

Sustainability Report for Impax Environmental Markets plc

For the period 27 November 2024 to 28 February 2026



Introduction

This report has been published by Impax Asset Management (“AIFM”) Limited in respect of Impax Environmental Markets plc (“IEM” or “the Company”) in line with Chapter 5 of the Environmental, Social and Governance sourcebook of the FCA Handbook, which sets out requirements for UK asset managers to publish an annual product-level sustainability report under the UK Sustainability Disclosure Requirements (“SDR”) regime.

The report covers the period 27 November 2024, when a product label was applied to IEM, to 28 February 2026 (the “Period”). The key performance indicators for demonstrating progress against the sustainability objective for IEM are based data for 2025, as at 31 December 2025.

This Report references other SDR-related documents which Impax Asset Management (AIFM) Limited (“AIFM” or the “Investment Manager”) has published in relation to IEM. These are captured in hyperlink form on the following page.

Key facts

Manager name

Impax Asset Management (AIFM) Limited, (the “Investment Manager”)

Product name

Impax Environmental Markets plc (“IEM”)

Date

30 June 2026

Product identifier

213800RAR6ZDJLZDND86

Sustainability label



Label descriptor

IEM invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people or the planet.

IEM follows a thematic approach which means that it invests in companies providing solutions to specific environmental challenges.



Sustainability label and sustainability objective

As set out in the SDR Pre-contractual Disclosure (PCD) on IEM ([here](#)), IEM has been labelled as a Sustainability Impact product.

The investment objective of IEM is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water, and waste. Investments are made predominantly in quoted companies which provide, utilise, implement, or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management (which includes sustainable food, agriculture and forestry).

IEM follows a thematic approach which means that it invests in companies providing solutions to specific environmental challenges. To qualify for IEM's investable universe, companies must provide solutions within the environmental markets described above and must generate at least 50% of their revenues from systems, products or services in such environmental markets. The intended impacts of each of the environmental markets, as set out in the sustainability objective of IEM, are as follows:



Alternative energy and energy efficiency

Addressing climate change



Waste technology and resource management

Improving resource efficiency by enabling a more circular economy



Water treatment and pollution control

Access to clean water, increasing water availability and quality through water technology and infrastructure

The Investment Manager measures the product's progress towards achieving its sustainability objective by utilising the Key Performance Indicators ("KPIs") as described under the "Sustainability Metrics" section of this document. The Investment Manager uses its stewardship framework which is supporting IEM in delivering on its sustainability objective and progress on the specific KPIs in place (see "Engagement and Stewardship" section on the following page).

Investment policy and strategy alignment

IEM invests, on an ongoing basis, in line with IEM's investment policy and strategy (see 'Investment policy and strategy' section of the SDR PCD on IEM, [here](#)) by selecting investments on an individual basis, each categorised according to the three above mentioned primary environmental markets that are the focus of the IEM's investment policy: (i) alternative energy and energy efficiency; (ii) waste technologies and resource management; (iii) water treatment and pollution control.

IEM invests in companies where at least 50% of the underlying revenues are generated by sales of systems, products or services that provide solutions in the environmental markets as specified in the sustainability objective above. To identify and determine the sustainability characteristics of the investee companies the Investment Manager uses a clearly defined and proprietary classification system or in-house taxonomy, (the "Environmental Markets Taxonomy"). The exposure of a stock to revenue resulting from relevant activities is assessed pre-investment (and on an on-going basis) and is confirmed and documented by the Investment Manager. As the environmental markets have expanded, there have been new universe entrants as well as companies leaving the universe due to both merger and acquisition activity, and due to the de-emphasis of environmental activity within businesses' product portfolios. In addition, the revenue screen process is rerun periodically, currently annually.

IEM invests a minimum of 70% of its gross asset value in accordance with the sustainability objective. Where a company passes the 50% revenue test the whole value of the holding in the company counts towards this 70% test (i.e., the 70% test is calculated on a "pass/fail" basis).

Cash, cash equivalents, derivative transactions, and exchange traded or money market funds, may be (but are not required to be) used for treasury or liquidity purposes, or for hedging/efficient portfolio management purposes. In an effort to mitigate or eliminate risks, the Investment Manager only invests in energy and utility companies where it has determined that the companies have credible plans to attain the goal of net zero greenhouse gas emissions by 2050 or sooner, and in line with the Investment Manager's fossil fuel policy, details of which are available [here](#).

