

Impax Sustainable Leaders Fund

2025 Sustainability Report: Beyond Financial Returns

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¹“Professional and Institutional investor” within the meaning of the EU Directive 2014/65/EU on markets in financial instruments (MiFID II) and the UK Financial Conduct Authority COBS 3.5; “Qualified investor” as defined by CISA, Switzerland.

Introduction

As a specialist investor in the transition to a more sustainable economy, a detailed appreciation of sustainability-related risks and opportunities is central to our investment philosophy. Our approach to sustainability-related issues is entirely consistent with our fiduciary duty to pursue attractive, risk-adjusted long-term financial returns for our clients.

We engage with investee companies and issuers to ensure that, over time, they become more resilient to material sustainability-related risks. We also contribute to efforts to reduce systemic sustainability-related risks and accelerate the development of related markets through stewardship and policy advocacy together with other market participants.

This report is designed to give investors a comprehensive view of how we approach sustainability integration at Impax, considering both sustainability risks and opportunities. In our active listed equity portfolios, we start by identifying the investment universe, focusing on companies that are well-positioned to benefit from the transition to a more sustainable economy, which we believe will provide tailwinds for growth. We conduct thorough fundamental research and resilience analysis to select securities that we believe will outperform. Our portfolio construction process is designed to optimize for financial outcomes and is paired with an engagement strategy that advocates for sustainable practices and policies. By working closely with companies, their regulators and the industries they operate within, we can encourage them to improve their sustainability practices, which we believe can lead to better financial performance.

In addition to portfolio level reporting provided within, we report on [Climate](#), [Stewardship & Advocacy](#) and [Impact](#) each year at the firm level. These reports dive deeper on each topic and showcase our commitment to transparency and to continually raising the bar on disclosure to our investors and the industry.

Alignment with the transition to a more sustainable economy

The investment strategies at Impax are designed with the objective of generating strong risk-adjusted investment returns by allocating capital towards those companies that are well-positioned as the global economy transitions to a more sustainable model. Through proprietary tools and taxonomies, Impax seeks to identify and invest in higher quality companies with strong business models that demonstrate sound management of risk.

The table below displays the portfolio's alignment to the transition to a more sustainable economy, defined as its revenue exposure to the themes or areas of the market which we believe are well positioned to benefit from this transition.

Leaders strategy	Minimum	Actual (as of 31 December 2024)
Thematic revenue exposure (weighted average)	Min 20%	53.0%
Impax's environmental markets taxonomy ¹ , established in 1998, is used to identify companies that we believe benefit from the long-term trends of rising global populations and wealth, changing demographics, urbanization and increasing consumption. This proprietary taxonomy continues to underpin Impax's Thematic Equities strategies.		

¹ For more information, refer to the "Definition of Impax's proprietary tools and taxonomies" page.

Core climate metrics

Financed GHG emissions and transition alignment

We have been measuring and reporting on the GHG emissions of our investee companies for a decade. Climate-related risk assessment is integrated into the investment process for all of Impax's assets under management, across all asset classes, using proprietary tools and analysis. The table below reflects both absolute and intensity-based metrics for the financed greenhouse gas (GHG) emissions of the portfolio.

We consider a range of metrics in order to monitor our exposure to sustainability-related risks and opportunities. These metrics are used to inform our investment decisions and our priorities for engagement with investee companies and issuers, as well as our policy and advocacy programme.

Metrics for year ended	Per Au\$1m invested	Total portfolio (Au\$355m)
Scope 1 & 2 GHG emissions (tCO ₂ e)	24	8,410
Scope 3 GHG emissions (tCO ₂ e)	123	43,800
Total GHG Emissions (Scope 1, 2 & 3, (tCO ₂ e))	147	52,200
Portfolio Weighted Average Carbon Intensity (WACI) ¹ (Scope 1 & 2)	160	-
Benchmark Weighted Average Carbon Intensity ² (WACI) (Scope 1 & 2)	119.3	-

Avoided GHG emissions and climate solutions exposure

Measuring the avoided GHG emissions associated with the products and services of companies held within the portfolio helps demonstrate their contribution to the transition to a lower-carbon economy.

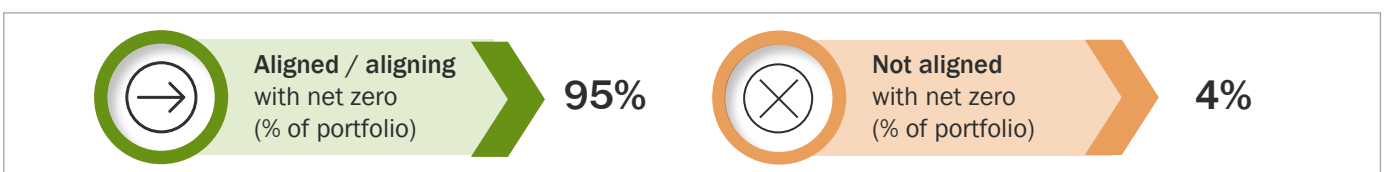
Additionally, as a specialist investor in the transition to a more sustainable economy, managing climate-related risks and identifying climate-related opportunities is at the core of what we do. Many of our strategies have exposure to companies whose products and services address the drivers of climate change and help increase resilience to the impacts that arise from a warming climate.

Metrics for year ended	Per Au\$1m invested	Total portfolio (Au\$355m)
Avoided GHG Emissions (tCO ₂ e)	101	35,960
Weighted average revenue exposure to climate solutions ³	--	48.5%

Net-zero target (NZAM)⁴

As a signatory of the Net Zero Asset Managers ("NZAM") initiative, Impax supports the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 °C. As part of that initiative, Impax has adopted a target that 100% of its assets covered by the NZAM commitment – being all actively managed listed equities and private markets investments – will be "transition aligned" or "transition aligning" by 2030. We project that at least 50% of committed AUM will be classified as aligned by 2030. Impax's group-level net-zero targets cascade to, and are monitored at, the portfolio level.

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.



There can be no assurance that impact results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 31 December 2024. Impax's impact methodology is based on equity value. Refer to the Methodology section at the back of the report for further details on methodology and summarized data that was available and estimated for companies in the portfolio. ¹For more information on how the WACI is calculated, see methodology page towards the end of this document. ²Benchmark used is MSCI ACWI. ³Climate solutions exposure: 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. More details on the Impax Climate Taxonomy can be found in the appendix. ⁴Please see here for more details on Impax's net zero commitment: <https://www.netzeroassetmanagers.org/signatories/impax-assetmanagement/>. Figures may not add to 100% due to cash. Our net zero methodology is based on the PAII Net-Zero Investment Framework ("NZIF") Net Zero Investment Framework – Paris Aligned Asset Owners. Data as at 31 December 2024.

Additional climate metrics

Exposure to carbon and physical climate risks

In addition to the core metrics listed previously, we also assess our portfolio companies' exposure to carbon risk and physical climate risks.

The table below shows the portfolio allocation by sector and where that is the driver behind portfolio-weighted average exposure to assets modelled to face 'heightened carbon risk' by 2030 and 2050 respectively. The darker the colour, the greater the risk that carbon pricing has on the respective sector.

Climate scenarios

Impax supports the goal of net-zero emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. Whilst a 1.5°C scenario is looking increasingly unlikely, given the current pace of decarbonisation, it can act as a galvanising force for accelerated climate action.

