



CLIMATE TRANSPARENCY REPORT 2020

Impax Asset Management

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-0D7643D0-A156-4A8E-8724-9B4E9FFF33A3/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Impax Asset Management
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2008
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Impax Asset Management

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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All Impax's investments and strategies are gaged through the proprietary "**Impax Sustainability Lens**", which contains and captures sustainability risks and opportunities across time horizons (short to long-term). It includes climate change both as a risk (transition and physical) and as an opportunity (mitigation and adaptation). Sub-sectors that have low Lens risks and high Lens opportunities, are set to benefit from a transition to a sustainable, low-carbon economy and are well positioned for the long-term. These well-aligned areas of the economy are sought and prioritised.

Impax specialises in investments providing environmental and climate solutions, (energy efficiency, renewable energy, water, waste management and recycling and sustainable food and agriculture) through our thematic listed equity strategies (environmental), private equity funds (renewable infrastructure) and fixed income (green bonds).

Across all strategies and asset classes, whether thematic or unconstrained, the Impax Sustainability Risks and Opportunities Lens is applied.

Throughout Impax's investments and strategies climate and other material risks are thoroughly analysed through integrated ESG analysis. We also actively engage with our investee companies to encourage improved climate risk management, processes and disclosures, across the four TCFD pillars.

We have developed a proprietary model to assess investee companies' localised and asset-level **physical climate risks** and we use this data to engage with investee companies regarding their preparedness and management of physical climate risks. Impax views physical climate risk as a function of hazard, exposure and vulnerability. Hazard refers to a climate event (acute) or chronic change in climate. This aspect of the model is quantified using both downscaled global climate projections of essential climate variables such as temperature and precipitation, global projections for sea level rise and water stress, and leverages internationally recognized extreme risk databases for cyclone and flood risks. These databases have variable resolutions but are at least best practice across the board. The downscaled projections are resolved at roughly 25km x 25km, providing decadal averaged data points (derived from a daily projection dataset from 18 different global models) across 2 different scenarios. Impax uses both the RCP4.5 and RCP8.5 scenarios wherever possible. The 7 metrics that we assess are Temperature Change, Precipitation Change, Heat Stress, Water Stress, Sea Level Rise, Riverine Flood Risk and Cyclone Risk. Exposure is captured through the combination of hazard information with physical asset location data. Location data is sourced through public disclosure where it is sufficient for analysis, or from direct investee company engagement for more asset level information if necessary.

We have also developed a **transition climate risk** framework (Smart Carbon™) with scenario analysis assessing the probabilities and magnitudes of a carbon price or tax affecting carbon intense sectors.

We are signatories to the TCFD initiative since 2017.

Impax's TCFD commitment: <https://impaxam.com/news-and-views/blog/why-the-tcfd-recommendations-are-in-the-interests-of-all-investors/>

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Impax is a long-term investor and our view is that the opportunities arising from investing in companies and sectors benefiting from the transition to a sustainable and lower carbon economy span over the shorter and longer terms. We use the **Impax Sustainability Lens** to identify sectoral risks and opportunities.

Companies and sectors that are well aligned to sustainability and are less likely to be disrupted by adverse changes in regulation, societal and consumer preference changes will benefit also in the longer term. In our thematic environmentally-focused strategies we typically invest with a 5-year investment horizon, but in many cases own companies for much longer than that.

In terms of climate risk, we are assessing both 1. transition risk (policy risk) and 2. physical climate risk.

1. **Transition risks.** We have developed a framework (Smart Carbon™) with scenario analysis spanning 5 years, followed by a terminal value (or time), for the probabilities and magnitudes of a carbon price or tax affecting carbon intense sectors.

