

Task Force on Climate-Related Financial Disclosures (TCFD) Report for Impax Environmental Markets plc

For the year ended 31 December 2025





Impax Environmental Markets plc TCFD Report

This is the report published by Impax Asset Management (“AIFM”) Limited (“AIFM”) 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 2025 to 31 December 2025 (the “Period”).

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

Introduction

We are delighted to issue our TCFD-aligned report in relation to IEM. 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.

We embed both physical and transition climate risks throughout our investment process by assessing how climate change may affect the operations, value chains and long term financial performance of our investee companies and issuers. This includes assessing exposure to extreme weather events, supply chain disruption and broader physical impacts—while also evaluating transition risks arising from policy shifts, technological change and evolving market expectations.

We have reaffirmed our commitment to the Net Zero Asset Managers (NZAM) initiative, reflecting our view that effective management of climate-related financial risks is central to delivering

resilient, long-term value for clients. The updated NZAM [Commitment Statement](#) sets out a clear and transparent approach, focused on targeted investment, robust governance and policy engagement to support the objectives of the Paris Agreement. We continue to value NZAM’s role in elevating climate risk across the investment community and driving collective action across the global economy.

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.

GHG Emissions Metrics

Financed GHG emissions

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 below represent the respective GHG emissions associated with Impax's investments within IEM, and in tonnes of carbon dioxide equivalent per US\$m (tCO₂e/US\$m) invested. Total carbon footprint represents the total carbon emissions associated with Impax's investments, normalised by market value and expressed in tCO₂e/US\$m invested. The 'WACI (Scope 1, 2)' metrics represent the exposure to carbon-intensive companies, expressed in tCO₂e/US\$m 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

GHG emissions metrics

Metrics	Unit	2025	2024	2023
Scope 1 & 2 emissions	tCO ₂ e	72,520	78,350	112,330
Carbon Footprint (Scope 1 & 2 emissions)	tCO ₂ e/US\$m invested	66	61	72
Scope 3 emissions	tCO ₂ e	352,710	443,720	444,050
Carbon Footprint (Scope 3 emissions)	tCO ₂ e/US\$m invested	322	345	285
Total GHG emissions (Scope 1, 2 & 3)	tCO ₂ e	425,240	522,080	556,380
Total carbon footprint (Scope 1, 2 & 3)	tCO ₂ e/US\$m invested	388	406	357
WACI (Scope 1, 2)	tCO ₂ e/US\$m revenue	138	86	116

Source: Impax analysis, as at 31 December 2025. 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 and 2024 are as reported in our 2025 report.

Commentary on data

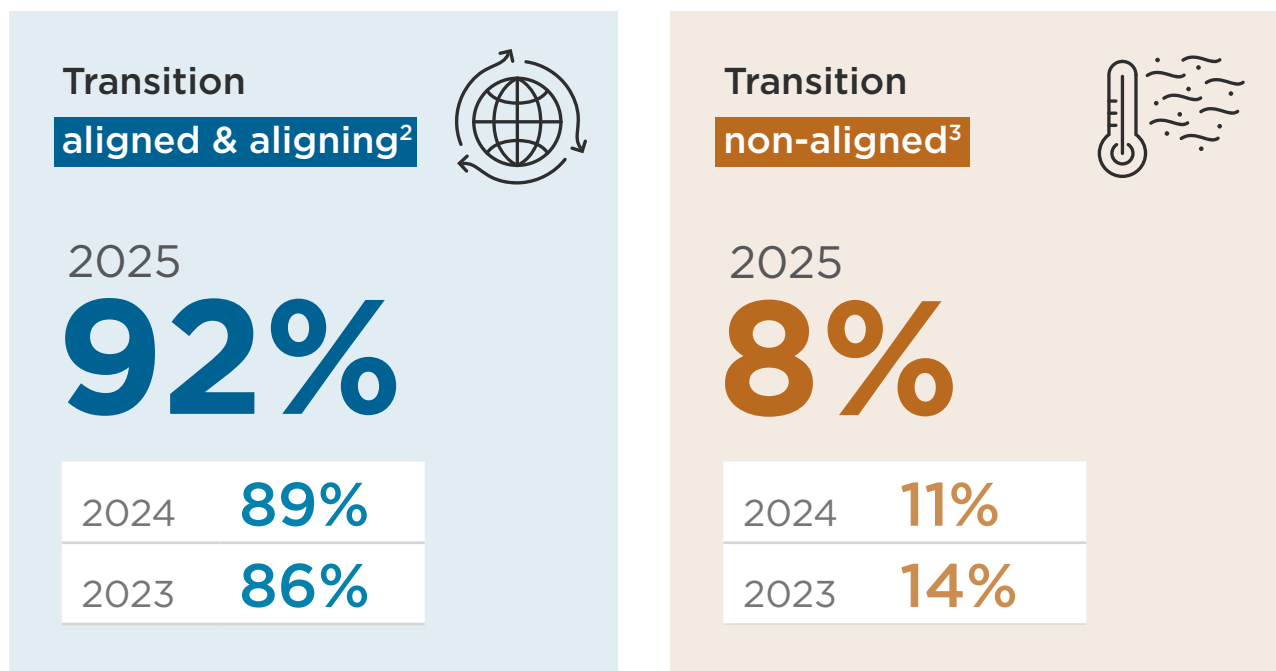
Overall emissions have declined year-on-year, primarily driven by reductions in Scope 3 emissions across the portfolio. This reflects improved data processes, operational efficiencies, and stronger company disclosures, signalling early progress towards emissions reduction targets and transition pathway.

Additional climate-related metrics

Net zero target (NZAM): Transition alignment

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’¹ and the avoided GHG emissions associated with those investments. Please see Section 2 and the Appendix of the Impax Group Sustainability Report 2026 for details.



