



IMPAX Asset
Management

Annual Report & Accounts

For the year ended 30 September 2022

**Specialists in
the transition to
a more sustainable
economy**



Since 1998 Impax has pioneered investment in the transition to a more sustainable global economy.

Naming of companies in this document

For simplicity we use the following short forms in the place of the legal company entity names in this document. Impax Asset Management Group plc is referred to throughout as “Impax” or the “Company”.

In January 2018, Pax World Management LLC was acquired by Impax and has been re-named Impax Asset Management LLC. This company is based in Portsmouth, New Hampshire and we refer to it as “Impax NH”.

Impax NH is the manager of Pax World Funds. “Impax North America” refers to the combined businesses of all our US offices.

Impax Asset Management Ltd and Impax Asset Management (AIFM) Ltd manage or advise Listed Equities funds and accounts, and the Private Markets division. The majority of this business is based in London so we refer to it as “Impax LN”.

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Our Mission

“Investing in the transition to a more sustainable economy.”

Our Values

-  **Be the solution**
-  **A passion for excellence**
-  **All voices valued**
-  **Doing better together**
-  **Building a common future**



 Read more about Our Values on page 7.



Financial Highlights

£35.7bn

AUM¹

2021: £37.2bn

£175.4m

Revenue

2021: £143.1m

£67.4m

Adjusted operating profit²

2021: £55.8m

£72.6m

Profit before tax

2021: £45.7m

Business Highlights

£2.9bn

of net inflows, well-diversified by sales channel and by geography

79%

of AUM from clients outside the UK, reflecting global diversification

£138.2m

Shareholders' equity

2021: £110.5m

£107.0m

Cash reserves³

2021: £70.1m

42.1p

Adjusted diluted earnings per share²

2021: 34.4p

27.6p

Dividend per share⁴

2021: 20.6p

8/10

largest strategies outperformed benchmarks over three years. 7/9 with five-year track records also outperformed⁵

89%

Overall employee engagement score, according to annual employee survey

¹ Assets under management and advice as at 30 September 2022. Assets under advice c. 3% of total AUM.

² Adjusted operating profit and adjusted diluted earnings per share are Alternative Performance Measures. See page 196 for further information and note 4 of the financial statements for a reconciliation to the IFRS reported results. Prior year adjusted diluted earnings per share has been restated to remove the impact of foreign exchange losses of £0.9m. Diluted earnings per share calculated in accordance with IFRS is 44.7 pence.

³ Represents cash and cash equivalents, plus cash invested in money market funds and deposit accounts, less cash held in research payment accounts, see page 196 for further information and note 21 of the financial statements for a reconciliation.

⁴ 4.7p per share interim dividend and proposed final dividend of 22.9p per share.

⁵ Largest strategies by AUM. Gross of fees. For information on benchmarks see pages 22 to 31.



Why Impax?

Authenticity and heritage

We are one of the largest and longest-established investors dedicated to investing in the transition to a more sustainable economy. We manage assets for some of the world's largest asset owners.

24+

years of specialist investment experience

Partnership with our clients

We are committed to outstanding levels of client service with comprehensive and transparent reporting. We also continue to evolve our thought leadership work, stewardship and engagement, and our ground-breaking impact reporting.

£35.7bn

of assets under management

Global distribution

We have successful long-term relationships with distribution partners in North America, Europe and Asia-Pacific. We are growing our specialist teams in the UK and the US servicing institutional and intermediary clients.

