IMPAX Asset Management

June 2025

Impax Environmental Markets Plc Taskforce for Climate-related Financial Disclosures (TCFD) Report

For the year ended 31 December 2024

The following report contains the information required under ESG Sourcebook 2.3, with the metrics following the calculations as contained in the TCFD Annex.

Impax Environmental Markets plc TCFD Report

Please read the below introduction, which sets out the context and meaning of the datasets and tables herein.

This is the report published by Impax Asset Management ("AIFM") Limited in respect of Impax Environmental Markets Plc ("IEM" or "the Company") in line with Chapter 2 of the Environmental, Social and Governance sourcebook of the FCA Handbook, which sets out requirements for UK asset managers to publish product-level disclosures consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") for the period 1 January 2024 to 31 December 2024 (the "Period").

A challenging climate

We are delighted to again report in relation to IEM in line with the recommendations of the TCFD.

As investors focused on the transition to a more sustainable economy, we are committed to managing climate-related risks and capturing climate-related opportunities to help achieve the investment objectives of IEM in the interests of its shareholders.

It is objectively clear that climate risks are systemic for all companies, in all economies. How they are managed can determine corporate performance. Yet we publish this report in the context of widespread political antipathy towards climate change. Political rhetoric and a shift in regulatory direction in the US has led to many corporate net-zero commitments being diluted. In January 2025, the Net Zero Asset Managers ("NZAM") initiative – of which Impax Asset Management ("Impax") is a member – announced that it would suspend activities as it undergoes a review, citing recent developments in the US and different regulatory expectations.

It remains our conviction, however, that climate-related risks and opportunities will increasingly be material drivers of investment performance for decades to come as the impacts of climate change become more pronounced. The acceleration and rapid scaling of climate solutions is critical to combating climate and abating greenhouse gas ("GHG") emissions. The strategy of the Company therefore continues to seek investment opportunities in innovative solutions and technologies that contribute to mitigating or responding to climate change and its effects.

A constant work in progress

We believe this report demonstrates our commitment to thorough evaluation and management of climate-related risks and opportunities. However, we are always striving to improve our sustainability reporting to ensure we maximise its usefulness to the Company's shareholders in their decision-making.

Enhanced disclosures, climate-related and otherwise, ultimately enable us all to make better informed, risk-adjusted investment decisions.

Product information table	
Entity-level report	Impax Asset Management (AIFM) Limited TCFD Entity-level Disclosures
LEI	213800RAR6ZDJLZDND86
Product name	Impax Environmental Markets plc
Reporting currency	GBP
NAV	£1,017mn (as at end of the Period)

GHG emissions metrics

Financed GHG emissions

Metrics	Unit	2024	2023	2022
Scope 1 & 2 emissions	tCO_2e	78,350	112,330	105,020
Carbon Footprint (Scope 1 & 2 emissions)	tCO_2e/US$1mn invested	61	72	68
Scope 3 emissions	tCO_2e	443,720	444,050	493,120
Carbon Footprint (Scope 3 emissions)	tCO_2e/US$1mn invested	345	285	321
Total GHG emissions (Scope 1, 2 & 3)	tCO_2e	522,080	556,380	598,140
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e/US$1mn invested	406	357	389
WACI (Scope 1, 2)	tCO_2e/US$1mn revenue	86	116	118

Source: Impax analysis, as at 31 December 2024. Impax have gathered all underlying GHG emissions data disclosed by investee companies, estimating Scope 1 and 2 emissions where those are not reported. Estimates are not used for Scope 3 emissions. Please note that Scope 1 & 2 emissions figures for the year 2023, as reported in our 2024 report, have been adjusted to reflect revised data.

Please refer to Section 5 and the Appendix of the **Impax Climate Report 2025** for 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.

Context

As part of our annual impact reporting, we have been measuring and reporting on the GHG emissions of our investee companies for a decade. The Scope 1, 2 & 3 emissions and Total GHG emissions metrics contained in the table above represent the respective GHG emissions associated with Impax's investments within IEM, and in tCO_2e/US$1mn invested. Total carbon footprint represents the total carbon emissions associated with Impax's investments, normalised by market value and expressed in tCO_2e per US$1mn invested. The 'WACI (Scope 1, 2)' metrics represent the exposure to carbon-intensive companies, expressed in tCO_2e per US$1mn revenue.