Maintaining ambition set by the Paris Agreement, namely 2°C or below with a strong push towards 1.5°C, helps us assess relative progress and highlights areas in need of investment to help close the implementation gap. Evidence suggests that temperature rises above 1.5°C would lead to a significant increase in the frequency and severity of climate-related weather events. It is therefore both useful, and critical, to track progress relative to a 1.5°C target to better understand the impacts of being 'off target'.

Carbon risk by GICS sector of the Leaders strategy

GICS Sector	Weight (%)	2030	2050
Information Technology	30.1		
Real Estate	0.0		
Health Care	12.6		
Industrials	35.0		
Consumer Staples	2.2		
Materials	12.1		
Communication Services	0.0		
Financials	2.0		
Utilities	3.6		
Consumer Discretionary	1.3		
Energy	0.0		

Source: Impax analysis, portfolio holdings as at 31 December 2024. The darker the shading, the greater the risk that carbon pricing poses to the GICS sector. Please refer to the Section 5 and the Appendix of the [Impax Climate Report 2025](#) regarding further details on the underlying methodology used in providing these metrics, as well as relevant commentary on data gaps, the use of estimates and assumptions, and data limitations.

Additional climate metrics

Exposure to physical climate risks (“PCR”) of the Leaders strategy

We assess the exposure to physical climate-related risks through: (1) an “Average Annual Exposure” metric covering extreme heat, extreme precipitation, and drought length; (2) exposure to cyclone risk and flood risk; and (3) vulnerability indicators. These capture both acute climate hazards (e.g., storms and floods) and chronic stresses (e.g., intensifying heat and drought conditions). The Average Annual Exposure metrics illustrates the exposure to physical climate-related risks, an “Average Annual Exposure” metric illustrates the extent to which over an average year, three hazards (extreme heat, extreme precipitation and drought) could impact the strategy. This exposure metric is calculated across three latest generation Intergovernmental Panel on Climate Change (“IPCC”) scenarios, representing ‘orderly transition’, ‘disorderly transition’ and ‘hothouse world’ scenarios. The respective numbers presented in this report are based on an average of the three scenarios.

Analysing AAE to acute risks in 2020–2039 under 3 scenarios¹

Extreme heat – Portfolio weighted average total number of days per year exposed	9
Extreme precipitation – Portfolio weighted average total number of days per year exposed	1
Drought – Portfolio weighted average number of consecutive dry days experienced in a geographical location per year	34

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.

Forecast of exposure to acute risks in 2030²

Cyclone – Portfolio weighted average exposure (%) to ‘High risk’ assets	38%
Flood³ – Portfolio weighted average exposure (%) to ‘High risk’ assets	7%

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, 2) sub-industry level materiality of physical climate risks, and 3) country-level readiness/vulnerability (i.e., the relevant macroeconomic context).

Impax vulnerability score ⁴	Moderate
PCR practices – Portfolio weighted average PCR score in stock-level Impax corporate resilience analysis ⁵ (1–5)	2
Sub-Industry materiality – Portfolio weighted average PCR score in subindustry-level Impax Sustainability Lens (1–5)	3
Country resilience – Portfolio weighted average quintile score in country-level ND-GAIN Country Index (1–5)	3

Source: Impax analysis, incorporating open-source data, portfolio holdings as at 31 December 2024. ¹The portfolio’s average annual exposure (AAE) to three acute risk hazards (extreme heat, extreme precipitation, and drought) under three CMIP6 IPCC climate scenarios (SSP1-19, SSP2-4.5, SSP3-7.0): 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 provides the foundation for the IPCC’s Sixth Assessment Reports. ²A forecast of the portfolio’s exposure to acute risks from cyclones and floods (river and coastal) in 2030, expressed as exposure to ‘high risk’ assets. (high-risk defined as assets that expect to experience a significant downside risk from these future hazards). ³Factors in acute risks from river floods and coastal floods. ⁴Quintile scores for each of the above three elements are averaged to derive an overall proprietary vulnerability score, on a five-point basis translated to a qualitative relative vulnerability ‘flag’. In this context, ‘Moderate-Heightened’ sits just above ‘Average’ on the underlying five-point score. The portfolio’s vulnerability/resilience in the form of a proprietary Impax Vulnerability Score reflecting a combination of: (a) Investee companies’ physical climate risk practices, (b) Sub-industry level materiality of physical climate risks and (c) Country-level readiness/vulnerability (Notre Dame Global Adaptation Initiative, May 2023: ND-GAIN Country Index Scores). ⁵Proprietary analysis (formerly known as “ESG”) which considers governance structures, the management of material environmental and social risks, climate risks (physical and transition), human capital management, and controversies.





Real-world environmental impacts

This Impax portfolio invests globally in companies that are developing innovative solutions to environmental challenges. We believe investing in these solutions offers opportunity for superior risks-adjusted financial returns

The world's environmental challenges extend beyond the dangers posed by climate change. Pressure is mounting to also tackle other systemic issues including water pollution and waste created by unsustainable economic processes. Impax's thematic strategies invest in companies that deliver environmental solutions beyond avoiding GHG emissions. The products and services of the portfolio companies are designed to deliver positive water and materials recovery impacts that we quantify – metrics we have been reporting on since 2015. We report on the water treated, saved or provided, and the materials recovered and waste treated through portfolio companies' activities for Impax's environmental thematic strategies.

Water impact is typically delivered by holdings in water utilities and water technology companies. Recycling and waste management companies are typically major contributors to portfolios' materials recovered and waste treated impact figures. We also report the total renewable electricity generated by each strategy's portfolio companies as an indicator of their contribution to the clean energy transition. By generating renewable electricity, demand for fossil fuel-fired generating capacity can be reduced, thereby lowering GHG emissions in markets where companies operate and delivering progress towards national net-zero targets.

To provide real-world context, we include equivalencies for each of these four environmental impact metrics.

	Per Au\$1m invested	Equivalent to	Total portfolio (Au\$355m)	Equivalent to
 Avoided GHG Emissions	101	70 cars off the road ¹	35,960 tCO ₂ e	24,870 cars off the road ¹
 Water provided/saved/treated	26.67 megalitres	219 households' water consumption ²	9,500 megalitres	77,960 households' water consumption ²
 Renewable energy generated	3 MWh	1 households' electricity consumption ³	1,170 MWh	330 households' electricity consumption ³
 Material recovered/waste treated	16 tonnes	18 households' waste consumption ⁴	5,690 tonnes	6,290 households' waste consumption ⁴

There can be no assurance that results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Impact of US\$1mn invested in the strategy, and the entire portfolio for one year. Based on most recently reported annual environmental data for holdings in the portfolio as of 31 December 2024. Impax's impact methodology is based on equity value.

¹Figures based on average tCO₂ of a car in a year (derived from total number of all vehicles licensed in UK as of Q2 2024) [Vehicle licensing statistics data tables - GOV.UK \(www.gov.uk\)](#); total public road miles driven by all vehicles Great Britain from Oct 2023 – Sept 2024 [Provisional road traffic estimates, Great Britain: October 2023 to September 2024 - GOV.UK \(www.gov.uk\)](#); average carbon tailpipe emissions of new cars [UK Automotive Sustainability Report](#) calculated as 537bn km * 108.9/1,000,000 CO₂ t/km / (40.45m cars) = 537,038,092,800*0.0001089/40,448,900 = 1.45 tCO₂/car as the average CO₂ emissions of a car in a year). ²Water consumption: Average annual UK household water usage of 121,851.60 litres. Source: Impax water usage estimate based on: [UK: average daily water usage per person 2024 | Statista](#). ³Electricity consumption: Average annual UK household electricity usage of 3.60 MWh. Source: [Annual domestic energy bills - GOV.UK \(www.gov.uk\)](#). ⁴Household waste: Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021 Average annual UK household waste of 905kg. Source: Department for Environment, Food & Rural Affairs, 2023: Local authority collected waste management – annual results 2021/22. Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021.