2. **Physical climate risks.** We have developed a proprietary model to assess investee companies' localised and asset-level physical climate risks and we use the data to engage with investee companies regarding their preparedness and management of physical climate risks. Impax believes that physical climate risk is highly relevant at present and constantly evolving. Although we seek to form a perspective on the development of physical climate risk into the future, the immediate risks relating to the 7 extreme climate metrics are considered. Very recent data on temperature change, precipitation change, heat stress, water stress and sea level rise is available to assess current risk to physical assets. Extreme risk data (Riverine Flood Risk and Cyclone Risk) is available from the UNEP Global Risk Data Platform, however from 2011. To ensure this discrepancy does not become significant in the analysis, we remain fully mindful of recent improvements and updates in the science surrounding these 2 extreme risk metrics, for example the poleward shift and intensification of cyclones. We source raw risk data from CMIP5. Furthermore, we consider seasonal forecasts for cyclones and look to the WRI Aqueduct Water Risk Atlas for future riverine flood risk data, but do not directly utilize future extreme risk data forecasts. For temperature change, precipitation change and heat stress, future assessments use high resolution forecasted decadal averages for 2020-2029 and 2040-2049. Similar timelines are used for water stress and sea level rise but refer to 2030 and 2050 as the time points. The current time point gives an indication of immediate risk, and the other two temporal points, roughly one and three decades from now, refer to increasingly long-term risks that may be increasingly relevant for long life-cycle physical assets.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Climate risks and opportunities are at the heart of Impax's business and investment strategy. Since 1998, Impax has been specialised in investments that are enabling and benefiting from a transition to a low-carbon and sustainable economy. The majority of Impax's investments are in environmental and climate solutions. The founder and CEO of Impax, with a background in environmental consulting, is personally highly involved in and committed to developing tools to manage portfolio-level climate transition risks, as well as forging connections between the investment and scientific communities to enable and improve the availability of "investment decision useful" physical climate risk data and tools. Managing climate risks and investing in environmental and climate opportunities is a strategic focus for Impax, and a focus for the senior management and board of the firm. There is also an Impax board director designated as responsible for climate risks and opportunities, relating to Impax and its investments and the four TCFD pillars. Climate management processes are implemented by the Impax Environment Committee, which is employee led, and regularly reports to the Impax Board. Impax has also dedicated personnel focusing on the engagement and advocacy with policy makers to develop clear, consistent "investment grade" environmental and climate policy, to enable reaching the targets set-out by the Paris Climate Agreement.

All Impax's investments and strategies are gaged through the proprietary "Impax Sustainability Lens", which contains and captures sustainability risks and opportunities. It includes climate change both as a risk (transition and physical) and as an opportunity (mitigation and adaptation). Sub-sectors that have low Lens risks and high Lens opportunities, are set to benefit from a transition to a sustainable, low-carbon economy and are well positioned for the long-term. These well-aligned areas of the economy are sought and prioritised.

Impax specialises in investments providing environmental and climate solutions, (energy efficiency, renewable energy, water, waste management and recycling and sustainable food and agriculture) through our thematic listed equity strategies (environmental), private equity funds (renewable infrastructure) and fixed income (green bonds).

In terms of climate risks, we are assessing organisation-wide: 1. transition risks (policy risks) and 2. physical climate risks.

In 2017, Impax became one of the initial signatories to the TCFD recommendations.

No

SG 1.10 CC Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

One director on the Impax Asset Management plc board has specific climate responsibility and will attend twice a year as an observer the Impax Environmental Committee meetings. The Environmental Committee implements among other things climate risk and management issues, including any TCFD recommendations. The Impax director will then report back to the Impax board on climate issues and gain approval and steer from the Board to the Environmental Committee, to achieve effective and timely implementation and oversight of climate risk management.

SG 07.7
CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Impax is an investment manager dedicated to investment in environmental markets and companies that stand to benefit from the transition to a more sustainable and low carbon economy. Therefore, climate-related issues, whether risks (physical and transition) or opportunities (mitigation and adaptation) are key priorities for the management team at Impax. Impax's investment strategies include environmental solutions and opportunities and all investment strategies are focused on activities that stand to benefit from the transition to a more sustainable and low carbon economy. As part of our ESG-analysis we assess all our investee companies' exposures to climate-related risks, whether policy-related or physical, following the four pillars of the TCFD. We are very actively engaging with investee companies especially relating to physical climate risk, based on localised, asset-level analysis by our proprietary physical risk model.