Scope 1, 2 and 3 emissions

Scope 1
Direct GHG emissions from owned or controlled sources.

Scope 2
Indirect GHG emissions from the generation of purchased energy.

Scope 3
All other indirect emissions that occur in a company's value chain (upstream and downstream).

Source: GHG Protocol, 2019: Scope 1 & 2 GHG Inventory Guidance

Commentary on data

In recent years, reported portfolio company emissions for IEM have risen as companies have published more comprehensive disclosures on their operational GHG emissions. Additionally, as companies continue to gain clarity regarding environmental impacts across their value chains, Scope 3 emissions have also been on an upward trend. This was offset in 2024 by a decline in IEM's AUM during the Period, which is also a factor behind the year-on-year reduction in Scope 1 and 2 financed emissions.

We continue to engage with portfolio companies to encourage the measurement and reporting of GHG emissions. Enhanced company disclosures ultimately enable us to make better informed, risk-adjusted investment decisions and to target our stewardship and company engagement activities in the interests of shareholders.

Additional climate-related metrics

Net zero target (NZAM): Transition alignment

Transition aligned & aligning[1]

2024
89%

2023	86%
2022	80%

Transition non-aligned[2]

2024
11%

2023	14%
2022	20%

Source: Impax analysis, at 31 December 2024. AUM excludes cash.

Context

In line with the NZAM 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 deployed into 'transition aligned' or 'transition aligning' investments 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. Impax also commits to reporting annually on the percentage of our investments in 'climate solutions' and the avoided GHG emissions associated with those investments (see page 5).[3] Please see Section 5 and the Appendix of the Impax Climate Report 2025 for details.

1 Metric unit: % of NAV (excluding cash).
2 Metric unit: % of NAV (excluding cash).
3 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.

Commentary on data

We have updated our NZAM methodology in line with best practice industry guidance from the IIGCC's Net Zero Investment Framework 2.0 ("NZIF"). This has strengthened our focus on the concrete, forward-looking plans companies have to manage climate risks and their historic performance relative to targets. Importantly, the materiality of climate risk is now incorporated into the assessment approach. Using the NZIF methodology and the Impax Sustainability Lens, we identify sub-industries that face highly material climate risks and analyse companies in those sub-sectors more stringently. To be classified as 'aligned' or 'aligning', we expect these companies to have more ambitious targets and risk management strategies.

Year-on-year changes in the table on page 4 reflect these changes in methodology, to some extent. A small number of companies (2%) with low materiality risks now classify as 'aligning' under our new methodology.

Avoided GHG emissions

Metrics	Unit	2024	2023	2022
Avoided GHG emissions	tCO_2e/US$1mn invested	355	506	504

Source: Impax analysis, as at 31 December 2024.