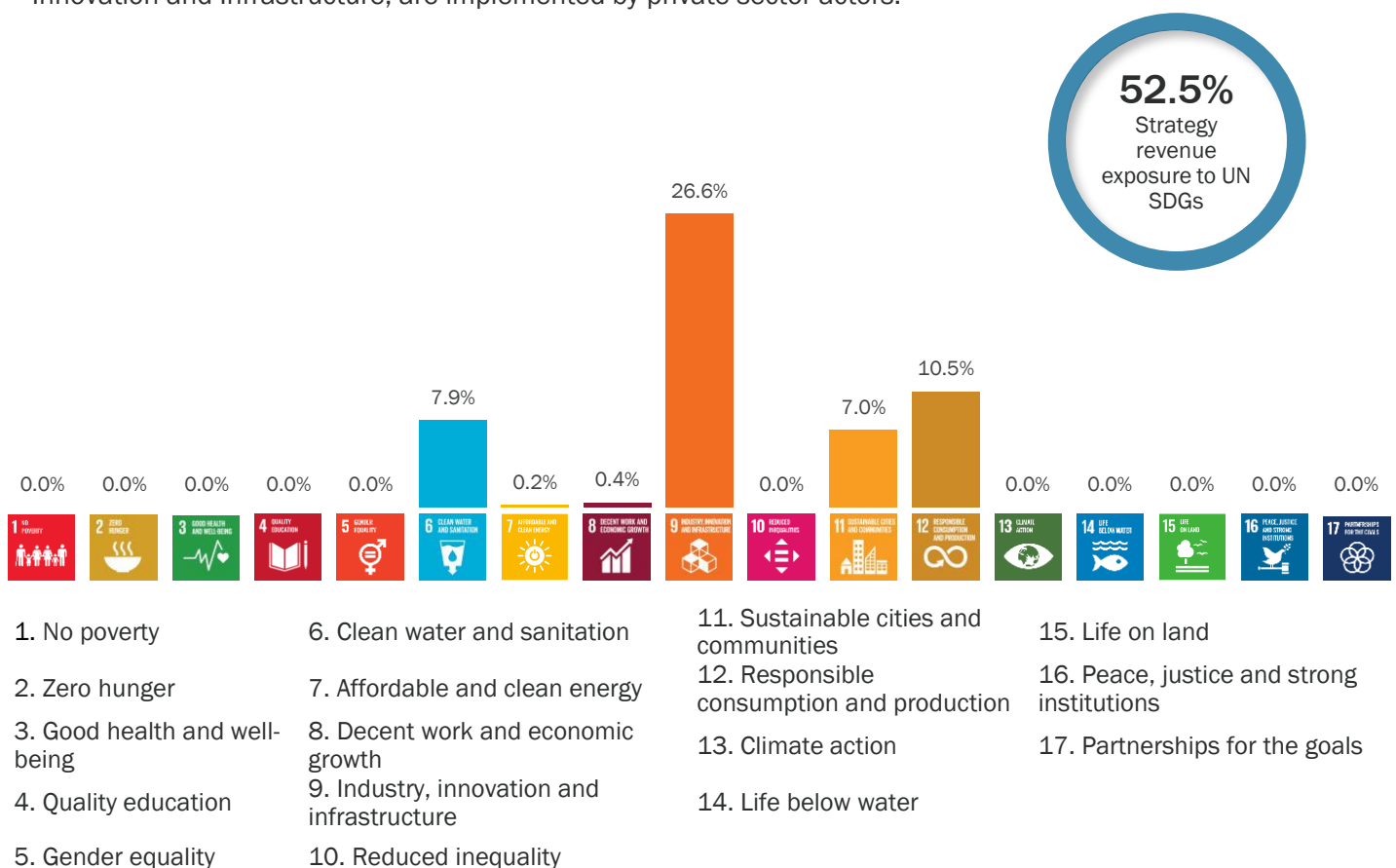
Alignment with UN Sustainable Development goals

The UN Sustainable Development Goals (SDGs) encompass 17 sets of targets to be met by the world's economies by 2030. The SDGs have been increasingly adopted by investors as a framework for evaluating funds' alignment to critical and often unmet activities necessary for a sustainable economy.

The nature of Impax's investment philosophy results in meaningful exposure to the SDGs as a consequence of the investment process, which is focused on investments enabling and benefiting from the transition to a more sustainable economy. The chart below summarises portfolio company exposure to the UN SDGs for the portfolio, as at the end of 2024.

Impax's investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Instead, we use the SDG framework to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise. We evaluate alignment with this framework by identifying the proportion of portfolio companies' activities, measured in revenue percentages, that contribute to the achievement of the SDGs.

We focus on those SDGs where the underlying targets are relevant to private sector investment opportunities, rather than government-driven activities, such as public funding or policy or regulatory action. For example, we ascertain that our portfolio companies – even those held within the Climate strategy – have very little exposure to SDG 13, climate action. While this may seem counterintuitive given our focus on the transition to a more sustainable economy, this is because we consider most of the Goal's sub-targets to be aimed at, and implemented by, governments. Similarly, we do not have exposure to e.g., SDG17, Peace, Justice and Strong Institutions, responsibilities of governments. On the other hand, the sub-targets of e.g., SDG9, Industry, Innovation and Infrastructure, are implemented by private sector actors.



Source: Data as at 31 December 2024. The UN SDGs encompass 17 goals. For further information, please visit <http://www.un.org/sustainabledevelopment/sustainable-development-goals>. Figures above are based on Impax internal data. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure within the Environmental Markets strategies and Sustainability Lens strategies, based on investee companies' eligible activities. Refer to the Methodology section at the back of the report for further details on methodology and summarized data that was available and estimated for companies in the portfolio.

Stewardship and advocacy

Stewardship and advocacy are twin levers that we can pull, as investors, to help companies and issuers navigate the risks and opportunities arising from the transition to a more sustainable economy.

We draw on a broad stewardship and advocacy toolkit developed over more than two decades – from individual company outreach to shaping regulatory frameworks – and tailor our approach to the issue at hand and the outcomes being targeted. Stewardship activities are firmly integrated within Impax investment processes. The vast majority of engagement dialogues undertaken with companies in 2024 were conducted together by members of the investment team and the Sustainability Centre, our in-house team of experts that provides knowledge, tools and analysis on sustainability-related issues.

Given the increasing scale of environmental and social challenges and political uncertainty facing companies and issuers, we believe that our stewardship and advocacy activities are more important than ever.