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

The Smart Carbon™ methodology: Impax has developed a methodology enabling investors to assess and manage risks to asset values by an introduction of a carbon price. Investors can use this tool to adjust their portfolios and hedge against upcoming carbon policy-related risks. It is based on scenario analysis.

- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

ESG is key in the Impax Environmental Markets classification system, Impax Sustainability Risk and Opportunity Lens and the Pax World Gender Lens Index.

- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

Impax has developed a methodology that enables investors to assess and manage the risk of the value of their assets by an introduction of carbon prices. Investors can use this tool to adjust their portfolios and hedge against upcoming carbon policy-related risks. The methodology is based on scenario analysis.

The Smart Carbon™ methodology:

<https://impaxam.com/wp-content/uploads/2018/05/white-paper-Impaxs-SmartCarbonTM-strategy.pdf>

Pax Ellevate Global Women's Leadership Fund (GWLIF):

Fund based on Pax's Global Women's Leadership Index (GWLII), an index of companies around the world that are leaders in advancing women through gender diversity on their boards of directors and in management, and through other policies and programs.

<https://impaxam.com/products/gender-lens-investing/impax-ellevate-global-womens-leadership-strategy/pax-ellevate-global-womens-leadership-fund/>

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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Initial assessment

Describe

1. Transition risk:

Impax has developed a methodology to manage carbon policy risk (transition risk) in portfolios - "**Smart Carbon™**"

Over the years, Impax worked to develop a prudent investment approach to managing climate risk, beyond "low carbon" strategies, resulting in the Smart Carbon portfolio approach. The approach quantifies the potential impairment to future cash flows of companies whose valuations are linked to fossil fuel assets (i.e. coal, oil and gas exploration and production (E&P) companies) and that may be impacted by government and regulatory intervention (carbon prices or taxes). The Smart Carbon methodology reduces carbon risk while maintaining energy price risk by suggesting the E&P stocks be replaced by Energy Efficiency stocks.

Impax Smart Carbon White Paper: <https://impaxam.com/wp-content/uploads/2018/05/white-paper-Impaxs-SmartCarbonTM-strategy.pdf?pwd=8489>

2. Physical climate risk:

Impax has developed a proprietary model to assess investee companies' localised and asset-level physical climate risks and we use this data to engage with investee companies regarding their preparedness and management of physical climate risks. Impax views physical climate risk as a function of hazard, exposure and vulnerability. Hazard refers to a climate event (acute) or chronic change in climate. This aspect of the model that we have developed and are continually finetuning is quantified using both downscaled global climate projections of essential climate variables such as temperature and precipitation, global projections for sea level rise and water stress, and leverages internationally recognized extreme risk databases for cyclone and flood risks. These databases have variable resolutions but are best practice across the board. The downscaled projections are resolved at roughly 25km x 25km, providing decadal averaged data points (derived from a daily projection dataset from 18 different global models) across 2 different scenarios. Impax uses both the RCP4.5 and RCP8.5 scenarios wherever possible. The 7 metrics that we assess are:

1. *Temperature Change*
2. *Precipitation Change*
3. *Heat Stress*
4. *Water Stress*
5. *Sea Level Rise*
6. *Riverine Flood Risk*
7. *Cyclone Risk*

Exposure is captured through the combination of hazard information with physical asset location data. Location data is sourced through public disclosure where it is sufficient for analysis, or from direct investee company engagement for more asset level information if necessary. Ideally, this information would include the investee assets' geolocation, size, purpose and adaptation measures taken. The final factor of physical climate risk is vulnerability. We investigate vulnerability to ensure that the risk inferred from the analysis of how exposed to a hazard a physical asset might be is wholly representative of the true risk. For example, a coastal asset is less vulnerable to coastal flooding if it has existing business continuity plans or hard engineering solutions to minimize the potential impact compared to a coastal asset that does not have

these measures in place. The assessment of these three factors (hazard, exposure, and vulnerability) in conjunction with investee company engagement provides a risk exposure per asset, aggregated to the company and then the portfolio-level, informing our investee companies' internal risk management and our portfolio risk management to minimize physical climate risk.