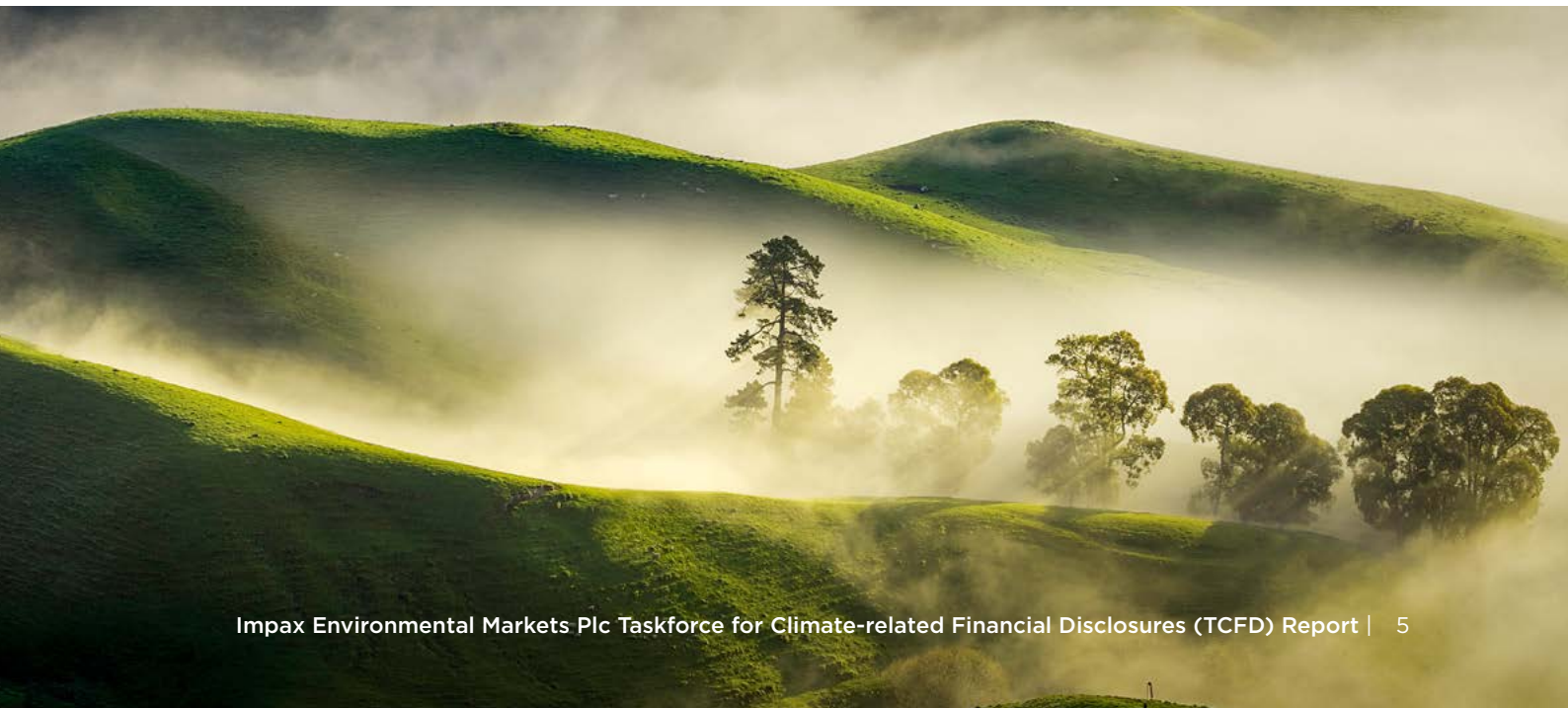
Please refer to Section 5 and the Appendix of the **Impax Climate Report 2025** regarding further details on the underlying methodology used in providing these metrics, as well as relevant commentary on data gaps, the use of estimates and assumptions, and data limitations.

Context

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

Commentary on data

The reduction in avoided GHG emissions (per US$mn of company revenues) for 2024 is mainly due to changes in how we calculate the figure. Our methodology now more closely aligns with the rigorous industry guidance provided by the World Business Council for Sustainable Development and Ceres.



Climate-related risk metrics

In line with the approach taken in the 2024 version of this report, we are intentionally not presenting a Value-at-Risk ("VaR") analysis in this report. While the use of tools like VaR are of critical importance to risk management across financial services (and especially important to banks), we do not see it as the ideal tool for climate risk assessment in asset management. Indeed, there is a risk that the use of VaR methodologies would create a sense of false certainty regarding the estimation of climate financial risks.

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

Instead, we assess our portfolio companies' exposure to carbon risk and physical climate risks. These are considered below.

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 contribution by GICS sector

Exposure to carbon risk			
GICS sector	**Portfolio weight (%)**	**2030**	**2050**
Information Technology	20.7		
Real Estate	2.0		
Health Care	4.6		
Industrials	45.6		
Consumer Staples	3.3		
Materials	12.0		
Communication Services	0.0		
Financials	0.0		
Utilities	10.3		
Consumer Discretionary	1.5		
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.

Context

The table on page 6 shows IEM's 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.

Commentary on data

Our assessment highlights IEM's exposure to the Materials, Industrials and Utilities sectors as the key source of carbon risk over both the short (2030) and long-term (2050), driven by these sectors' relatively higher carbon intensity and IEM's significant allocation to them. However, this carbon risk exposure is rather limited, at 1% of holdings by 2030 and 12% by 2050.