c.80

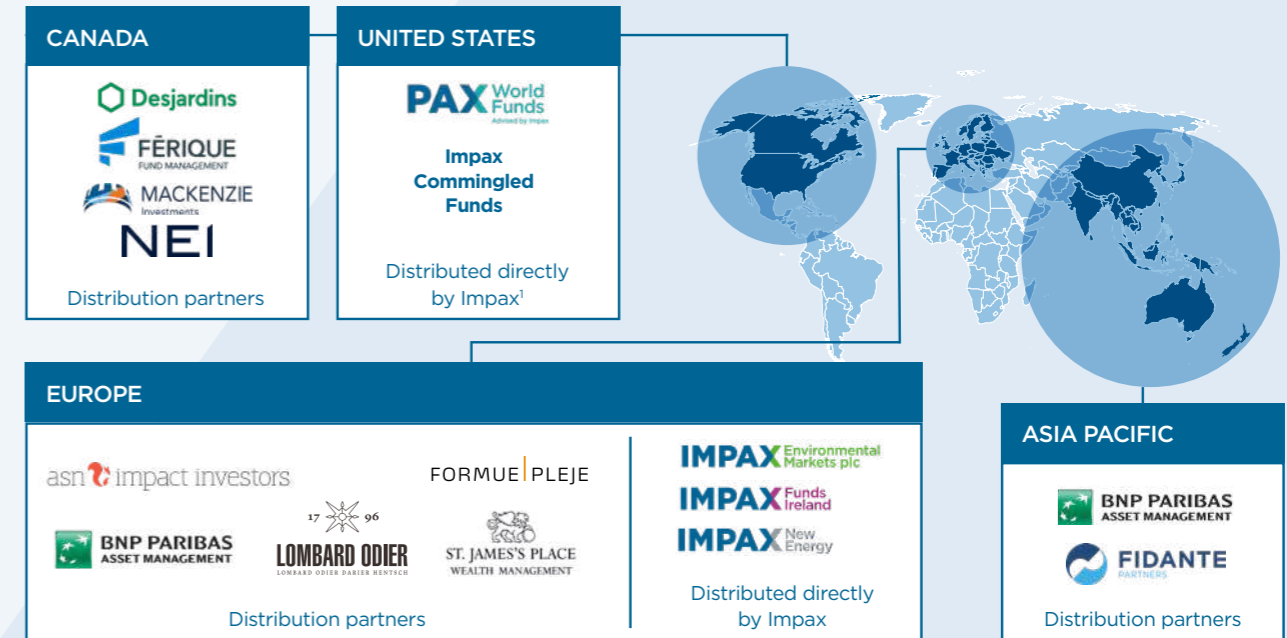
investment team members (UK, EU, US, HK)

Contributing to the development of a sustainable society

In line with our mission, sustainability is important to us. We aspire to run our business in line with best practices of governance, we focus on diversity and inclusion, and measure our own environmental footprint annually. We value our commitment to community partners who we support both financially and through direct participation.

270+

employees in offices globally



Our strategic priorities



1 After 31 December 2022 the Pax World Funds become Impax Funds.



Our Philosophy

Founded in 1998 by Ian Simm, Impax Asset Management has pioneered investment in the transition to a more sustainable global economy and today is one of the largest investment managers dedicated to this area.

We believe

that capital markets will be shaped profoundly by global sustainability challenges, particularly climate change, environmental pollution, natural resource constraints, demographic and human capital issues such as diversity, inclusion and gender equity.

These trends will drive growth for well-positioned companies and create risks for those unable or unwilling to adapt.

Fundamental analysis which incorporates long-term risks, including environmental, social and governance (“ESG”) factors, enhances investment decisions.

We invest

in companies and assets that we believe are well positioned to benefit from the shift to a more sustainable global economy. We seek higher quality companies with strong business models and governance that demonstrate sound management of risk.

We offer

a suite of investment solutions spanning multiple asset classes, aiming to deliver superior risk-adjusted returns over the medium to long term.

We provide high-quality investment solutions for institutional and individual investors

Mission and Values

“Investing in the transition to a more sustainable economy.”

Mission Statement

To generate superior, risk-adjusted investment returns from opportunities arising from the transition to a more sustainable economy for clients with a medium to long-term horizon.

To make a contribution to the development of a sustainable society, particularly by supporting or undertaking relevant research and engaging or collaborating with others.

To provide a stimulating, collaborative and supportive workplace for our staff.

Our Values

BE THE SOLUTION

Our core focus and motivation is to offer solutions. It defines the investment approach we offer our clients, the contribution we make to the broader global community and the attitude we bring to work each day.

A PASSION FOR EXCELLENCE

We are passionate about our mission and our work. We strive for excellence in everything we do. We hold ourselves to high standards and trust each other to share these aspirations and contribute to the results.

ALL VOICES VALUED

We make better decisions if we are diverse and inclusive. All voices are welcomed and all voices are heard. We aspire to a dynamic culture that embraces change and inspires the evolution of new ideas.

DOING BETTER TOGETHER

We believe we can do far more, far better, working together as a team. True collaboration means treating others as we want to be treated. We value and respect our colleagues, clients and partners, their families and the wider community. We are all interconnected and cannot hope to succeed alone.

BUILDING A COMMON FUTURE

We have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations.



Strategic Report

“Asset owners continue to be attracted to Impax’s specialist focus on the transition to a more sustainable economy.”

Ian Simm
Chief Executive

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Chief Executive's Report

“Our performance demonstrates the benefit of our diversified strategy.”