Engagement

The Impax investment process is focused on a comprehensive understanding of the character and quality of our investee companies and issuers. Engagement is used both to mitigate risk and to enhance value and investment opportunities. Engagement can help us to:

- Manage risks by proactively identifying, monitoring and mitigating issues
- Enhance company analysis – how companies respond to engagement is informative of their character
- Support investee companies seeking to improve quality, processes, transparency and resilience

Impax Sustainable Leaders Fund engagement metrics

Outreach

Targeted contact with a company on a specific sustainability issue. Outreach can be an effective means of sharing our perspective or expectations concerning a particular issue

24

Companies with whom we initiated outreach in 2024

Dialogues

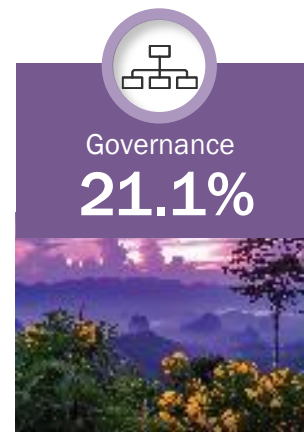
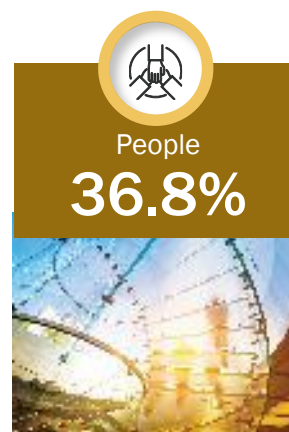
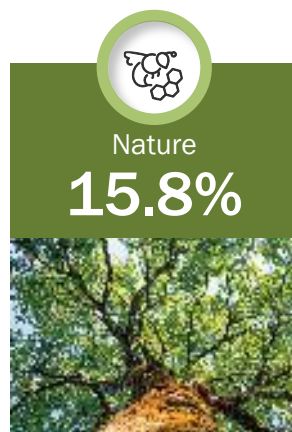
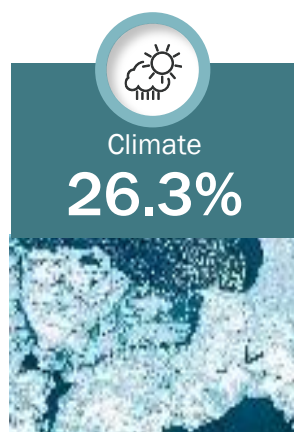
A discussion with, or response from, a company either by email or by meeting/call on a specific or range of sustainability-related issues

25

dialogues with

18

Unique companies in 2024



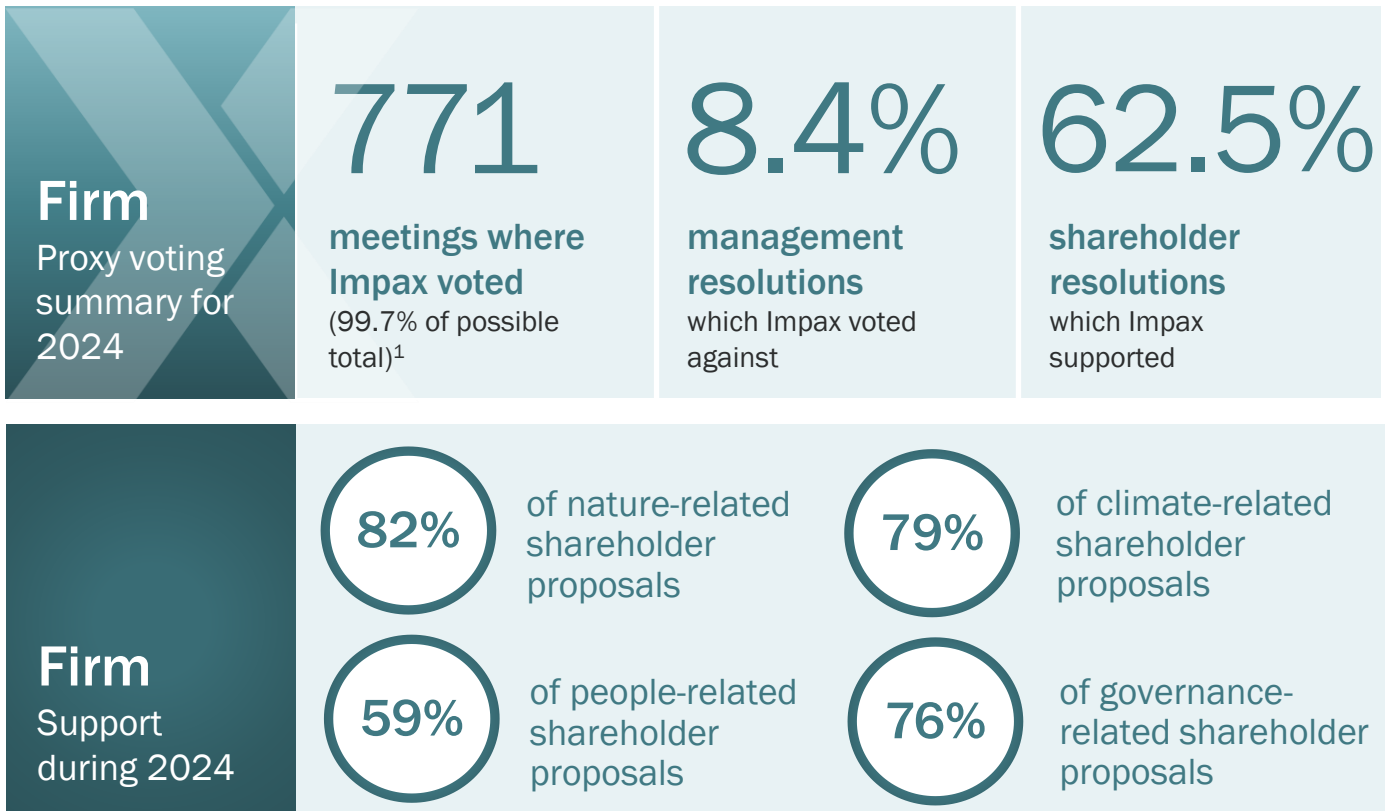
Please refer to “Important information on engagement” towards the end of this report.

Source: Impax Asset Management. Data as at 31 December 2024. As multiple sustainability topics are often addressed in one engagement dialogue, the percentages in the table may not add to 100%. The breakdown of engagement dialogue themes is calculated as a percentage of the total number of dialogues.

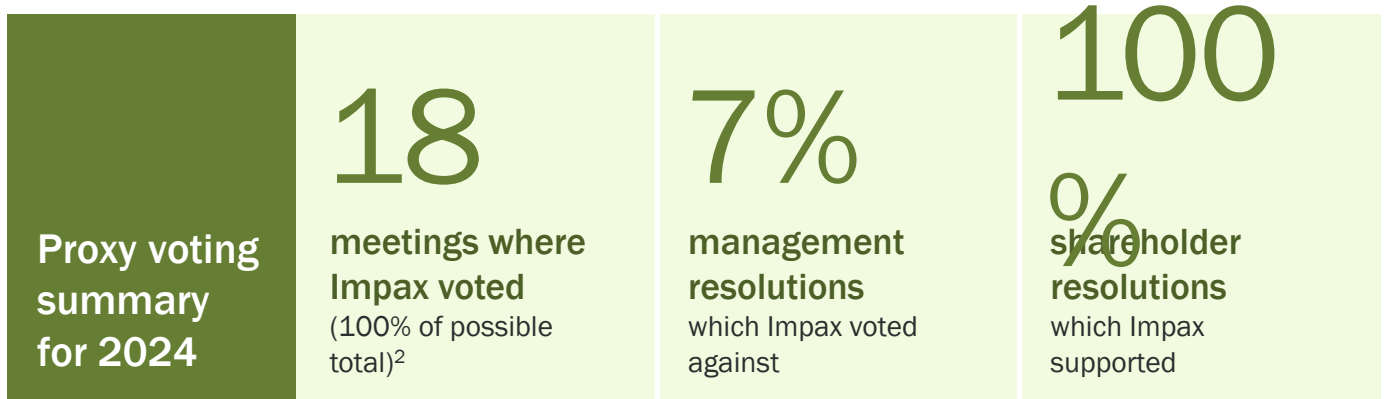
Proxy voting

We are committed to ensuring the consistent and transparent exercise of voting rights associated with shares we hold, where proxy voting has been delegated to Impax.

