$1mn invested</td></tr>
<tr><td>WACI Scope 1 & 2</td><td>tCO_2e / US$1mn revenue</td></tr>
<tr><td colspan="3"></td></tr>
<tr><th colspan="3">Climate-related risks</th></tr>
<tr><td>Exposure to carbon risk</td><td>% portfolio AUM</td><td>This analysis is an output of Impax's updated carbon risk model, a proprietary tool that incorporates the carbon price path of seven scenarios published by the NGFS.[55] These are: 'Net Zero 2050', 'Low Demand', 'Below 2 Degrees', 'Delayed Transition', 'Nationally Determined Contributions', 'Current Policies', 'Fragmented World'. By incorporating all scenarios, the model can now better avoid overestimating companies' potential EBIT reductions due to carbon pricing – a potential consequence of focusing on only most ambitious scenario ('Net Zero 2050').

The tool calculates individual companies' potential EBIT reduction due to carbon pricing based on their Scope 1 and 2 emissions. We now calculate potential EBIT reductions as a single year value at the end of two discrete time periods, 2030 and 2050, to provide both short-term and long-term views.

Our earlier model used 2025, a now redundant time horizon, as the basis for estimation. The assumed carbon prices (expressed in US$/tonne CO_2) for each NGFS scenario and time horizon are sourced directly from NGFS for 'Organisation for Economic Cooperation and Development ("OECD") & EU' and 'Global' separately. The underlying emissions data is sourced from a proprietary Impax model, which draws upon Scope 1 and 2 emissions data gathered from publicly available company disclosures. The underlying EBIT data refers to the latest full financial year of individual companies.

The tool now also incorporates the concept of 'cost pass-through', a mechanism by which individual companies increase the prices of products and/or services in an effort to maintain rates of profitability. For the outputs shown above, a cost pass-through of 80% has been assumed across all sectors. However, the tool does not incorporate the price elasticity of demand of individual companies and changes in demand for products or services due to price increases are, therefore, not accounted for.</td></tr>
</table>

54 67% of the Active Listed Equities holdings assessed as part of our most recent impact reporting reported Scope 3 emissions data that were used in our calculations

55 Network for Greening the Financial System (NGFS), 2025: NGFS Scenarios Portal

Exposure to physical risks	% portfolio AUM	**Active Listed Equities** **Scenario analysis on AAE to acute risks in 2020 to 2039** For all of our Active Listed Equities holdings as at end 2024, we collected data representing their respective asset locations by country in 30 major economies, using various sources and revenue exposure where no data was unavailable.[56] This was overlaid with climate data on three hazards: extreme heat, extreme precipitation and drought sourced from the World Bank, representing a time period from 2020 to 2039.[57] This data was used to calculate an "Average Annual Exposure" metric for each investee company which describes the extent to which over an average year, these hazards could impact each company and/or asset. This exposure metric is calculated across three CMIP6 (latest generation) scenarios (SSP1-1.9, SSP2-4.5, SSP3-7.0). Given the limited time horizon (2020 to 2039), we noted minimal variation in the acute risk exposures under the three distinct scenarios, applying an average probability interval (50th percentile). We do not expect a significant level of variability across the three scenarios presented over the time period assessed given the effect of already-baked-in warming. However, we wanted to explore three scenarios, the first of which represents ambition with regards to the full, complete and efficient climate transition which may result in warming kept to around 1.5°C in the long term, although unlikely (SSP1-1.6). Secondly, an optimistic scenario is employed which can be viewed as in-line with 2°C of warming out to 2050 (SSP2-4.5). Finally, an upper bound is established with the climate responses within the SSP3-7.0 scenario. The numbers presented in Table 5n (page 68) are based on an average of the three scenarios. For the analyses of all the acute risks, the average probability interval (50th percentile) is applied to scenarios SSP1-1.6 and SSP2-4.5, and the highest probability interval (90th percentile) is applied to the SSP3-7.0 scenario, to provide a representative range of outcomes, an approach and decision taken, based on collaboration with other members of the financial services industry. Note, the extreme precipitation data presented draws out the highest exposure figure in each of the strategies' portfolios in order to understand the extremes of this highly relevant hazard. Given the reliance on country-level information, it is clear that a limitation of this methodology is that sub-national granularity is lost. We will look to develop this over time as we improve the quality and completeness of our asset-level data, but believe that country-level exposure remains a relevant proxy, especially given the general and international diversification of a majority of the holdings assessed. **Forecast of exposure to acute risks in 2030** For other acute risks, a forecast is provided of exposure in 2030 to the following risks: cyclones and floods (accounting for both river floods and coastal floods). This is expressed as exposure to 'high risk' assets – those expected to be impacted significantly in the event of the reference hazard. Forecasted exposure to cyclone risk in 2030 is notably rather high. It does however reflect the binary nature of cyclone risks: if there is exposure to cyclones, the risk will likely be high (i.e., no low risk exposure to hurricanes). For both AAE and forecasted acute risks, there are some instances where asset-level information was unavailable through any of our data collection approaches. For these companies, an average of the overall sample was applied. Scope of the analysis: In future analyses, we will explore wildfire and cold-snap acute risks in the portfolio level analyses having lacked the specificity of data required to analyse these hazards in this report. The acute risks explored relate directly to the chronic development of the essential climate variables temperature and precipitation. We choose not to disclose average temperature or precipitation increases as the ability to draw direct impacts from these numbers is limited at the portfolio level. We do however retain the ability to explore this on an asset-by-asset basis.

