

## Modern Slavery Statement for Year Ended 2021

### Introduction

This modern slavery statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and section 14(1) of the Australian Modern Slavery Act 2018 (the “**Australian Act**”) for the year ending 30 September 2021.

While this statement reflects Impax Asset Management Group plc's approach to identifying and managing modern slavery risks for the Impax group, the reporting entity for the purposes of the Australian Act is its wholly-owned subsidiary, Impax Asset Management Limited.

### Our operations and investments

The Impax group comprises the following regulated investment management subsidiaries: Impax Asset Management Limited, Impax Asset Management (AIFM) Limited, Impax Asset Management Ireland Limited, Impax Asset Management LLC and Impax Asset Management (Hong Kong) Limited.

Founded in 1998, Impax offers a range of investment solutions spanning multiple asset classes investing in companies and assets that are well positioned to benefit from the shift to a more sustainable global economy. We are engaged investors, in regular dialogue with companies in our portfolios and reporting on our stewardship activities to our clients. Where possible, we report on the positive environmental impact of our investee companies and assets. In addition, we aim to provide a stimulating, collaborative and supportive workplace for our staff, and to make a contribution to the development of a more sustainable society.

Impax's investment activity falls into two broad categories: a listed investment business and a private markets business.

- **Listed investments business.** Impax's global listed equity business and fixed income business are focused on a small number of deeply researched strategies. Impax offers a range of products within this business, including fully sponsored funds and managed or sub-managed accounts.
- **Private markets business.** Impax's private markets business invests in the development and construction of renewable energy projects (principally onshore wind, solar and hydropower) and adjacent renewables sectors (such as battery storage and electric vehicle charging stations) typically in Western and Central Europe. These investments are made in projects and portfolios at various stages of development though we find the most value in entering during late-stage development and taking projects through construction, employing a buy-build-sell approach.

Impax investments are typically made through funds, which do not have employees and solely appoint directors and service providers such as custodians and administrators. In the private markets context, funds establish portfolio companies (each a “**Portfolio Company**”) to transact on the relevant fund's behalf for a particular investment or investments. Portfolio Companies appoint directors and may in some cases employ a small number of employees or consultants, who are highly skilled. Portfolio Companies are typically established in the UK or Western and Central Europe.

In addition to our headquarters in London, Impax has offices in Ireland, Hong Kong and the United States. Our global workforce comprises highly-skilled professionals who perform investment management functions and supporting operational and corporate functions. They are predominantly employed on individual employment contracts. Other members of Impax's workforce are engaged as consultants, independent contractors, through directorship contracts, or sourced through employment agencies. Where employment agencies are used, Impax retains oversight to ensure appropriate protections are in place in relation to wages and hours. For those reasons, Impax considers that there is a low risk of causing, contributing or being directly linked to modern slavery practices in this area of its operations.

Impax recognises that it may be directly linked (within the meaning of the United Nations Guiding Principles on Business and Human Rights (**UNGPs**)) to a higher inherent modern slavery risk through its investment activity. This is primarily due to the fact that certain of our listed investment strategies involve investments in some known higher risk geographies (such as the Asia-Pacific region) and sectors (such as aquaculture and food production). Impax also recognises that some of the renewable energy sectors in which we invest through our listed and private markets business may be exposed to elevated modern slavery risks through, for example, the global solar panel supply chain and raw materials such as cobalt. However, in order to manage modern slavery risk, Impax screens its investments and environmental, social and governance ('ESG') considerations are embedded within our investment process as detailed further below.

With respect to our private markets business, we invest, typically through majority stakes, in projects and portfolios at various stages of development, including taking projects through the construction phase into operations. We consider that the elevated modern slavery risk associated with the construction sector is lessened in the Impax context due to the typically highly-skilled workforce. We take a risk based approach to assessing all of our third party relationships, looking to work with top-tier suppliers, and actively manage those relationships. In particular we seek to (i) trace the source of certain components used in the construction of our renewable energy assets to assess risks that may exist in supply chains, and (ii) include modern slavery clauses in contracts as described further below.

## Our supply chains

In assessing risk within our supply chains, we have mapped and documented our material corporate services suppliers within our vendor management database. Both at the Impax group level, and at the sponsored fund level, our supply chain is relatively short and predominantly comprises highly-skilled professionals. These include regulated professional advisers, such as foreign exchange providers and brokers, as well as suppliers of IT services and office equipment, and professional services from our lawyers, accountants and other advisers and consultants.

We recognise that modern slavery risks may be elevated within particular aspects of our supply chains. This includes at a Portfolio Company level where construction services providers are appointed and components are sourced for the construction of our renewable energy projects (some of which have been linked to higher risk regions) in the context of infrastructure investments, as discussed above. Other suppliers at the Portfolio Company level include a range of typically highly-skilled individuals, such as financial professionals and lawyers, which we consider to be low risk.