BUSINESS UPDATE

Impax has delivered commendable results during a year that started strongly but rapidly developed considerable external headwinds. Despite weak market sentiment, fuelled by rising inflation and geopolitical instability, we continued to attract new business, with total net inflows of £2.9 billion over the 12 months ending 30 September 2022 (the “Period”) and positive flows in both halves.



Ian Simm
Chief Executive

Despite attracting additional clients and subscriptions, the Company's assets under discretionary and advisory management (“AUM”) fell over the Period by 4.1% from £37.2 billion to £35.7 billion, driven principally by falling markets and negative, absolute, investment performance. As of 31 October 2022 the Company's AUM had recovered to £37.4 billion.

For more than two decades we have built a robust and well-diversified global client base of institutional and intermediary investors and served both through our own channels and via trusted distribution partners. The Company's performance during the Period demonstrates the benefit of this diversified strategy as asset owners continued to show their shared conviction in the medium to long-term opportunities presented by the transition to a more sustainable economy.

CHALLENGING EXTERNAL ENVIRONMENT

Having reached all-time highs at the end of December 2021, global equity markets fell, initially as a result of rising concerns over inflation, interest rates and monetary tightening. In late February, weak sentiment was exacerbated by Russia's invasion of Ukraine, which impacted investor confidence for more than seven months of the financial year.

The war has intensified a looming global energy crisis caused by structural under-investment and supply disruption. Policymakers sought to reduce quickly Europe's dependency on Russian gas, bolstering the secular case for renewables. Investors shifted towards value-orientated stocks such as energy and commodities, causing the share prices of companies active in clean energy and energy efficiency markets to suffer on both an absolute and a relative basis: for example, the FTSE Environmental Opportunities All-Share Index dropped 28.1%, in US\$ terms, between 1 January and 30 September 2022, compared to the MSCI ACWI Index, which fell by 25.6%.



The Inflation Reduction Act was the most significant piece of climate-related federal legislation in US history

£2.9bn
Total net inflows

79%
of our AUM is from clients from outside the UK



Chief Executive's Report continued

Meanwhile, evidence of the impact of climate change on weather systems continued to build. During summer in the northern hemisphere, temperature records were broken and the global food crisis was exacerbated by droughts affecting river basins from the Yangtse to the Colorado. Meanwhile, the catastrophic storms and flooding in Pakistan and the devastation caused by Hurricane Ian in the US have further strengthened the case for investing in environmental solutions, especially around climate adaptation.

Amid nature's warning signs, it was encouraging to see the successful adoption into United States law of President Biden's Inflation Reduction Act. This was almost certainly the most significant piece of climate-related federal legislation in US history, allocating more than US\$370 billion in incentives and programmes to accelerate action on climate and energy over the next decade.

Movements in the Company's AUM for the full year ended 30 September 2022

AUM movement FY to 30 September 2022	Listed equities £m	Fixed income £m	Private markets £m	Total firm £m
Total AUM at 30 September 2021	35,637	1,257	318	37,211
Net flows	2,634	62	191	2,887
Market movement, FX and performance	(4,470)	35	12	(4,423)
Total AUM at 30 September 2022	33,801	1,354	521	35,676

Its progress on limiting methane emissions can be seen as one of the major successes to have emerged from the COP26 Climate Conference in Glasgow. At the COP27 summit in November 2022, more than 150 countries signed up to the Global Methane Pledge and agreed to contribute to reducing global methane emissions by at least 30% from 2020 levels by 2030.

INVESTMENT PERFORMANCE

Given the challenging external environment, many of our investment strategies, managed by our teams in the UK, US and Hong Kong, lagged their benchmarks over the Period.

Our Environmental Markets strategies in particular – which use a “quality growth at a reasonable price” investment style – were negatively impacted, as market sentiment switched to favour value-oriented stocks. This led in particular to stronger, relative performance of the fossil fuel energy sector, to which Impax strategies typically have no exposure.

Longer term, eight out of the largest ten strategies, accounting for a combined 89% of AUM, have outperformed their benchmarks over three years. Of the nine that have five-year track records, seven have outperformed their benchmarks.

A detailed insight into our investment performance is included on pages 22 to 31.

After the Period end, we launched a UCITS fund based on a new Sustainable Infrastructure (active) strategy, which seeks to generate long-term capital growth with income by investing in listed equities, while seeking to avoid the sustainability risks which dominate the traditional infrastructure universe, for example future carbon taxes on transportation fuels.