42 Where there was no specific country-level location data available, revenue (%) by geography was used as a proxy

43 Extreme Heat' days are defined as those with greater than 35°C on the World Bank Heat Index (a measure that considers temperature and humidity). This measure is therefore a higher bar than a simple measure of temperature, which may partially explain the magnitude being lower than we may have expected. See World Bank metadata 'Extreme Precipitation' days are defined as those with greater than 50mm of rainfall. See World Bank metadata (2021) Expressed as a maximum number of consecutive dry days per year. See above for metadata document source

Exposure to physical risks	% portfolio AUM	**Impax Vulnerability Score** Investee company vulnerability or resilience to physical climate risks is expressed in a proprietary Impax Vulnerability Score reflecting a combination of 1) investee companies' physical climate risk practices,[58] 2) sub-industry level materiality of physical climate risks,[59] and 3) country-level readiness/vulnerability (i.e., the relevant macroeconomic context).[60] Quintile scores for each of these three elements are averaged to derive an overall proprietary vulnerability score, on a five- point basis translated to a qualitative relative vulnerability 'flag'. **Innovations to methodology during 2024** There were no major changes to the methodology or underlying data for physical climate risk since Impax's 2024 Climate Report. Given the lack of materiality of the extreme precipitation metric in the 2024 analysis, we did explore a lower threshold for what we would consider 'extreme precipitation' at 20mm of rainfall per day, but this is not reported in consideration of continuity. This year, we are presenting data across the three scenarios, rather than a simple average, to show the spread and our consideration of an upper bound on the chronic changes. That said, we continue to focus on the underlying location data which we intend to improve during 2025 ahead of our 2026 reporting. In terms of refinements, we intend to understand and improve the quality of the underlying acute exposure data as we believe that these numbers likely overestimate our high-risk exposure on this metric. We would expect higher quality location data to have an indirect and positive impact on this metric moving forward. Lastly, the intention is to explore the addition of both a wildfire metric in the acute risk exposure table in future reports. Throughout 2025, we also intend to delve into sector-specific exposures in greater detail with case study work, mindful of the firms structural over-weights and under-weights to particular industries and regions. **Private Markets** To assess location-specific physical risks, we have developed a proprietary physical climate risk tool that applies the updated CMIP6 RCP-scenarios: specifically, the SSP1-2.6, SSP3-7.0 and SSP5-8.5 scenarios, where possible. The following metrics are assessed: temperature change, precipitation change, water stress, drought risk, flood risk, cyclone risk and wildfire risk. Our methodology views physical climate risk as a function of hazard, exposure and vulnerability. Hazard refers to a climate event (acute) or chronic change in climate and is assessed using downscaled global data from the CMIP6 projections. Exposure is assessed using the exact locations of each asset, and vulnerability is assessed qualitatively on a project-by-project basis. Where necessary, it is possible to leverage alternative and highly localised datasets to contextualise results further.