Many of the companies and industries in which IEM invests are inherently emissions-intensive, despite the fact that they enable the avoidance of emissions downstream. In our carbon risk model we analyse the impact on earnings before interest and tax ("EBIT") of carbon prices from the Network for Greening the Financial System ("NGFS") scenarios (across the 'orderly transition', 'disorderly transition' and 'hot house world' spectrum).

To show the greatest possible impact that carbon prices could have on IEM's portfolio companies' EBIT by 2030 and 2050, respectively, this report illustrates the ambitious 'Net Zero 2050' NGFS scenario. This is an 'orderly transition' scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net-zero CO_2 emissions around 2050. Portfolio exposure to more emissions-intensive environmental solutions providers (often in the Materials, Industrials and Utilities sectors), in the context of a Net Zero 2050 scenario, translates into heightened carbon risk for IEM by 2030 and 2050.

The analysis on page 6 is an output of Impax's carbon risk model, a scenario analysis tool which incorporates the seven scenarios developed by the NGFS.[4]

Under a 'Net Zero 2050' NGFS scenario, 1% of IEM's assets are modelled to face 'heightened carbon risk' by 2030 and 12% of IEM's assets by 2050.[5] This is due to a higher carbon price used in 2050 than in 2030 to calculate the potential EBIT reduction, following from the expectation that countries will accelerate their efforts to reach Net Zero as 2050 approaches. Assets facing 'heightened carbon risk' are those that have a potential reduction in EBIT of greater than 30% by these dates.

Whilst the indicated sectors are more exposed to carbon risk, our assessment of each company takes its net-zero transition plan into consideration. This, in conjunction with the fundamental analysis of our portfolio management team, aims to better position portfolios against this risk.

4 NGFS Scenarios Portal.

5 Net Zero 2050 is an ambitious scenario that limits global warming to 1.5 °C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050.

Exposure to physical climate risks

Extreme heat – Average Annual Exposure		
SSP1-1.9	SSP2-4.5	SSP3-7.0
6.2	6.6	11.0

Extreme precipitation – Average Annual Exposure (50mn)		
SSP1-1.9	SSP2-4.5	SSP3-7.0
0.4	0.4	0.9

Avg drought length expressed as Average Annual Exposure		
SSP1-1.9	SSP2-4.5	SSP3-7.0
32.0	32.2	37.1

Acute risk – % exposed to high risk			
Cyclone	River flood risk	Coastal flood risk	Flood
30.7%	5.3%	1.7%	7.0%

Company practices	Sub-industry materiality	Country vulnerability	Impax Vulnerability Score	Label
3.0	3.0	2.4	2.8	Moderate-Heightened

Source: Impax analysis, incorporating open-source data, portfolio holdings as at 31 December 2024. Quintile 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.

Please refer to 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.

Context

Our analysis of the Company's exposure to physical climate risks considers three elements:

- The portfolio's average annual exposure ("AAE") to the acute risk hazards (i) to (iii) set out below under the three CMIP6 IPCC climate scenarios referenced below.
- A forecast of the portfolio's exposure to the acute risks (iv) and (v) set out below in 2030, expressed as exposure to 'high risk' assets.
- The portfolio's vulnerability/resilience in the form of a proprietary Impax Vulnerability Score reflecting a combination of:
  - Investee companies' physical climate risk practices;
  - Sub-industry level materiality of physical climate risks; and
  - Country-level readiness/vulnerability.[6]

Average Annual Exposure metric

To assess the Company's exposure to physical climate-related risks, we adopt an "Average Annual Exposure" metric. This metric illustrates the extent to which the following three hazards could impact portfolio companies over a given year:

i. extreme heat;

ii. extreme precipitation; and

iii. drought.

This exposure metric is calculated across three CMIP6 IPCC climate scenarios, an approach

6 Notre Dame Global Adaptation Initiative, May 2023: ND-GAIN Country Index Scores.

informed by the Climate Financial Risk Forum's suggested "Strong Mitigation, Moderate Action, Backtracking" framework under its "ABC" approach.[7] The numbers presented in this report show the variation across all three scenarios. The first represents ambition with regards to the full, complete and efficient climate transition which may result in warming kept to around 1.5°C in the long term, although unlikely (SSP1-1.6). The second is an optimistic scenario which can be viewed as in-line with 2°C of warming out to 2050 (SSP2-4.5). Finally, the third scenario considers a world in which climate efforts stall or regress, leading to high emissions and limited climate action, potentially resulting in global warming exceeding 3°C by the end of the century (SSP3-7.0).