We also recognise that office facility service providers, including cleaning services and IT service providers, as well as branded goods not for resale, may carry a higher risk of modern slavery practices. Please see below under Supplier Engagement for further details on how we seek to address service provider risks.

## Our actions

In addition to being an ethical necessity, we view the assessment and prevention of modern slavery as an important part of good corporate practice, and have developed and implemented appropriate policies and procedures designed to manage the risk of modern slavery practices in our operations and supply chains. In particular, we ensure that our investee companies meet our rigorous ESG requirements, and that our suppliers meet our assessment criteria and ongoing due diligence requirements as set out below.

### a) *Embedding ESG considerations into investment decisions*

Impax has for many years embedded ESG considerations into both our listed and private markets investment decisions. Social considerations within ESG frameworks encompass modern slavery issues. Further information with respect to these ESG considerations and tools is set out in Impax's ESG Policy, Engagement Policy, New Energy Strategy ESG Policy and Sustainability Risk & Due-Diligence Sub-Policy, which are available on [www.impaxam.com](http://www.impaxam.com).

### Listed investments

Human rights issues are complex, which we assess on a case by case basis. We use quarterly third party UN Global Compact screening of our investable universe to monitor compliance and engage with the companies where potential issues are flagged. Where companies are found to be in actual breach of UN Global Compact principles, they are excluded from the investable universe and divested. Where a company is flagged for potential breaches, consistent with the United Nations Guiding Principles on Business and Human Rights, Impax will monitor and seek to engage, as appropriate. We monitor the continuously evolving landscape of human rights and take a regional and sector focused approach, including via the following illustrative examples:

*High risk regions:* We are specifically engaging with investee companies active in or sourcing key components from regions with allegations of human rights breaches and forced labour concerns. Engagement can take a number of forms depending on the relationship and our assessment of risk, however, it usually involves Impax writing to the relevant investee company to put them on notice of our expectations and invite them to enter a dialogue on appropriate risk management.

*High risk sectors:* We identify economic activities and business practices that could indicate human rights issues and which may require engagement. The workforce in labour-intensive low profit margin businesses, especially where agency, seasonal, temporary jobs are common, may be particularly vulnerable.

*High risk stakeholders:* Direct/indirect involvement with local authorities or other influential public organisations. While these factors are directed towards bribery and corruption risk, Impax recognises that modern slavery practices do not occur in a vacuum and that good governance and the rule of law are important protective factors.

### Private markets

As noted above, Impax invests in renewable power generation and related assets. ESG risk management forms an integral part of our due diligence process prior to the acquisition of each asset.

We have an explicit exclusion list for investments we do not consider, for example:

- Companies and counterparties involved in controversies that violate global norms related to human rights, labour, environment and bribery and corruption; and
- Activities involving forced or child labour.

We complete compliance checks pre and post investment and seek to include clauses in contracts prohibiting violations of modern slavery (as set out below), as well as anti-bribery, corruption and tax evasion before engaging with counterparties.

**b) Supplier engagement**

Our third-party suppliers are critical to our business. We ensure there is an appropriate oversight framework that is reviewed periodically. Our supplier engagement initiatives include:

- Modern slavery questionnaire for prospective corporate services suppliers. Prior to engaging a new supplier, we conduct due diligence proportionate to the risk of modern slavery at that supplier where appropriate. This typically includes a range of questions regarding the supplier's modern slavery commitments and policies, reporting mechanisms, operating and workforce locations and sub-contractor/supplier controls.
- Modern slavery provisions in contracts with corporate services providers and private markets portfolio companies. We include anti-slavery provisions in contracts with suppliers where necessary. These provisions require the contractual counterparty to comply with all applicable anti-slavery and human trafficking laws and regulations, and to pay staff and sub-contractors at least the minimum wage. These clauses also give the relevant Impax party or Portfolio Company the ability to request assurances and information in relation to the compliance undertakings.
- Additional supplier due-diligence and monitoring for corporate services providers. Where a higher modern slavery risk is identified by our due diligence on a supplier based on sector, jurisdiction and workforce analysis, or based on their responses to the questionnaire, we will engage with the supplier and conduct further monitoring and due diligence as necessary. As part of our ongoing monitoring efforts for office facilities suppliers we ask for a yearly confirmation that those suppliers are paying their staff above the minimum wage.
- Periodic supplier review. As part of our risk assessment procedures, Impax's Audit & Risk Committee receives annual due diligence reports on material corporate services providers to ensure there is an appropriate oversight framework in place. We expect our suppliers to reflect our values around social inclusion, sustainability and the environment.

**c) Workforce training and initiatives**

Within our own workforce, we have implemented a range of initiatives that deal either directly or indirectly with modern slavery. These are set out below.