Our team investing in privately-held companies operating in the renewable generation sector made eight new investments through our fourth fund, ranging from a solar and energy efficiency investment in Italy to forming a joint venture partnership with a decentralised generation specialist to deploy rooftop solar, battery storage and smart meters at scale in Germany. Meanwhile, the team successfully completed its second exit from the portfolio of our third fund.

CLIENT SERVICE AND BUSINESS DEVELOPMENT

We continue to expand the breadth of our client base, which is already well diversified by channel and geography, with 79% of our AUM coming from clients outside the UK. We are particularly focused on strengthening our direct distribution capabilities and have appointed new Heads of Distribution in North America (October 2021) and in Europe & Asia-Pacific (June 2022).

Inflows over the Period were directed particularly into our Sustainability Lens strategies. Global Opportunities accounted for 58.2% of net inflows, driven principally by our relationship with St James's Place in the UK and by new pension fund mandates in Australia. The US Large Cap strategy was responsible for 10.7% of net inflows, which included the launch of a fund on Lombard Odier's PrivilEdge platform targeted at European investors.

Of our thematic Environmental Markets strategies, Leaders and Climate received the greatest investor interest, and were responsible for 10.7% and 8.9% of net inflows respectively. This included two new Climate strategy mandates in the US and China during the first half of the Period.

From our intermediaries, consultants, and distribution partner channels, amongst others, we also saw positive flows via Principal Global Investors and a private bank in the US, Formuepleje in Denmark, and Fidante in Australia.

Our efforts to increase our direct distribution led to positive flows into our own-label fund ranges. Our Ireland-based UCITS fund range saw net inflows of £150 million, with AUM at £1.9 billion at the Period end, and our investment trust, Impax Environmental Markets plc, registered net inflows of £50 million.

The AUM of US-based Pax World Funds grew by 4% to £6.4 billion, including net inflows of £669 million.

After the Period end, we announced that the Pax World mutual fund range would be renamed under the Impax brand, becoming the Impax Funds, effective 31 December 2022. By renaming the mutual funds while keeping the underlying portfolios and investment processes unchanged, we are emphasising Impax's unified investment approach, offering a consistent brand globally and avoiding confusion in the marketplace.

BEYOND FINANCIAL RETURNS

During the Period, we extended our 'Beyond Financial Returns' programme, an approach to enhancing our investment outcomes and client reporting with activity focused in four areas.

First, our corporate engagement and stewardship activity aims to improve our understanding and management of investment risk.

In 2021 we took part in 204 engagements, while in 2022 we were proud to become a signatory to the UK Stewardship Code, a step that requires the demonstration of robust processes in this area.

Second, we disclose through our annual impact report the quantified environmental and social benefits linked to our clients' investments in our portfolio companies. This year we have evolved our reporting to include inter alia a fixed income strategy, and added metrics on social impact.

Third, we strive to influence policy outcomes that support solutions to environmental and social challenges. We prioritised four areas during the Period: financing the transition to net-zero emissions; greening the financial system; biodiversity; and human capital, including equity, diversity and inclusion as well as the response to COVID-19. We collaborate closely with a broad network, including the scientific community, industry bodies, and not-for-profit organisations.

Finally, we continue to publish research that provides insights to our clients and partners. Our work this year included a report on the investment case for sustainable infrastructure and articles on the implications of US policy developments, including the Inflation Reduction Act.



Chief Executive's Report continued

CLIMATE AND THE COMMUNITY

We are pleased this year to include our first report that describes how we manage climate risks and opportunities, using the Taskforce for Climate-related Financial Disclosures ("TCFD") framework. Impax has been supportive of the TCFD reporting recommendations since it was established.

We have also expanded our community activity during 2022. In addition to building our relationships with existing charitable partners, Ashden, ClientEarth, Ceres and Diversity Project, we are now supporting Toigo, an organisation in the US focused on equity, diversity & inclusion. Separately, our colleagues voted that our new "Community Cause of the Year", coordinated by our Volunteering Group, should focus on food scarcity. We plan to grow our community support further next year.

IMPAX'S CHIEF FINANCIAL OFFICER

Charlie Ridge, who has been Impax's Chief Financial Officer since 2008, recently signalled his wish to retire and will step down from this role in January 2023. On behalf of my colleagues, I would like to extend my sincere thanks to Charlie for his outstanding leadership of our Finance team and, until 2021, our Corporate Services teams, and for his excellent contribution to communicating with our shareholders over the past 14 years.