- Incorporation into investment analysis

	Describe
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1. Transition risk:

The Smart Carbon portfolio approach quantifies the potential impairment to future cash flows of companies whose valuations are linked to fossil fuel assets (i.e. coal, oil and gas exploration and production (E&P) companies) and that may be impacted by government and regulatory intervention (carbon prices or taxes). The Smart Carbon methodology reduces carbon risk while maintaining energy price risk by suggesting the E&P stocks be replaced by Energy Efficiency stocks. Impax has limited exposure to companies and activities that have high climate transition risks, due to our focus on investing in companies that are well aligned with the "Impax Sustainability Lens" and are enabling or benefiting from a transition to a more sustainable and low-carbon economy.

2. Physical climate risk:

Information about companies' physical climate risk exposures, preparedness and management received through the scenario analysis and ensuing engagements are part of our proprietary ESG reviews and inform the companies' ESG scores, hence can have portfolio construction and sizing implications.

The aim is to understand and be able to express the levels of physical climate risks and opportunities across portfolios, under different climate scenarios. The approach requires qualitative analysis and company engagement.

- Inform active ownership

	Describe
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Our analysis informs which companies we need to prioritise for physical climate risk analysis and for engagement. But engagement is also part of the physical climate risk analysis, in confirming among other things where companies' physical assets and facilities are based, how well the companies understand the challenges, what their preparedness and management of (physical) climate risks are. Following the development of our physical climate risk model, the company engagements have become much more precise and detailed, being able to identify assets and facilities that are most exposed to physical climate risks and discuss the management of these risks at a much more concrete level and these risks and topics have been reaching the top management and boards. We are systematically assessing and engaging with investee companies regarding physical climate risks, a strategic engagement priority.

- Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6
CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

1. Transition risks. We have developed a framework (Smart Carbon™) with scenario analysis spanning 5 years, followed by a terminal value (or time), for the probabilities and magnitudes of a carbon price or tax affecting carbon intense sectors.

2. Physical climate risks. We have developed a proprietary model to assess investee companies' localised and asset-level physical climate risks and we use this data to engage with investee companies regarding their preparedness and management of physical climate risks. Impax believes that physical climate risk is highly relevant at present and constantly evolving. Although we seek to form a perspective on the development of physical climate risk into the future, the immediate risks relating to the 7 extreme climate metrics are considered. Very recent data on temperature change, precipitation change, heat stress, water stress and sea level rise is available to assess current risk to physical assets. Extreme risk data (Riverine Flood Risk and Cyclone Risk) is available from the UNEP Global Risk Data Platform, however from 2011. To ensure this discrepancy does not become significant in the analysis, we remain mindful of recent improvements and updates in the science surrounding these 2 extreme risk metrics, for example the poleward shift and intensification of cyclones. Furthermore, we consider seasonal forecasts for cyclones and look to the WRI Aqueduct Water Risk Atlas for future riverine flood risk data, but do not directly utilize future extreme risk data forecasts. For temperature change, precipitation change and heat stress, future assessments use high resolution forecasted decadal averages for 2020-2029 and 2040-2049. Similar timelines are used for water stress and sea level rise but refer to 2030 and 2050 as the time points. The current time point gives an indication of immediate risk, and the other two temporal points, roughly one and 3 decades from now, refer to increasingly long-term risks that may be increasingly relevant for long life-cycle physical assets.