Our voting decisions – which are coordinated, researched and executed by the Impax Sustainability Centre – follow our publicly disclosed Proxy Voting Guidelines, which are informed by global governance best practices and are updated annually.



Impax Sustainable Leaders Fund proxy voting



Source: Impax Asset Management. All data as at 31 December 2024. ¹At the meeting level, we voted 100% of meetings in 2024. In Q2 2024, Impax identified an issue with our proxy voting workflow on our proxy voting service platform that resulted in two meetings that been voted by Impax on the platform, but not yet submitted to Broadridge, going unvoted. This issue has been resolved and enhanced controls were implemented by the proxy voting service provider.

Policy advocacy

The principal purpose of our policy advocacy work is to help address systemic risks and facilitate the systems-level change needed to realise opportunities arising from the transition to a more sustainable economy. We are active across a range of channels ranging from working through industry associations, responding to consultations and participating in issue-specific initiatives and sign-on letters, through to more proactive interventions such as publishing our perspectives, funding research, partnering with clients and bilateral discussions with policymakers.

We have set out below the key policy advocacy initiatives pursued during 2024 across climate, nature, people and governance themes, and the primary external groups we collaborated with to deliver these. Further details of this work can be found in our [2025 Stewardship & Advocacy report](#).

Climate

National transition planning

A central theme of our policy advocacy since 2020 has been to encourage governments to develop national transition plans. During 2024, we engaged with the networks below to communicate with governments on how to develop net-zero policy frameworks that provide the confidence and certainty needed to attract private investment.

- Institutional Investors Group on Climate Change (IIGCC)
- UK Sustainable Investment Forum (UKSIF)
- Energy Transitions Commission (ETC)
- UK Net Zero Council

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 IFRS S2 Climate-related Disclosures. Our work in this area focussed on the following groups:

Transition Plan Taskforce (TPT)

Ceres Avoided Emissions project

Sustainable Markets Initiative Asset Owner/Asset Manager Taskforce

Physical climate risks and adaptation

During 2024, we continued to engage with policy makers and other stakeholders on the need to improve assessments of physical climate risks and increase public and private investment into climate adaptation, in particular via the UK Climate Financial Risk Forum (CFRF).

Policy advocacy cont.

Nature

We believe that the financial sector can play a critical role in addressing environmental degradation and reducing nature-related systemic risks by both influencing companies to stop depleting natural resources and by deploying capital into nature-based solutions. During 2024, our advocacy activities in this area focused on the following:

- Taskforce on Nature-related Financial Disclosures (TNFD)
- Investor Policy Dialogue on Deforestation (IPDD)
- GFANZ Nature in Transition Planning workstream

People

Impax continues to explore opportunities to use investor influence to push for positive social change, focussing in 2024 on human capital management and human rights due diligence. The key external activity during 2024 was contributing to the Investors Against Slavery & Trafficking Asia Pacific (IAST APAC) initiative.

Governance

Our governance-related advocacy efforts have recently focused on Asia, where we continue to push for better corporate practices on board composition and shareholder rights, and on sustainability reporting and assurance. We engage extensively with regulators and companies in the region to raise awareness of evolving sustainability issues and to improve company policies and disclosures. During 2024, our governance-related advocacy activities included advocating for the adoption of ISSB standards in Asia.

Systematic stewardship

In recent years, we have broadened our use of systematic stewardship, where we combine company engagement, working with clients and peers, and policy advocacy in order to address challenging systemic risks by driving systems-level change. In addition to our ongoing work on physical climate risks and adaptation planning, we plan to launch new systematic projects on corporate transition planning, AI and energy use and sectoral nature-related dependencies and Impacts.

Physical climate risks and adaptation

Together with a New York-based public plan and other investors, we have been engaging companies regarding their exposure to, and preparedness for, extreme climate events over the past five years. As detailed in last year's report, we undertook initial outreach to all constituents of the S&P 500 Index of large-capitalisation US companies in 2020 and have since followed up with smaller, targeted engagements with sectors most exposed to physical climate risks. An important element of this initiative included Impax's support for the development of the SEC Climate Change Disclosure rule.

Activities

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.

Outcomes

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.

Next steps

In 2025, the investor group is continuing to focus on reinsurance companies and their efforts to support climate resilience and adaptation.

Corporate governance in Asia

Through our membership of the Asian Corporate Governance Association (ACGA), we have enhanced our knowledge and understanding of Asian governance issues and more effectively engage with regulators and companies in the region regarding governance.

Activities

During 2024, we submitted responses to consultations in Japan, South Korea, mainland China and Hong Kong on how to improve the capital efficiency of companies by improving governance standards. Our responses addressed the following issues in particular: companies' dividend policies, the use of idle cash and, in the case of Japanese companies, cross-shareholdings.

The latter issue, whereby companies hold stakes in one another to maximise control over corporate decision-making, has been a long-standing issue in Japan. We have had several discussions on this topic with investee companies and Japanese regulators over the past few years.

In April 2024, we co-signed a letter from ACGA to the Japanese Financial Services Agency (FSA) about reducing strategic cross-shareholdings among Japanese companies. In this letter, ACGA provided key recommendations on divestment of cross-shareholdings in a manner that would advance governance practices and help companies achieve sustainable long-term growth. In December 2024, we also submitted a response to the FSA on cross-shareholdings, sharing some concerns from our investee companies. We continued to engage with our Japanese investee companies to reduce cross-shareholdings and set clear timelines for doing so.

Outcomes

While most of our Japanese companies have been responsive to this ask and are supportive of reducing their cross-shareholdings to improve capital efficiency, few have yet specified clear timelines.

Next steps

We will continue to engage with our Japanese investee companies and the FSA and monitor progress on this issue.

Case study: American Water Works



Company description: Based in New Jersey, American Water Works provides water and water-related services to about 14 million people across 47 states in the US, as well as in Ontario, Canada. The company contributes to the availability and distribution of fresh water to millions of residential, commercial, and industrial customers.



Impact

American Water discloses water service volumes in its sustainability report¹ - excluding fire and public services, in 2023 (most recent data available at the time of data collection) the utility provided **275 billion gallons, or 1,043,748 megalitres of potable water**. The company also notes that its residential customers saved **3.4 billion gallons (15,457 megalitres) of water** annually through water saving measures, as encouraged by American Water Works' customer education and information-sharing engagements². For water utilities, detecting and repairing leaks is a main component for water conservation. Deteriorating infrastructure, fluctuating water temperatures, soil movement, vibrations and water pressure changes are just some of the factors contributing to water leakage. Finding and stopping leaks quickly reduces repair costs, chemical use, energy consumption, and associated greenhouse gas emissions. With enhanced metering systems, American Water is better positioned to educate customers about taking steps to conserve. Building upon pioneering work with acoustic leak detection systems and improved metering techniques, American Water has intensified efforts to find leaks in systems more rapidly and reduce water lost due to leaks (non-revenue water).