I'm very pleased to report that, upon Charlie's retirement, Karen Cockburn will become Impax's Chief Financial Officer in January 2023. Karen, who joined Impax as CFO Designate last month, is a highly experienced professional, whose career includes spells in banking, insurance, wealth management and digital platforms. She will lead the Finance function, including Investor Relations, have oversight of Governance arrangements and the Legal function, and will be a member of Impax's Executive Committee.

ATTRACTING AND DEVELOPING OUR TALENT

Karen is just one of the many outstanding colleagues that we have welcomed recently. Over the Period we grew our headcount by 26%,¹ opened a new office in Manhattan and welcomed 21 summer interns to Impax as part of our first global internship scheme.

We now conduct our global employee engagement survey annually. This year, the overall engagement score, which reflects staff satisfaction and commitment, was in the top decile of our peer group. Our colleagues continue to tell us that they feel closely aligned to Impax's purpose and values, in particular our focus on sustainable development. Our staff turnover remains low relative to peers.

The People team continues to build the systems, processes and resources that we require as we scale and grow.

This has included providing additional training and development opportunities for our colleagues and reviewing our employee benefits to make sure they are in line with market practice. Following a review where we worked with independent external advisers, we are rolling out an updated remuneration framework, including encouraging clearer objective setting and providing more clarity on the link between performance and pay outcomes.

SYSTEMS AND INFRASTRUCTURE

We are paying particular attention to ensuring that our Corporate Services functions are appropriately scaled to support the expansion of our investment and distribution capabilities. In the context of our current business plan, we have developed further our IT platform, and are expanding and globalising our compliance team and risk function.

AWARDS AND INDUSTRY RECOGNITION

Impax continues to be recognised for our leadership within the investment management industry. After the Period, we were named as "ESG Manager of the Year" by Financial News. Highlights during the Period included Pensions Age's "Active Manager of the Year" and "Listed Equities Manager of the Year" at Environmental Finance's Sustainable Investment Awards.

KEITH FALCONER AND DAVID LI

In May this year, we received the very sad news that Keith Falconer had died unexpectedly at the age of 67. Keith played an integral role in Impax's growth during his time as Chairman from 2004 until 2020. In particular, his long experience of distribution helped us to raise our level of ambition as we sought to extend our reach outside Europe. But above all, Keith was a kind, warm and generous person: the Impax leadership team benefitted greatly from his encouragement and sage advice.

In October 2022, we were also devastated to hear that our friend and colleague, David Li had died suddenly at the age of just 51. David joined Impax in 2007 as our first colleague in the Asia-Pacific region and co-managed our Asian Environmental and Asian Opportunities strategies, together with Oscar Yang. David was a valued leader and mentor of the Asia-Pacific team, a talented portfolio manager and a generous and warm person with a gentle humour.

OUTLOOK

Looking ahead to 2023, we face the prospect of a sharp drop in consumer confidence associated with spiralling energy and food prices and higher costs of borrowing. The growing cost-of-living crisis will create severe social challenges requiring a significant response from policymakers.

Inflationary pressures are expected to continue to create challenges for companies unable to reflect rising costs in price increases. For this reason, our investment teams remain focused on companies with strong market positions and pricing power that should be more resilient during this period.

For companies exposed to the transition to a more sustainable economy, the current environment is also providing positive tailwinds. Over the longer term, we expect the rise in input prices to drive an increased focus on energy- and resource-efficiency, and to accelerate the shift to diversify energy supplies and decarbonise economies. At a policy level, energy security concerns are likely to remain high, further prioritising the shift away from fossil fuels, while pressure on investors to demonstrate climate resilience and protect ecosystems are also likely to grow in prominence. Although market volatility is likely to remain elevated, robust companies with correctly designed business strategies should continue to benefit.

Regulation should also provide a tailwind. Regulators are increasingly examining the appropriate use of "ESG" and sustainability-related terms in the promotion of investment products. We believe these proposals and rules will broadly be helpful in reducing "greenwashing" and those investment managers that have robust practices in this area should benefit from additional demand from asset owners.

2023 will also mark Impax's 25-year anniversary. Since our inception, it has become even clearer that global sustainability challenges, combined with disruptive forces in technology, policy, and consumer preferences, are creating transformations on the scale of the Industrial Revolution across all sectors of the global economy. This is creating mispricing of capital and growth opportunities for well-positioned companies and increased risks for companies that do not adapt.

Asset owners continue to be attracted to Impax's specialist focus on the transition to a more sustainable economy. We remain confident in our ability to respond to this increased client demand. While continuing to expand our current strategies and develop new products, we have the capacity to significantly grow our assets under management using our existing investment platform.