For other acute risks, a forecast is provided of exposure in 2030 to two further hazards:

iv. cyclones; and

v. floods.

This is expressed as exposure to 'high risk' assets, i.e. those expected to be impacted significantly in the event of that hazard occurring.

The forecasted exposure of the Company's assets to cyclone risk in 2030 is notably high. It does, however, reflect the binary nature of cyclone risks: if there is exposure to cyclones, the risk will likely be high (i.e. there is no 'low-risk' exposure to hurricanes).

Impax Vulnerability Score

To contextualise the exposure analysis to these five acute hazards, the Impax Vulnerability Score and its components illustrate IEM's portfolio companies' vulnerability or resilience to physical climate risks, given three factors: their physical climate risk practices; the materiality of physical climate risks to portfolio companies' sub-industries; and portfolio companies' macroeconomic context in terms of country resilience.

Commentary on data

The moderate-heightened label suggests the Company's vulnerability is slightly higher than the average for Impax Active Listed Equities strategies. This is not unexpected due to the size-bias within the portfolio relative to peer strategies. Further, given Impax's focus on sustainable investments, the bar is high, with 35% of the IEM portfolio reaching the top two tiers in our analysis of PCR management.

Since last year, there are no significant changes to the exposures assessed in this analysis. The key changes can be found in the portfolio's exposure to cyclone risk, which has reduced on account of portfolio changes during the Period. Relative to Impax's Active Listed Equities as a whole, IEM shows a lower exposure on average, though. IEM is also found to have lower flood risk exposure, relative to peer strategies.

Investments in climate solutions

As at 31 December 2024,

IEM's portfolio weighted average exposure to 'climate solutions' was

71%

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.

Impax's Climate Taxonomy

Impax has developed a suite of proprietary taxonomies to systematically identify and classify companies that contribute to a more sustainable economy. One of these taxonomies, Impax's Climate Taxonomy, was created in 2021 and contains companies identified as typically generating 50% or more of their revenues from products and services enabling mitigation of climate change or adaptation to its consequences.

7 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. The Climate Financial Risk Forum's "ABC" approach is outlined here: Mobilising Adaptation Finance to Build Resilience.

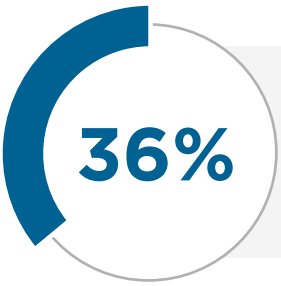
Climate-focused stewardship

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

Climate risks are systemic for all companies, hence both transition and physical climate risks are assessed as part of proprietary Corporate Resilience analysis.

Impax assesses companies' climate governance, policies, processes, strategies, incentives and target-setting to manage climate transition risks and GHG reduction in the real economy.

Climate-focused engagement activities with companies held in the portfolio, as undertaken by Impax over the course of the Period, are summarised below.



Proportion of engagement dialogues relating to climate issues in 2024

Impax considers stewardship as central to delivering on the 2030 NZAM target outlined above. Impax escalates stewardship activity in pursuit of this target, and is able to pull different levers spanning direct engagement with investee companies through to policy advocacy to help drive systems-level change.

Please refer to Section 3 of the Impax Climate Report 2025 regarding further details on the approach taken to climate-focused stewardship and how this relates to Impax's 2030 NZAM target.

Approach to Governance, Strategy and Risk Management

IEM's approach to the consideration of climate-related risks and opportunities is consistent with Impax's TCFD disclosures across Governance, Strategy and Risk management.

For further information in this regard, please refer to the **Impax Climate Report 2025**.

Impax Environmental Markets Plc Taskforce for Climate-related Financial Disclosures (TCFD) Report

For the year ended
31 December 2024

IMPAX ASSET MANAGEMENT

Impax Asset Management

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