No

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input checked="" type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Environmental policy and regulatory developments, including carbon and climate policy.

Other, specify(2)

other description (2)

Infrastructure deficit (developed and developing markets).

None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		20	735	510	490
Currency	USD				
Assets in USD		20	735	510	490

Specify the framework or taxonomy used.

- **Impax's active listed equity and fixed income investments** follow the **Impax Sustainability Lens** approach, which highlights sectors and activities with low sustainability risks and high opportunities. It is a framework that directs our investments to sectors and companies that enable and benefit from a transition to a sustainable and low-carbon economy.
- **Impax's thematic investments** follow the **Environmental Markets classification system** across environmental solutions areas of:
 - 8. New energy (energy efficiency, renewable energy)
 - 9. Water
 - 10. Waste management and recycling
 - 11. Sustainable food
- **Smart Beta:**

Impax offers solutions systematically creating market exposure incorporating ESG-insights using quantitative optimization tools to manage risks relative to market benchmarks and target desired tilts in characteristics. Tilts involve integration of ESG-ratings systematically alongside financial factors in portfolio construction through optimization.

Two proprietary quantitative ESG-rating frameworks:

- **Impax Gender Leadership Score:** Proprietary framework of gender leadership factors to determine the constituents, weights of a global investment strategy designed to capture investment returns associated with gender diversity and women's leadership.

- **Impax Sustainability Score:** Proprietary, relative ranking framework designed to capture information regarding companies' management and performance related to material ESG-issues, to determine the constituents, weights in U.S. large-cap smart beta portfolios
- **Impax's real assets investments** are in the **Renewable Energy infrastructure** area.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Actively seeking and investing in companies that benefit from a transition to a more sustainable, low-carbon economy and those providing environmental solutions.

- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Impax thematic active equity strategy investments in environmental solution providers; measuring and disclosing the net positive environmental impacts from investee companies, including net carbon emissions.

- None of the above

SG 14 CC	Voluntary	Public	General
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Climate, emissions and resource exposures and risk mitigation	GHG emissions, energy, water reduction targets	Reported
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identifies companies to prioritise for climate risk engagement.	CO2e / \$M revenue	Used for engagement prioritisation.
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identifies companies to prioritise for climate risk engagement.	tons, equivalent	Net carbon emissions ideally measured.
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Knowing our companies and portfolios and prioritising engagements.	tons CO2e / \$M invested	Net carbon emissions ideally measured at the portfolio level, tons CO2e / \$M invested.
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Measuring "net carbon emissions"	tons CO2e	Net carbon emissions ideally measured.
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assessing carbon exposures	tons, equivalent / \$m revenue	Reported or estimated by peer groups
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Environmental taxonomy, Label (Febelfin)	% of revenues.	Reported.
Other emissions metrics	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Assessing other metric avoidance	N0x, S0x, S02	Reported or estimated by peer groups. Data availability issues.

**SG 14.7
CC**

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
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<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

In 2017, Impax became an early signatory to the TCFD recommendations. There is a Board director designated as responsible for climate risks and opportunities relating to Impax and its investments and the four TCFD pillars. Climate management processes are implemented by the Impax Environment Committee.

Impax assesses climate risks including adverse effects on physical office locations and facilities and possible climate policies (transition risks).

Impax's investments are based on our strong conviction that population dynamics, resource scarcity, inadequate infrastructure and environmental constraints, including climate change, will profoundly shape global markets, creating investment risks and opportunities. We expect that these trends, reflecting the transition towards a more sustainable global economy, will drive earnings growth for well-positioned companies. Our proprietary investment framework identifies and calibrates the rising risks and expanding opportunities from this transition and guides our search for investments that will deliver long term outperformance.