With a quarter century of experience, our authenticity and heritage, our institutionally focused client-base, and our commitment to delivering value for clients beyond financial returns, make us well positioned to continue to provide long-term benefits for all our stakeholders.

Ian Simm
Chief Executive

29 November 2022

¹ Full-time equivalent.



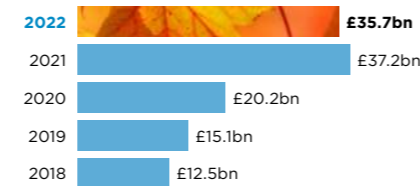
Key Performance Indicators

AUM¹

AUM represents our total assets under management and advice. The movement between opening and closing AUM provides an indication of the overall success of the business during the year in terms of both net subscriptions and investment performance. It also provides a good lead indicator of revenue and profitability.

£35.7bn

2022: AUM was down by 4.1% to £35.7 billion.

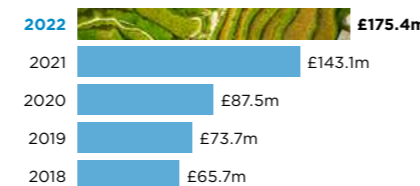


Revenue

Revenue represents the fees we have earned for services provided in the year.

£175.4m

2022: Revenue grew by 22.6% to £175.4m.

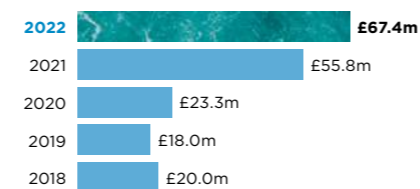


Adjusted operating profit²

Adjusted operating profit reflects the performance of our core business. It takes into account our operating efficiency, investments made to grow our business and how we reward and retain our staff.

£67.4m

2022: Adjusted operating profits grew by 20.8% to £67.4m.



¹ Assets under management and advice as at 30 September 2022. Assets under advice c. 3%.

² This is an Alternative Performance Measure – see page 196 for definition and calculation.

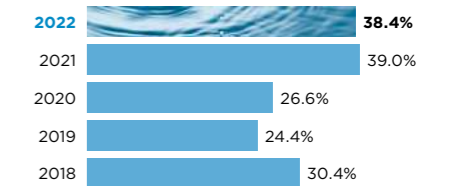
We use a number of key performance indicators (“KPIs”) to measure our financial performance. This year we delivered strong growth for the majority of our KPIs.

Adjusted operating margin²

Adjusted operating margin is a profitability ratio that shows how much profit we make in relation to our total revenue.

38.4%

2022: Adjusted operating margin was down marginally to 38.4%.

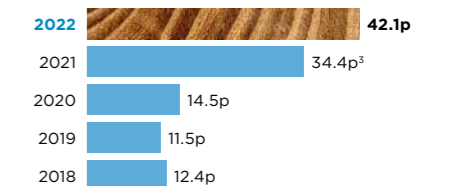


Adjusted diluted earnings per share²

Adjusted diluted earnings per share (“EPS”) reflects the overall financial performance of the Company for the year and takes into account the dilutive effect of our share option and restricted share awards.

42.1p

2022: Adjusted diluted EPS grew to 42.1 pence in line with the increased adjusted profits.

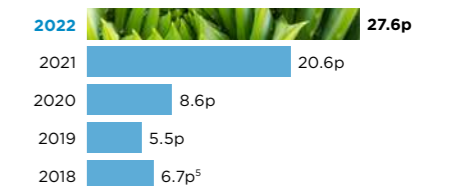


Dividend

The Company’s dividend policy is to pay between 55% and 80% of adjusted profit after tax. The Board is recommending a final dividend of 22.9 pence per share bringing total dividend per share to 27.6 pence.⁴ This represents growth of 34.0% and is the 14th consecutive year that we have grown the dividend.

27.6p

2022: Growth of 34% and the 14th consecutive year that we have raised the dividend.



³ This year the impact of foreign exchange gains and losses on intercompany loans and other unrealised foreign exchange gains and losses that are not linked to the performance of the Group have also been removed. Prior year adjusted diluted earnings per share has been restated to remove the impact of the equivalent foreign exchange losses of £0.9m.

⁴ Proposed. ⁵ Includes special dividend of 2.6p.



Financial Review

“I am pleased to report another year of strong financial results.”

I am pleased to report another year of strong results despite challenging market conditions, including growth in adjusted operating profit of 20.8%.