Commentary on data

The 2025 assessment shows an improvement in the share of Committed AUM classified as ‘aligned & aligning’ to 92%, with 8% assessed as ‘non-aligned’. The improvement reflects portfolio composition changes with the fund generally exiting companies that were assessed as ‘non-aligned’ and generally investing in companies assessed as ‘aligning & aligned’.

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

Climate-related risk metrics⁴

Exposure to carbon risk

Context

The carbon risk exposure metric is produced using Impax's carbon risk model, which applies carbon prices from the seven NGFS scenarios (see Appendix of the Impax Sustainability Report), reflecting carbon taxes and emissions permit prices.

The table below 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.

Exposure to carbon risk

Carbon risk contribution by GICS sector			
GICS sector	Portfolio weight (%)	2030	2050
Information Technology	26.0		
Real Estate	0.0		
Health Care	1.7		
Industrials	47.4		
Consumer Staples	0.0		
Materials	10.1		
Communication Services	0.0		
Financials	0.0		
Utilities	9.1		
Consumer Discretionary	5.7		
Energy	0.0		

Source: Impax analysis, portfolio holdings as at 31 December 2025. The darker the shading, the greater the risk that carbon pricing poses to the GICS sector.

Commentary on data

Under the NGFS Net Zero 2050 scenario, we estimate that 6.6% of IEM's holdings face heightened carbon risk by 2030, rising to 17.6% by 2050.

The key source of carbon risk over both the short (2030) and long term (2050) for IEM is attributable to their significant allocation to the Materials, Industrials and Utilities sectors, which have a relatively high carbon intensity. Many of these companies' products enable reductions in system-wide GHG emissions but their own processes are, in some cases, carbon-intensive.

Please refer to Section 2 and the Appendix of the Impax Sustainability Report 2026 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.

⁴ We are intentionally not presenting a Value at Risk (VaR) analysis in this report. While VaR is an important tool in risk management across financial services (and especially for 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 that an aggregation to VaR at the product level provides only a limited amount of decision-useful information to our investment and risk management teams.

Exposure to physical climate risks

Context

Analysis of physical climate risk exposure for IEM comprises three elements:

- Assessment of Absolute Annual Expected Loss (AAE) from three acute hazards – extreme heat, extreme precipitation and drought – across three CMIP6 IPCC climate scenarios (SSP1 1.9, SSP2 4.5 and SSP3 7.0).
- Forecast exposure to acute cyclone and flood (river and coastal) risks in 2030, expressed as the proportion of assets at high risk.
- A proprietary Impax Vulnerability Score capturing companies' physical climate risk practices, sub-industry materiality and country level readiness and vulnerability. 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.

Data

Scenario analysis on Average Annual Exposure to acute risks over 2020-2039

Extreme heat – Average Annual Exposure		
SSP1-1.9	SSP2-4.5	SSP3-7.0
6.4	6.9	11.4
50th percentile	50th percentile	90th percentile

Extreme precipitation – Average Annual Exposure (50mn)		
SSP1-1.9	SSP2-4.5	SSP3-7.0
0.4	0.4	1.0
50th percentile	50th percentile	90th percentile

Extreme precipitation – Average Annual		
SSP1-1.9	SSP2-4.5	SSP3-7.0
6.6	6.6	9.7
50th percentile	50th percentile	90th percentile

Average drought length expressed as Average Annual Exposure		
SSP1-1.9	SSP2-4.5	SSP3-7.0
31.4	31.6	36.4
50th percentile	50th percentile	90th percentile

Source: Impax analysis, incorporating open-source data, portfolio holdings as at 31 December 2025

Acute Risk - % Exposed to High Risk

Acute risk - % exposed to high risk			
Cyclone	River flood risk	Coastal flood risk	Flood
28.2%	5.6%	1.6%	7.2%

Impax Vulnerability Score

Company practices	Sub-industry materiality	Country vulnerability	Impax Vulnerability Score	Label
2.6	3.0	2.5	2.7	Moderate

Source: Impax analysis, incorporating open-source data, portfolio holdings as at 31 December 2025.

Commentary on data

The PCR analysis shows little change in our overall assessment compared to last year (see the [2025 TCFD report on IEM](#)). One exception related to 'Company Practices' – our assessment of PCR management within the CRA process – which saw a year-on-year improvement for IEM. This was driven by a combination of higher-risk company's being sold, improving processes (most notably at Schneider Electric, Hubbell, Delta Electronics and Marvell) and the risk assessments for companies added to the portfolio during the year (of the 20 new stocks added, 17 were rated at 3 out of 5 or lower).

Please refer to Section 2 and the Appendix of the Impax Sustainability Report 2026 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.



Investments in climate solutions

As at 31 December 2025,

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

72%

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

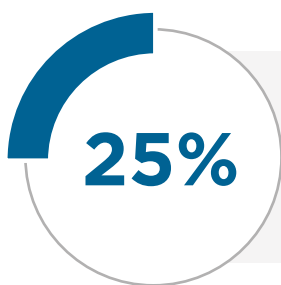
Impax has developed a suite of proprietary taxonomies to systematically identify and classify companies that contribute to a more sustainable economy. One of these taxonomies, Impax's Climate Taxonomy, was created in 2021 and contains companies identified as typically generating 50% or more of their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

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.

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 2025

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 2 of the Impax Sustainability Report 2026 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 Group-level TCFD-aligned disclosures across Governance, Strategy and Risk management.

For further information in this regard, please refer to the [Impax Sustainability Report 2026](#).



**Impax Environmental
Markets Plc Taskforce on
Climate-Related Financial
Disclosures (TCFD) Report**

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31 December 2025

IMPAX ASSET MANAGEMENT

 Impax Asset Management

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