In addition to the above, the Investment Manager has used its Corporate Resilience Analysis to assess an investee company's eligibility for investment and to assess any identified controversies. This analysis aims to determine the quality of governance structures, the most material environmental and social harms for a company or issuer and assess how well these harms are addressed and managed. In line with this, the Investment Manager has also complied with global standards and norms as part of its investment requirements using a Global Standards Screening tool.

Progress against sustainability objective

The Investment Manager has used the following KPIs to monitor and demonstrate IEM's performance and progress towards meeting its sustainability goal.

Alternative energy and energy efficiency

Addressing climate change:
(i) Avoided GHG emissions (tCO₂e); (ii) Renewable electricity generated (MWh)

Waste technology and resource management

Improving resource efficiency by enabling a more circular economy: Materials recovered/waste treated (tonnes).

Water treatment and pollution control

Access to clean water, increasing water availability and quality through water technology and infrastructure: Volume of water provide/saved/treated (megalitres).

Please see the Investment Manager's 2025 [Impact Report](#) for details of how these metrics are calculated.

Proportion of assets invested in accordance with the sustainability objective

As at 28 February 2026 (i.e. the end of the Period), **98.2%** of assets in the portfolio were invested in accordance with the sustainability objective. Where a company passes the 50% revenue test, the whole value of the holding in the company is counted as being invested in accordance with the sustainability objective (i.e. calculated on a "pass/fail" basis).

Outside of this, **1.8%** of the portfolio was held in cash for liquidity and efficient portfolio management purposes, as at 28 February 2026.

Performance against sustainability KPIs

IEM progresses towards its sustainability objective. Below are the metrics for 2025. For context on the metrics, please refer to the PCD for IEM ([here](#)). The Investment Manager's [Impact Report 2025](#) provides details of the calculation methodologies and assumptions used to calculate these metrics (see pages 46-48).

	Alternative energy and energy efficiency	Avoided emissions (per £1mn invested): Renewable electricity generated (per £1mn invested):	246 tCO₂e 96 MWh
	Waste technology and resource management	Materials recovered/waste treated (per \$1mn invested):	78 tonnes
	Water treatment and pollution control	Water provided/saved/treated (per £1mn invested):	33 mega litres

Stewardship

During the Period, the Investment Manager has engaged with companies invested in through IEM in line with the IEM Stewardship [Approach](#) document. The Investment Manager's 2026 [Stewardship & Advocacy Report](#), which includes its disclosures in line with the 2026 UK Stewardship Code, set out details of the key stewardship activities the Investment Manager has undertaken – including how stewardship has been integrated into the investment process and how engagement has maintained or enhanced the value assets (see mapping table on page 4 of that report to identify where that information can be found).

Set out below are example case studies that illustrate how the Investment Manager has carried out company engagement to support the delivery of the sustainability objective of IEM. Each case study sets out the progress and outcomes of the engagement activity relevant to the sustainability objective of IEM.

Engagement activities and outcomes



Rational is a manufacturer of industrial kitchen equipment.

Sector
Industrial Machinery & Supplies & Components

Geographic region
Germany, Europe

Engagement theme
Climate

Alternative energy and energy efficiency: **Rational**

Objectives

1. Disclose Scope 3 GHG emissions
2. Set science-based emissions reduction targets

Activities

Impax has been engaging with Rational since 2020. In 2025, Impax met with the new Head of ESG & Risk Management to follow up on sustainability governance, emissions targets and product-related emissions.

The discussion focused on Scope 3 GHG emissions, which Rational identified as its most material challenge. The company explained that the majority of these emissions relate to the energy used by its professional cooking equipment during customer operation. Rational described its work to improve product energy efficiency, including the development of over 900 product carbon footprints using real-time data from installed devices. The company also highlighted efforts to improve product durability, repairability and component recyclability, alongside supplier engagement and customer training to support more efficient use of sold products.

Progress and outcomes

Since our previous engagement, the company has developed its climate strategy and set emissions reduction targets through 2030 and a 2050 net-zero ambition. While the targets are not SBTi validated, they represent meaningful progress.

The company showed increased focus on reducing energy demand from its products in use, recognising this as a key driver of Scope 3 emissions. Sustainability KPIs, including product energy efficiency and repairability, are now linked to executive remuneration, accounting for 25% of the long term incentive plan. Continued delivery of energy efficient products and reductions in use phase emissions remain a core focus area for ongoing engagement.