Case study: American Water Works (continued)



Company description: Based in New Jersey, American Water Works provides water and water-related services to about 14 million people across 47 states in the US, as well as in Ontario, Canada. The company contributes to the availability and distribution of fresh water to millions of residential, commercial, and industrial customers.



Engagement

Engagement theme: Nature, People

Engagement type: Collaborative

Objectives

1. Improve American Water's oversight and management of nature-related risk (partially achieved, 2023)
2. Assess and disclose American Water's nature-related dependencies and impacts (not started)
3. Assess and disclose American Water's impact on members of local communities (in progress, 2024)

Activities

We have engaged with American Water in recent years on its sustainability disclosures and its management of Equity, Diversity and Inclusion (E,D&I) and human capital. Throughout 2023 and 2024, our engagement focused on understanding the company's assessment of its nature-related dependencies and impacts. Impax continued to engage on this issue in collaboration with an Impax client that is an American Water shareholder.

Impax has regularly communicated our proxy voting decisions to the company, and in 2022 and 2023, this included our support of a shareholder proposal requesting the company assess the racial impact of its policies, practices, products, and services. The proposal received support of 47% and 39% support, respectively.

Outcomes

American Water explained that biodiversity considerations are integrated into company operations and span capital planning, water use and efficiency, wastewater treatment and environmental grants. The company acknowledged it could improve its public reporting on biodiversity, and in its 2023 Sustainability Report (published July 2024), it included a section on biodiversity for the first time, specifically citing feedback from shareholders. The company continues to evaluate frameworks such as TNFD for potential disclosure in the future.

In 2024, the company also announced it would conduct an environmental justice assessment to support American Water in identifying, analysing, and measuring the potential impact of its business on the communities it serves. Previously, Impax voted in favour of a shareholder proposal on this topic at the 2022 and 2023 annual meetings, encouraging the company to conduct the assessment. The company selected a third-party to conduct the assessment, and the results will be published in its 2024 Sustainability Report (anticipated summer 2025). Impax encouraged the company to consider whether there may be scope within the assessment to consider biodiversity aspects.

Next steps

We will continue to monitor the American Water Works' biodiversity and nature-related disclosures and review the outcomes of its environmental justice assessment.

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Case study: TE Connectivity



Company description: TE Connectivity, a global industrial technology leader, produces connectivity and sensor solutions that are essential for transmitting data, signal, and energy across a wide range of industries. These include transportation, renewable energy, data centres, medical technology, and factory automation. The company's products are central to enabling power efficiency, digitalization, electrification, and decarbonization across the industries it serves.

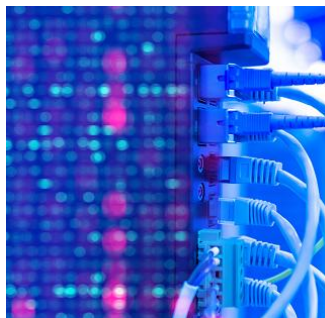


Impact

TE Connectivity's products play a key role in helping customers reduce greenhouse gas (GHG) emissions, particularly in sectors undergoing rapid transformation. In the automotive industry, TE Connectivity works with manufacturers to develop lightweight, compact connectors and wiring systems specifically for electric vehicles (EVs). Furthermore, the company's high-voltage EV charging components improve energy efficiency and enable faster EV adoption. The use of these solutions contributed to the avoided GHG emissions of more than **440,000 tonnes CO₂e^{1,2}**.

In the renewable energy sector, TE Connectivity's technologies for solar installation, offshore wind, and grid-monitoring support the transition to clean power and enabled providers to avoid GHG emissions of approximately **900,000 tonnes CO₂e in 2024^{1,2}**. Finally, the company plays a critical role in enhancing data centre performance and sustainability. As AI and cloud computing demand more power and generate more heat, TE Connectivity's thermal management technology offers advanced efficiency in heat dissipation, reducing cooling needs and energy consumption. This contributed to avoided GHG emissions of approximately **40,000 tonnes CO₂e per data centre in 2024^{1,2}**.

Case study: TE Connectivity (continued)



Company description: TE Connectivity, a global industrial technology leader, produces connectivity and sensor solutions that are essential for transmitting data, signal, and energy across a wide range of industries. These include transportation, renewable energy, data centres, medical technology, and factory automation. The company's products are central to enabling power efficiency, digitalization, electrification, and decarbonization across the industries it serves.



Engagement

Engagement theme: Climate

Engagement type: Individual

Engagement objectives

1. Adopt science-based reduction targets (achieved)
2. Adopt net-zero commitment and roadmap (not started)

Activities

Following multiple outreach efforts in 2023 to engage with TE Connectivity on climate transition risk management, Impax met its investor relations and sustainability team in 2024 to discuss its progress to date.

TE Connectivity confirmed that its near-term scope 1 & 2 target is aligned with the 1.5 degrees scenario, and it explained its primary levers for absolute GHG emissions reduction. The company reaffirmed its commitment to SBTi-verified targets for Scopes 1,2 and 3, anticipating that these targets would receive SBTi-verification in 2024.

We discussed Scope 3 progress, and TE Connectivity shared challenges in measuring and reducing scope 3 emissions. As its clear focus is on purchased goods and services, there has been a concerted effort to increasing engagement with suppliers, targeting its top suppliers by volume and sales. Its Global Product Stewardship Committee is a key part of its Scope 3 journey and has oversight of the company's actions.

Outcomes

TE Connectivity received validation for its SBTi targets in April 2024. It is making good progress against these targets, and the company intends to continue its focus on scope 3 measurement and reductions. However, the company has not committed to a net zero ambition.

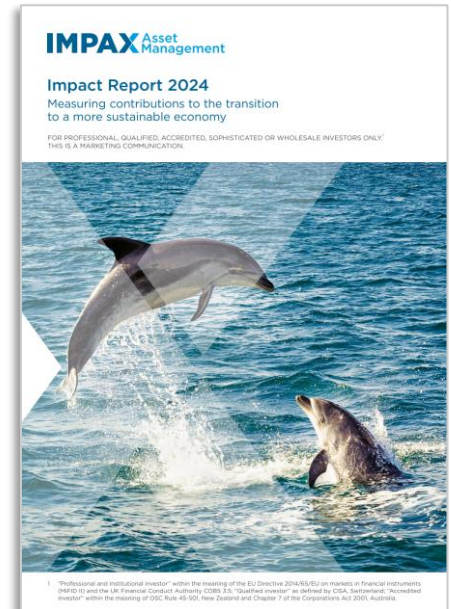
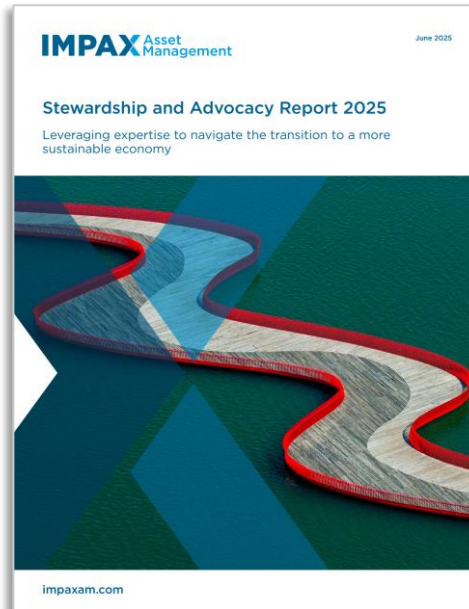
Next steps

We will continue to monitor TE Connectivity's progress against its near-term reduction targets. Impax shared our expectations regarding development of a longer-term ambition and climate transition strategy and will continue to engage on this topic.