As in previous periods, in order to facilitate comparison of performance with previous time periods and to provide an appropriate comparison with our peers, the Board encourages shareholders to focus on financial measures after adjustment for accounting charges or credits arising from the acquisition accounting from Impax NH, adjustments arising from the accounting treatment of National Insurance costs on share based payment awards and significant tax credits related to prior periods.

This year we have also made an adjustment to remove certain foreign exchange gains and losses. The same adjustment has been made to the prior year's reported numbers. Further information on the adjustments made and on the other alternative performance measures reported is provided on page 196. A reconciliation of the International Financial Reporting Standards (“IFRS”) and adjusted numbers is provided in Note 4 of the Financial report.

This also marks my final Report and Accounts as CFO. My time at Impax has been fulfilling and exciting and I hand over the role to a superb successor in Karen Cockburn.

Charlie Ridge
Chief Financial Officer



FINANCIAL HIGHLIGHTS FOR FINANCIAL YEAR 2022 VERSUS FINANCIAL YEAR 2021

	2022	2021
AUM ¹	£35.7bn	£37.2bn
Revenue	£175.4m	£143.1m
Adjusted operating profit ²	£67.4m	£55.8m
Adjusted profit before tax ²	£68.4m	£54.9m ⁴
Adjusted diluted earnings per share ²	42.1p	34.4p ⁴
Cash reserves ²	£107.0m	£70.1m
Seed investments	£7.3m	£7.5m
Dividend per share ³	4.7p interim + 22.9p final	3.6p interim + 17.0p final
	2022	2021
IFRS operating profit	£65.2m	£47.4m
IFRS profit before tax	£72.6m	£45.7m
IFRS diluted earnings per share	44.7p	30.3p

¹ Assets under management and advice as at 30 September 2022.

² This is an Alternative Performance Measure – see page 196 for definition and calculation.

³ Proposed.

⁴ Restated to remove the impact of foreign exchange losses of £0.9m.

REVENUE

Revenue for the Period grew by £32.3 million to £175.4 million (2021: £143.1 million). Growth was driven by the positive net inflows across the business seen in the current and prior year, offset in part by market falls during the Period.

The weighted average run rate revenue margin remained consistent with 2021 at 46 basis points. Our run-rate revenue¹, which is based on the Period end AUM, fell to £166.2 million (2021: £173.8 million).

OPERATING COSTS

Adjusted operating costs increased to £108.0 million (2021: £87.3 million), mainly reflecting a full year of costs from hires made in 2021 as well as further hires made during the Period to support the Group's current and projected growth. We expect costs to increase further in the next financial year as a result of inflation and further investment in the Group's infrastructure and people.

IFRS operating costs include additional charges and credits, principally the amortisation of intangible assets arising on the Impax NH acquisition and National Insurance charges and credits on share options and restricted shares.

Employer's National Insurance is payable based on the share price when an option is exercised or restricted shares vest and accordingly a credit has been recognised as our share price has fallen over the year. This credit is offset by the reversal of a tax credit which is recorded in equity.

PROFITS

Adjusted operating profit increased to £67.4 million (2021: £55.8 million), driven by the revenue growth described above. Run-rate adjusted operating profits at the end of the Period was £54.3 million (2021: £67.5 million). IFRS operating profit in 2022 increased to £65.2 million (2021: £47.4 million).

¹ This is an Alternative Performance Measure – see page 196 for definition and calculation.



Financial Review continued

Including adjusted net finance income of £0.9 million (2021: adjusted net finance losses of £0.9 million) gives adjusted profit before tax of £68.4 million (2021: £54.9 million (restated)). IFRS profit before tax of £72.6 million (2021: £45.7m) includes foreign exchange gains of £6.4 million (2021: foreign exchange losses of £0.9 million) on the retranslation of intercompany loans and other unrealised foreign exchange gains and losses that are not linked to the performance of the Group.

TAX

Tax rates were higher than the prior period as we benefited in the prior year from a £2.8 million credit in relation to taxation of prior years' private equity income.

EARNINGS PER SHARE

Adjusted diluted earnings per share grew to 42.1 pence (2021: 34.4 pence (restated)) as a result of the growth in profits. IFRS diluted earnings per share increased to 44.7 pence (2021: 30.3 pence).

FINANCIAL MANAGEMENT

At the Period end the Company held £107.0 million of cash resources, an increase of £36.9 million on 2021. The Company had no debt (2021: no debt).

The Company continues to make seed investments and to invest in our private equity funds. These investments were valued at £7.3 million at the Period end.