58 Impax fundamental Corporate Resilience analysis. Scoring of a company's physical climate risk practices in the proprietary stock level (1–5 score; 1 best practice > 5 worst)

59 Impax fundamental Corporate Resilience analysis. GICS sub-industry level-physical climate risk score (1–5 score; 1 low risk > 5 high) underpinning the Climate Change risk in the Impax Sustainability Lens tool

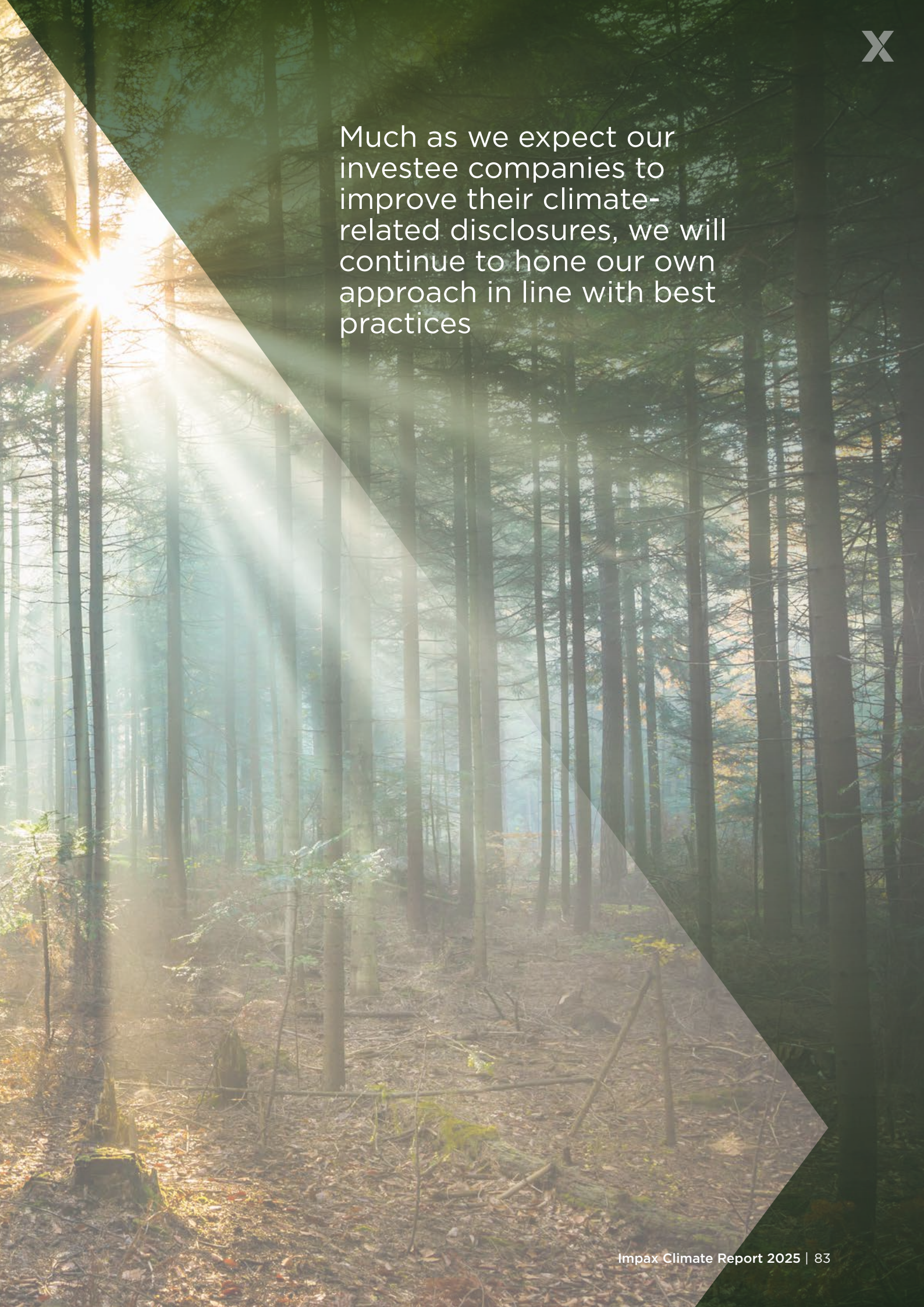
60 Notre Dame Global Adaptation Initiative, May 2023: Country Index. Country index dataset turned into quintiles (1–5; Q1 lowest vulnerability > Q5 highest)