Proxy voting example: Clean Harbors

The Investment Manager has been engaging with Clean Harbors, a US-listed waste company, since 2018, most recently on climate transition risk management. Despite direct engagement, the company has made insufficient progress in improving its climate risk management processes and performance, and we classify it as transition 'non-aligned.' Consequently, in 2025 we voted against the Audit Committee member standing for election, as the Audit Committee is responsible for overseeing risk. In engagement following the vote, the company shared plans to build out its Scope 3 inventory in 2026 and disclose Scope 3 emissions in 2027.



Veolia specialises in sustainable water and wastewater treatment solutions

Sector
Multi-Utilities

Geographic region
France, Europe

Engagement theme
Methane emissions

Waste technology and resource management: Veolia

Objectives

1. Increase landfill gas capture and beneficial use
2. Improve detection and monitoring of methane emissions
3. Strengthen climate risk reporting

Activities

Impax has been engaging with Veolia since 2015. In 2025, Impax met with the company as part of its thematic outreach on methane emissions with waste management companies. Veolia explained that landfill methane capture, alongside its coal exit, is a core pillar of the company's decarbonisation strategy.

The discussion focused on Veolia's management of waste-related methane emissions and progress towards increasing landfill gas capture rates, which the company is targeting to rise globally from 60% in 2024 to 80% by 2032. Veolia outlined regional targets, including 70% by 2027 in Latin America and 75% in Australia, reflecting differences in site characteristics and regulatory environments.

We also discussed methane measurement, which Veolia confirmed is currently based on IPCC modelling and estimated data, consistent with industry practice. Veolia highlighted ongoing work to improve measurement through on site monitoring and satellite based tools.

Progress and outcomes

Veolia outlined differing methane capture rates across regions, with higher capture levels in markets such as the UK, France and Australia, where regulation and incentives have supported investment in landfill gas systems. Progress in other regions remains more variable.

The company confirmed that the potential to use captured landfill gas is fully integrated into the business case for new waste sites, supporting the conversion of waste-related emissions into energy where viable. While no standalone targets have been set for gas use due to site specific constraints, Veolia demonstrated a structured approach to managing waste treatment and landfill emissions, with continued work underway to improve measurement and monitoring.



Sabesp is a water and waste management company.

Sector

Water Utilities

Geographic region

Brazil, Rest of World (ROW)

Engagement theme

Climate

Water treatment and pollution control: Cia de Saneamento Basico do Estado de Sao Paulo (“Sabesp”)

Objectives

1. Improve oversight of sustainability and climate related issues
2. Set emissions reduction targets

Activities

Impax has been engaging with Sabesp since 2018, with particular focus on climate risk management given our assessment of Sabesp as a net-zero “non-aligned” company.

In 2025, the discussion focused on Sabesp’s “U factor,” a key performance indicator used to track progress on universal access to water supply and sanitation across the municipalities it serves. The U factor measures continuity of water supply, sewage collection and sewage treatment, with the highest weighting placed on treatment. Sabesp confirmed that it is targeting full universalisation by 2029, supported by increased investment in water and sanitation infrastructure and operational efficiencies.

Within this context, climate-related topics were also discussed. Sabesp outlined investments in technology and pilot projects aimed at reducing Scope 1 emissions, while recognising that expanding sewage collection and treatment is expected to increase emissions in the near term. Sabesp confirmed that further work is needed on Scope 3 emissions and target-setting.

Progress and outcomes

Following our engagement, the company announced in November 2025 that it has set 2035 reduction targets across Scope 1, 2 and 3 emissions. While not aligned to the science-based targets initiative (SBTi), we are encouraged by this positive next step which evidences the company’s commitment to balancing service expansion with emissions management.

Sabesp demonstrated improved oversight of sustainability and climate issues, including meaningful enhancements to its executive compensation framework. Universalisation performance has been incorporated into long-term incentives, further strengthening the link between management pay and delivery of water supply, sewage collection and treatment.

Conclusion

Overall, the Company has made satisfactory progress towards its sustainability objective over the Period, as evidenced by performance against its key KPIs and the high proportion of assets aligned to the sustainability objective. These outcomes reflect the effectiveness of the Investment Manager's investment process and stewardship approach, with ongoing engagement supporting improvements in company practices, governance and operational performance across the portfolio.

The Investment Manager will continue to deliver the strategy in line with IEM's established investment policy, sustainability objective and stewardship framework. Looking ahead, we expect ongoing engagement and disciplined investment to further support progress.



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Markets plc**

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IMPAX ASSET MANAGEMENT

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