- Modern slavery training. Impax is committed to raising awareness of modern slavery issues within our workforce. To ensure a high level of understanding of modern slavery obligations and risks, all Impax staff have completed modern slavery training. We also offer ESG training on a range of issues with respect to our private markets portfolio investment companies.
- Whistleblowing Policy and Procedure. Our Whistleblowing Policy and Procedure provides an avenue for our staff to speak up if they suspect modern slavery activities or risks within our business. This policy encourages Impax staff to report any perceived, suspected or actual wrongdoing without fear of reprisal. The 'reportable activities' to which a staff member may make a protected disclosure encompass modern slavery practices. These activities include criminal offences or activity, actions which endanger the health or safety of staff or the public, conduct likely to damage the reputation of Impax's reputation or finances, or a breach of any other legal obligations.
- Investigation and remediation. Under our Whistleblowing Policy and Procedure, Impax also commits to assessing reports promptly and investigating if necessary. Depending on the nature of the report, an investigation would be conducted by senior management or referred to an appropriate external agency. While Impax has to-date not received any reports relating to modern slavery practices through this channel, we understand the need to take a victim-centred approach to investigating and remediating any such incidents should they arise. If modern slavery risk factors or systemic issues were identified in relation to an investee company, consistent with the UNGPs' requirement to exercise leverage, Impax would initially seek to resolve the matter through dialogue and collaboration with the company. If unsuccessful, we would consider action in the form of, for example, shareholder resolutions and, if appropriate, divestment.
- Commitments, collaboration and memberships. Impax is a proud member of a range of sustainability initiatives and networks, including the Principles for Responsible Investment (PRI), the Council of Institutional Investors, the UK and US Sustainable Investment and Finance Associations, the Global Impact Investing Network and Ceres, as well as the Asian Corporate Governance Association (ACGA). Impax's involvement in these initiatives not only illustrates our deep commitment to furthering responsible investment activities, but also provides valuable information-sharing, benchmarking and educational opportunities. Impax scored A+ for our overarching approach to responsible investment in the 2020 PRI survey.
- Our private markets business has supported its Portfolio Companies by implementing various policies including a code of conduct and minimum standards for Portfolio Company employees, and whistleblowing protections. Analysis in Impax Investment Committee papers includes a review of human rights and supply chain/ vendor management.

## Assessing the effectiveness of our actions

Impax assesses the effectiveness of the steps it has taken to combat modern slavery in our operations and supply chains by engaging with our staff and suppliers on an ongoing basis and soliciting feedback from a wide range of stakeholders. Our investor reporting obligations, which include analysis of performance against key ESG key performance indicators, also provide an opportunity for us to monitor the effectiveness of our risk identification and management processes.

## Continuous improvement and next steps

We take our commitments to modern slavery risk management seriously and seek to continuously improve our approach. Over the coming year, our priorities and intended actions include:

- **Supplier code of conduct.** We are committed to encouraging all of our suppliers, third-party vendors and contractors at the corporate level (“Suppliers”) to adhere to responsible business practices. To that end, we are developing a Supplier Code of Conduct, which sets out our expectations in relation to labour rights, modern slavery and other business integrity issues. In addition, we will encourage Suppliers to apply these requirements to their own suppliers, third-party vendors and contractors. Alternatively, if a Supplier has its own Code of Conduct or equivalent, we will expect them to adhere to such policy. The Supplier Code of Conduct will be finalised in the next reporting period.
- **We are continuing our work to ensure the suppliers to our Portfolio Companies meet our values and expectations in relation to modern slavery, and we enhanced our procedures for screening those suppliers during the reporting period.** In the year ahead we plan to implement an updated vendor management procedure and a supplier code of conduct for such Portfolio Company suppliers. The vendor management procedure incorporates a more detailed check on suppliers to those companies, which includes heightened scrutiny of modern slavery risks, while the code of conduct aims to ensure that such suppliers act in accordance with our values.
- **Continue engagement with listed investment investee companies around human capital issues, including supply chains and equity, diversity and inclusion (ED&I).** We are engaging with companies operating in certain industries with a history of poor labour relations and related controversies, such as food production and retail, solar panel and electric vehicle battery supply chains, some of which have been amplified by the COVID-19 pandemic. We are also exploring opportunities to join investor collaboration initiatives and engagements related to human rights.

This statement was approved by the Board of Impax Asset Management Group plc (on behalf of its subsidiaries including Impax Asset Management Limited) on the date set out below. Impax took a multi-disciplinary approach in preparing this statement. Key areas of both our listed equities, fixed income and private markets businesses, including those with oversight of our various funds, Portfolio Companies and investee companies were consulted during the drafting process. The Impax Asset Management Limited Board was given the opportunity to comment on the draft statement prior to approval.

Signed by Sally Bridgeland, Chair  
29 March 2022