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Additional resources

For more comprehensive details regarding the methodologies, policies, data and metrics included in this report, please see the following links:



[Sustainable Investment Policy](#)

[Stewardship Policy](#)

[Proxy voting guidelines – 2025](#)

[Approach to Nature, Biodiversity and Deforestation](#)

[UK Stewardship Code Statement – April 2025](#)

[Equity, Diversity & Inclusion Report](#)

Memberships

Impax works collaboratively with our peers to shape the markets needed for the transition to a more sustainable economy to accelerate¹. Our current memberships include those listed below. These are tiered² based on our contribution to each membership and mapped to our priority sustainability themes.

Tier 1 - Leadership role	Tier 2 - Active engagement	Tier 3 - Supporter
Climate	Climate	Climate
Ceres	Energy Transitions Commission (ETC)	Net Zero Asset Managers Initiative (NZAM)
Climate Financial Risk Forum (CFRF)	Glasgow Financial Alliance for Net Zero (GFANZ)	ShareAction Investor Decarbonisation Initiative
Confederation of British Industry (CBI)	Nature	Wind Europe
Institutional Investors Group on Climate Change (IIGCC)	Farm Animal Investment Risk and Return (FAIRR) initiative	Nature
Sustainable Markets Initiative (SMI)	Finance Sector Deforestation Action (FSDA)	PRI Spring
Transition Plan Taskforce (TPT)	Nature Action 100 (NA100)	People
UK Net Zero Council	Taskforce on Nature-related Financial Disclosures (TNFD)	Financing a Just Transition Alliance (FJTA)
Nature	People	Race at Work: Part of BITC Business in the Community
Investor Policy Dialogue on Deforestation (IPDD)	Diversity project	ShareAction Long-term Investors in People's Health Initiative (LIPH)
Governance	Invest Ahead	WBA: Collective Impact Coalition for Violence & Harassment
Asian Corporate Governance Association (ACGA)	Investors Against Slavery and Trafficking, Asia Pacific (IAST)	Women in Finance
	Northeast Investors Diversity Initiative (NIDI)	Women's Empowerment Principles
	Governance	Governance
	International Corporate Governance Network (ICGN)	Council of Institutional Investors (CII)
	Cross-cutting	Interfaith Centre on Corporate Responsibility (ICCR)
	International Financial Reporting Standards (IFRS)	Shareholder Rights Group
	Investment Association (IA)	Cross-cutting
	Principles for Responsible Investment (PRI)	Carbon Disclosure Project (CDP)
	The US Forum for Sustainable and Responsible Investment (USSIF)	Confluence Philanthropy
	UK Sustainable Investment and Finance Association (UKSIF)	Global Impact Investing Network (GIIN)
		Investor Environmental Health Network (IEHN)
		Sustainable Investment Institute
		The Investing and Saving Alliance (TISA)
		UK Stewardship Code (UKSC)

¹While 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 maximising return on investment. ²**Tier 1** includes memberships where we perform a leadership role, including as a board member or chair of a working group/committee. **Tier 2** covers memberships where we play an active engagement role, such as participating in working groups. **Tier 3** includes other memberships not covered by Tiers 1 and 2 (e.g. being a member, signatory, or participant).

Impax Asset Management Sustainability highlights 2024

Investments



47%

AUM invested
in 'climate
solutions'¹



91%

AUM committed under
NZAM that has 'transition
aligned/aligning' climate
management and
disclosures¹

Operational



95%

electricity from
renewable sources
across Impax offices¹



2030 target is 100%

MORNINGSTAR®

2024 Winner

Best Asset Manager
Sustainable Investing Awards²

Stewardship & Advocacy³



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.**

¹As at 31 December 2024. See page 3 for our definition of 'transition aligned/aligning'. ²The Morningstar Asset Manager – Sustainable Investing Awards are determined by a combination of Morningstar's qualitative and quantitative sustainability research capabilities. The full methodology for the awards is available [here](#). ³Our other areas of priority for stewardship and advocacy activities are Governance, Nature and People. See our [Stewardship and Advocacy report 2025](#) for full details of our activities in 2024.

Impax Asset Management

Inclusive culture 2024

We believe that the transition to a more sustainable economy is closely linked to the transition to a more equitable society.

Our vision in this area is to continue to build an inclusive, equitable culture at Impax where everyone feels they belong, are valued as individuals, and can thrive – bringing all aspects of themselves to work.

Equity, diversity & inclusion are critical:

1

to the success of the companies in which we invest

to our own organisational excellence

and in creating opportunity in the communities in which we operate

Gender overview 2024¹

	Female	Male	Prefer not to disclose
Total company	48%	52%	1%
Board	43%	43%	14%
Senior Leadership Team	38%	63%	0%
Senior staff ²	37%	61%	2%
Investment team	25%	74%	1%
Promotions	56%	44%	0%
Hires	62%	38%	0%

Ethnicity overview 2024¹

	Asian	Black	Additional ethnic groups	White	Prefer not to disclose
Total company	14%	6%	5%	74%	1%
Board	0%	14%	0%	86%	0%
Senior Leadership Team	6%	6%	0%	88%	0%
Senior staff ²	8%	3%	3%	85%	2%
Investment team	18%	1%	11%	68%	1%
Promotions	14%	3%	8%	75%	0%
Hires	5%	16%	5%	73%	0%

Self-reported, anonymous data collected in August and September 2024. Conducted by Impax, with an 90% response rate.

Aspirational goals

To support Impax's aim that the business reflects the markets in which we operate at all levels of the organisation. Our aspirational goals focus on gender and race/ethnicity as a measurable proxy for our broader aims, based on merit and performance.

For December 2027, we aim that:

- Impax's overall workforce should be 48%-52% women
- Impax's overall workforce should be 28%-32% minority ethnic
- Impax's senior staff² should be 38%-42% women
- Impax's senior staff should be 14%-18% minority ethnic

¹Due to Impax's size and our focus on protecting employees' privacy and individually identifiable data, Impax's race and ethnicity categories with relatively few respondents have been aggregated for the purposes of external data reporting. As such, 'Additional ethnic groups' represents Hispanic or Latinx, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races or Mixed Heritage, and other identities that staff have self-identified. ²Impax's corporate level of "Director" and above.

Impax Asset Management In the Community 2024

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.



We aim to donate 0.5% - 1% of our pre-tax profit to support our community partners and charitable activity.