Impax's TCFD commitment: <https://impaxam.com/news-and-views/blog/why-the-tcf-recommendations-are-in-the-interests-of-all-investors/>

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

Engagement is undertaken across the 4 TCFD pillars. We find that the framework is very useful for all companies, no matter how exposed to climate risks a company is or where in the "journey" of managing climate risks a company is. The pillars provide a framework from basic, but very fundamental aspects (climate governance, strategy) to very advanced and complex aspects (scenario analysis and modelling).

The climate analysis informs which companies we need to prioritise for physical climate risk analysis and for engagement. Physical climate risk is a strategic engagement priority. Engagement is also part of the physical climate risk analysis in confirming where companies' physical assets and facilities are based, how well companies understand the challenges and the level of preparedness and management of climate risks and opportunities.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

79

SG 15.3 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

25

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Brief description and measures of investment

Impax Asset Management is a leading investment manager dedicated to investing in the opportunities created by the scarcity of natural resources and the growing demand for cleaner, more efficient products and services, through listed thematic environmental strategies and private equity strategies.

Impax's thematic environmental listed equity strategies seek out mis-priced companies that are set to benefit from the long-term trends of changing demographics, increasing middle-classes, urbanisation and the resultant increases in resource scarcity. Investment is focused on a small number of deeply researched global equity strategies across alternative energy, energy efficiency, water, waste, sustainable food and agriculture related markets.

- Renewable energy

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

100

Brief description and measures of investment

Impax Asset Management is a leading investment manager dedicated to investing in the opportunities created by the scarcity of natural resources and the growing demand for cleaner, more efficient products and services, through listed thematic environmental strategies and private equity strategies.

Impax's thematic environmental listed equity strategies seek out mis-priced companies that are set to benefit from the long-term trends of changing demographics, increasing middle-classes, urbanisation and the resultant increases in resource scarcity. Investment is focused on a small number of deeply researched global equity strategies across alternative energy, energy efficiency, water, waste, sustainable food and agriculture related markets.

Impax's private equity infrastructure funds follow an operationally focused, value-add strategy, investing in renewable power generation and related assets throughout Europe.

- Green buildings
- Sustainable forestry
- Sustainable agriculture

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

6

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Brief description and measures of investment

Impax Asset Management is a leading investment manager dedicated to investing in the opportunities created by the scarcity of natural resources and the growing demand for cleaner, more efficient products and services, through both listed and private equity strategies.

Impax's environmental thematic listed equity strategies seek out mis-priced companies that are set to benefit from the long-term trends of changing demographics, urbanisation, rising consumption, and the resultant increases in resource scarcity. Investment is focused on a small number of deeply researched global equity strategies across alternative energy, energy efficiency, water, waste, sustainable food and agriculture related markets.

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

30

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Brief description and measures of investment

Impax Asset Management is a leading investment manager dedicated to investing in the opportunities created by the scarcity of natural resources and the growing demand for cleaner, more efficient products and services, through listed thematic environmental strategies and private equity strategies.

Impax's thematic environmental listed equity strategies seek out mis-priced companies that are set to benefit from the long-term trends of changing demographics, increasing middle-classes, urbanisation and the resultant increases in resource scarcity. Investment is focused on a small number of deeply researched global equity strategies across alternative energy, energy efficiency, water, waste, sustainable food and agriculture related markets.

Impax includes companies with revenues of at least 20% from water infrastructure, water treatment and water utilities (provision), into the water universe.

Other area, specify

Gender investing

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

2

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Brief description and measures of investment

The Impax Global Women's Leadership Index is the first broad-market index of the highest-rated companies in the world in advancing women's leadership, as rated by Pax World Gender Analytics, and that meet key environmental, social and governance (ESG) standards.

The Pax Ellevest Global Women's Leadership Fund seeks investment returns that closely correspond to or exceed the price and yield performance, before fees and expenses, of the Pax Global Women's Leadership Index, an index of companies around the world that are leaders in advancing women through gender diversity on their boards of directors and in management, and through other policies and programs. This Fund is the first of its kind - a broadly diversified mutual fund that invests in the highest-rated companies in the world for advancing women's leadership.

No