Operations		
Operational emissions (Scope 1, 2 & 3)	tCO_2e	**Scope 1 and 2 emissions** Electricity, and where relevant gas, consumption data has been collected from our London, New Hampshire, Hong Kong, Tokyo, Dublin and Copenhagen offices. For our shared office space in New York, we estimated our monthly electricity consumption figure for January 2024. We have used IEA (2023), UK Department for Environment, Food and Rural Affairs ("Defra") (2023), Emissions and Generation Resource Integrated Database ("eGRID") (2022), Green-e (2023) and European Residual Mixes (2022) and Danish Energy Agency (2022) emissions factors respectively, as appropriate. **Scope 3 business travel emissions** Scope 3 data includes business travel by air and rail for all employees based in our London, New Hampshire, New York, Hong Kong, Tokyo, Dublin and Copenhagen offices for the Period. All distance data provided by our third-party corporate travel provider for 2024 has been used to calculate associated business travel emissions, by applying the relevant UK Government Department for Energy Security and Net Zero ("DESNZ") and former Department for Business, Energy and Industrial Strategy ("BEIS") emissions factors (including radiative forcing) by flight distance (domestic, short-haul, long-haul and international) and flight class (economy, premium economy and business). While business travel by hire cars and buses is limited, staff expense these journeys retrospectively and we have not been able to capture associated travel or emissions data of these journeys. Where missing or erroneous travel origin or destination data has been identified, we have estimated the distance by manually updating the correct location to our dataset and online estimations of associated distances.
Exposure to physical risks	n/a	

Glossary of terms

AAE	Average Annual Exposure
AI	Artificial intelligence
AIFM	Alternative Investment Fund Manager
ARC	Audit and Risk Committee
AUM	Assets under management
AWG	Adaptation Working Group
BloombergNEF	Bloomberg New Energy Finance
BREEAM	Building Research Establishment Environmental Assessment Methodology
CBI	Confederation of British Industry
CDP	Carbon Disclosure Project
CFR	Coastal flood risk
CFRF	Climate Financial Risk Forum
CIO	Chief Investment Officer
Climate transition	The transition to a low-GHG emission, climate-resilient economy
CMIP	Coupled Model Intercomparison Project
Committed AUM	AUM covered by the NZAM commitment
Defra	UK Department for Environment, Food and Rural Affairs
EBIT	Earnings before interest and taxes
ED&I	Equity, diversity & inclusion
eGRID	Emissions & Generation Resource Integrated Database
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure
ERM CVS	Environmental Resources Management Certification and Verification Services
ESG	Environmental, Social, Governance
ETC	Energy Transitions Commission
EVIC	Enterprise value including cash
FCA	Financial Conduct Authority
FMV	Fair market value
FSDA	Financial Sector Deforestation Action
GEMO	Global Emerging Markets Opportunities
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gas
GICS	Global Industry Classification Standard
GIPS	Global Investment Performance Standards
HVAC	Heating, ventilation, and air conditioning
IAML	Impax Asset Management Limited
IAMs	Integrated assessment models

IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IIGCC	Institutional Investors Group on Climate Change
ILC	Impax Lens Committee
IPBES	Intergovernmental Panel on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IPDD	Investor Policy Dialogue on Deforestation
IT	Information technology
KSI	Key sustainability indicator
MSCI	Morgan Stanley Capital International
MWh	Megawatt hours
NBD	Nature, Biodiversity and Deforestation Approach
NDCs	Nationally determined contributions
ND-GAIN	Notre Dame Global Adaptation Initiative
NGFS	Network for Greening the Financing System
NGO	Non-governmental organisation
NZAM	Net Zero Asset Managers initiative
NZIF	Net Zero Investment Framework
NZTP	Net Zero Transition Plan
OECD	Organisation for Economic Cooperation and Development
PE	Private Equity
PRI	Principles for Responsible Investment
R&D	Research & development
RFR	River flood risk
SBTI	Science Based Targets initiative
SEC	US Securities and Exchange Commission
SECR	Streamlined Energy and Carbon Reporting requirements
SMI	Sustainable Markets Initiative
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of carbon dioxide equivalent
TNFD	Taskforce on Nature-related Financial Disclosures
TPT	Transition Plan Taskforce
UKSIF	UK Sustainable Investment and Finance Association
UNFCCC	United Nations Framework on Climate Change
VaR	Value at Risk
WACI	Weighted Average Carbon Intensity
WBCSD	World Business Council for Sustainable Development
WMO	World Meteorological Organization



Much as we expect our investee companies to improve their climate-related disclosures, we will continue to hone our own approach in line with best practices

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Impax Climate Report 2025

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