In our financial year 2024 we donated £563,074 to charitable causes (up from £504,933 in 2023).¹

Impax's charitable partners include:

- **Ashden** is a UK-based charity that champions applied, local energy solutions to reduce greenhouse gas emissions, protect the environment, combat poverty, and improve lives. Impax and Ashden have worked in partnership for over a decade, with Impax sponsoring the Ashden Award for Climate Innovation in the UK. A team of Impax colleagues take part in the awards process each year, to help evaluate and judge award submissions, and provide ongoing mentoring and support to previous winners.
- **Ceres** is a US-based non-profit organisation transforming the economy to build a just and sustainable future, addressing the world's greatest sustainability challenges through collaborations with leaders in business, government, and finance. Our grants and in-kind assistance have enabled Ceres' expert teams to run major research and analysis programmes and share their findings with investment leaders and the public.
- **Country Trust** is one of the UK leading educational charities. The Impax Food Discovery Programme helps give 460 children in 10 schools the opportunity to get hands on with the living world, to learn practical skills, and to begin to discover where our food comes from, and how food, and food production is connected to health and sustainability.
- **Groundwork** is a federation of charities mobilising practical community action on poverty and the environment across the UK. Our partnership supports 10 disadvantaged young people into jobs in the green economy in Yorkshire through the Green Jobs Pathfinder, aiming to create accessible pathways into entry-level green roles, increase the diversity of people pursuing green careers, and help 'left-behind' places to thrive through a green economy.
- **The HOPE Program** is a non-profit in New York City that empowers New Yorkers to build sustainable futures through comprehensive training, jobs, advancement and lifelong career support. Our partnership supports HOPE's Sustainable South Bronx scheme, providing training for jobseekers in green construction and maintenance, improving energy efficiency throughout the borough and boosting employment.
- **The Pax Scholarship Program** honours our Pax World Funds heritage by awarding annual scholarships to three New Hampshire-based educational and non-profit institutions promoting sustainable finance, advancing women and girls, and fostering global peace. The programme aims to serve young leaders from around the world.



Appendix

Impax proprietary tool definitions

The Impax Environmental Markets taxonomy is a classification system that supports the identification of investment opportunities in companies delivering solutions to environmental and resource efficiency challenges. This equity market classification is defined as companies whose businesses and technologies focus on environmental markets, including alternative energy and energy management & efficiency; transportation solutions; water infrastructure & technologies; environmental services & resources; resource efficiency & waste management; digital infrastructure; and sustainable food & agriculture. As determined by Impax, equity securities of companies that derive significant revenues (i.e., at least 20% of revenues) by sales of products or services in these areas are classified as environmental markets.

The Impax Sustainable Infrastructure taxonomy is a classification system that supports the identification of investment opportunities in companies that provide the infrastructure essential for the transition to a more sustainable economy. This equity market classification defines sustainable infrastructure in two broad categories: 1. Resource Infrastructure, which includes New Energy, Water, Waste & Resource Efficiency, and Food and Agriculture sub sectors. 2. Social and Economic Infrastructure which includes Communications & Data, Buildings & Facilities, Transportation, Healthcare, Education, and Finance sub sectors. Companies must generate a minimum of 20% of their revenues from infrastructure-related activities as defined by this taxonomy.

The Impax Social Leaders taxonomy is a classification system that supports the identification of investment opportunities in companies that provide products or services that address societal challenges. This equity market classification is defined as companies who 1. derive at minimum 20% of revenues from “social markets,” meaning meeting basic needs, such as food, water, and shelter, or essential services, such as transportation and utilities; broadening economic participation by enabling access to education, jobs, financial services and/or digital services; or improving quality of life through accessible and affordable health care and wellness; and 2. also demonstrate positive behaviours through policies and programs that foster diverse, inclusive and equitable workplace cultures.

The Impax Climate taxonomy contains companies identified as typically having 50% or more of revenues in Mitigation and Primary Adaptation solutions, plus a limited amount of Secondary Adaptation solutions according to Impax’s Climate Opportunities Taxonomy. The stock-level revenue content is determined by the analyst responsible for the respective stock and confirmed and documented by a member of the Listed Investments Team with the specific universe management role.

The Impax Sustainability Lens (“Lens”) is a proprietary investment tool that is used to assess economic opportunities and risks associated with the transition to a more sustainable economy, in order to help our portfolio managers weight their portfolios toward sub-industries that we believe offer higher opportunity and lower risk.

SDG mapping methodology

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

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

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

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

Weighted average carbon intensity (WACI) methodology

Active listed equities

WACI Scope 1 & 2: tCO₂ / US\$1mn revenue

We have gathered all GHG emissions data disclosed by our investee companies, estimating Scope 1 and 2 emissions where those are not reported. 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. GHG emissions are measured in CO₂ equivalents, which includes GHG emissions from methane and nitrous oxide, or CO₂ depending on data availability.

Environmental impact and climate transition methodology

Leaders strategy

The relevant environmental metrics for all portfolio companies were measured where data was available or could be estimated. The analysis included all companies in which the strategies were invested as at 31 December 2024. At the time of preparation, Impax aimed to obtain the most recently available and commonly collected environmental data from investee companies. For approximately 80% of companies this was from 2024 reported information, and for the remainder of companies this was from previously reported information. The percentage owned in each underlying company (calculated based on the proportion of shares owned) as at 31 December 2024 was applied to measure the environmental benefit attributable to the strategies. These included:

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

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

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

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

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

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

The below table summarizes the data that was available and estimated for companies in the strategy. The total number of companies in the strategy as of December 31, 2024 was 46.

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

Metric estimated/ disclosed	Number of companies				
	for which the metric is relevant	for which the metric was available	for which the metric was estimated	For which metric relevant but not available	For which metric was not relevant
Avoided GHG emissions	35	16	9	10	0
GHG emissions	46	46	0	0	0
Materials recovered treated	3	3	0	0	0
Renewable electricity generated	5	4	1	0	0
Water provided saved treated	13	6	2	5	0

Important information on engagement

Impax exercises its proxy voting rights and conducts its global stewardship activities on an independent basis on behalf and in the best interests of its clients, in accordance with Impax investment policies regarding good corporate governance applicable for all investee companies and not to foster a control transaction for any particular company. The application of these policies is predicated on the acquisition and ownership of securities in the ordinary course of business and were and are not acquired or held for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities, and such securities were and are not acquired in connection with or as a participant in any transaction having such purpose or effect.

Where Impax participates in collaborative engagement activities with other shareholders it does so on an independent basis and in accordance with its own policies. The purpose of such collaborative engagements is to facilitate an independent and free exchange of ideas and views among shareholders that relate to seeking improvement of the long-term performance of investee companies and/or changes in investee company practices, without the purpose of acquiring, holding or disposing of securities to effect or influence a change of control in investee companies or as a participant in any transaction having such purpose or effect.

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 maximising return on investment.

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Categories of investors the offer is made to. Specifically, any Fund’s interests are exclusively being offered: (i) to those categories of investors listed in the First Schedule to the Securities Law and in the Schedule One to the Investment Advice Law (together, the “Sophisticated Investors”) and provided that such investors have furnished written confirmation that they qualify as Sophisticated Investors and that they are aware of the consequences of such designation and agree thereto; and/or (ii) in any case under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law, the Investment Advice Law and any applicable guidelines, pronouncements or rulings issued from time to time by the ISA.

Declaration as Sophisticated Investor. As a prerequisite to the receipt of a copy of this document, a recipient may be required by Impax or a Fund to provide confirmation that it is a Sophisticated Investor purchasing an interest for its own account or, where applicable, for other Sophisticated Investors.

Continued on following page.

Important information cont.

Any such Sophisticated Investor who purchases an interest in a Fund is purchasing such interest for its own benefit and account and not with the aim or intention of distributing or offering such interest to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the First Schedule to the Securities Law and in Schedule One to the Investment Advice Law, where such offeree is purchasing an interest for another party which is a Sophisticated Investor).

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Investors are encouraged to seek appropriate advice from a locally licensed investment advisor prior to making any investment in a Fund. Anyone who invests in a Fund shall do so in accordance with its own understanding and discretion and after it has obtained any relevant investment, financial, legal, business, tax or other advice or opinion required by it in connection with such investment.

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