

IMPAX'S POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") ISSUES

By investing in the environmental and energy sectors, Impax's objective is to generate the best, risk adjusted returns for clients while acting responsibly and with integrity at all times. Our core expertise is within the "environmental" sector, however, as diligent investors, we take a close interest in ensuring effective governance of our investee companies. We also believe that a thorough understanding of environmental, social and governance (ESG) issues is likely to enhance our perspectives on both the opportunities and risks offered by individual investments.

ESG and the Impax Investment Process

ESG analysis is an integral part of the Impax investment process. Our listed equities investment process incorporates ESG parameters into the investment analysis of companies through a thorough examination of company management, governance, ownership, risks and ESG disclosures. Each company must be approved by the investment committee on these criteria before it enters the Impax list of investable stocks, the "A-list".

The Impax investment team has a policy of active engagement on ESG issues and regularly meets and engages with the management of investee companies in the course of the ongoing investment process as well as regarding any specific issues of concern.

Impax's ESG engagement with its investee companies is done both independently, on behalf of clients and through joint representations with other institutions.

ESG Communities and Collective Investor Engagement

The Impax team values the opportunity to debate ESG issues and the role of ESG analysis in investment decision making with other investors and to participate in collective investor engagement. We are therefore members of (or signatories to) the following:

- **United Nations Principles for Responsible Investment (UN PRI)**: Aims to help investors integrate ESG considerations into investment decision making and supports sharing of best practice in active ownership.
- **Institutional Investors Group on Climate Change (IIGCC)**: A forum for collaboration on climate change for European investors.
- **The Carbon Disclosure Project (CDP)**: An independent organisation holding the largest database of corporate climate change information in the world.
- **UK Sustainable Investment and Finance Association (UKSIF)**: Provides services and opportunities to align investment profitability with social and environmental responsibility.
- **Initial signatory of the UK Stewardship Code**: The UK Stewardship Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

Impax' Bespoke ESG Service for Clients

Most investors who have a strong interest in ESG issues (which may in some cases lead to limitations in their own investment policy) invest directly in Impax' pooled funds. However, for institutional investors that have specific ESG requirements, Impax is pleased to design and run bespoke portfolios. Examples of this service would be:

- **Environment Agency Pension Fund**: Impax was selected in August 2008 as one of three global equity managers appointed to manage global equities for the Agency's £1.5 billion Active Pension Fund. This fund has won numerous awards for its investment strategy and its work on environmentally responsible investment and corporate governance.
- **ASN Water and Environment Fund**: Impax is a sub-manager of the Water & Environment Fund for the Dutch Bank ASN, one of the leading ethical banks in continental Europe. This fund applies a further ESG screen to Impax's "A-list" of investible stocks and has been named 'Best Sustainable Fund' every year since 2007 by the Dutch organisation, Gouden Stier.

- **PaxWorld Global Green Fund**: Impax is advisor to the PaxWorld Global Green Fund, which applies an additional ESG screen to Impax’s “A-list” of investible stocks. PaxWorld is one of the leading socially responsible investment (SRI) managers in the United States.