SHARE MANAGEMENT

The Board will consider purchasing the Company's shares from time to time after due consideration of alternative uses of the Company's cash resources. Share purchases are usually made by the Group's Employee Benefit Trust ("EBT") (subject to the trustees' discretion), using funding provided by the Company.

During the Period, the EBT purchased 1.1 million ordinary shares. The EBT holds shares for Restricted Share awards until they vest or to satisfy share option exercises.

At the Period end the EBTs held a total of 3.3 million shares, 2.5 million of which were held for Restricted Share awards leaving up to 0.8 million available for option exercises and future share awards. There were 2.7 million options outstanding at the Period end, of which 0.7 million were exercisable. No new shares were issued during the Period.

DIVIDENDS

The Company paid an interim dividend of 4.7 pence per share in July 2022. Our dividend policy is to pay, in normal circumstances, an annual dividend within a range of 55% and 80% of adjusted profit after tax. Impax has reported strong growth in revenue and profits and is in good financial health. The Board has therefore decided to recommend a final dividend of 22.9 pence. This would be an increase in the total dividend for the year of 7.0 pence or 34%. The total dividend for the year represents 65% of our adjusted profit after tax which is in the middle of our stated range.

This dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 16 March 2023. If approved, the dividend will be paid on or around 21 March 2023. The record date for the payment of the proposed dividend will be 10 February 2023 and the ex-dividend date will be 9 February 2023.

The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 28 February 2023. For further information and to register and elect for this facility, please visit www.signalshares.com and search for information related to the Company.

GOING CONCERN

The Financial Reporting Council requires all companies to perform a rigorous assessment of all the factors affecting the business when deciding to adopt a "going concern" basis for the preparation of the accounts.

The Board has made an assessment covering a period of at least 12 months from the date of approval of this report which indicates that, taking account of a reasonably possible downside in relation to asset inflows, market performance and costs, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Group has high cash balances and no debt and, at the Period end market levels, is profitable. A significant part of the Group's cost base is variable as bonuses are linked to profitability.

The Group can also preserve cash through dividend reduction and through issuance of shares to cover share option exercises/restricted share awards (rather than purchasing shares). The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Charles D Ridge
Chief Financial Officer

29 November 2022

“The total dividend for the year has increased by 34% reflecting our strong results and strengthening balance sheet.”

€175.4m
Revenue

€107.0m
Cash reserves



Our Investment Strategies and Performance

At Impax, every investment strategy is designed to intentionally allocate clients' capital towards a more sustainable economy. Each is underpinned by proprietary investment tools.

THE INVESTMENT TEAM

Listed equities

Impax's listed equities strategies are managed by a team of portfolio managers and research analysts, headed by Bruce Jenkyn-Jones, Chief Investment Officer, Listed Equities, who has been at Impax for over two decades. This team manages the Environmental Markets, Gender Lens and Sustainability Lens strategies, excluding the latter's fixed income strategies. Members of the team also manage Impax's Systematic Equities strategies.

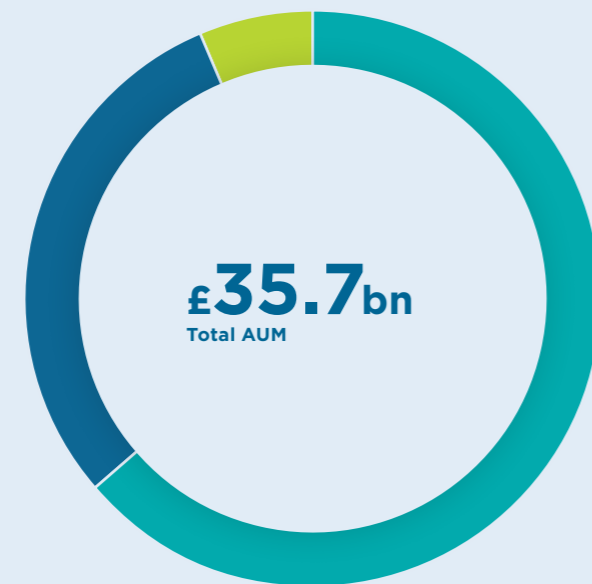
Fixed income

Impax's fixed income strategies, which use the Impax Sustainability Lens, are managed by a US-based team of portfolio managers and credit analysts. Like their counterparts in the Listed Equities team, they are supported by colleagues in the Impax Sustainability Research team.

Private markets

The private markets business is headed by Daniel von Preyss, who has been with Impax for over 10 years. The UK-based team includes professionals focused on asset management and transactions.

AUM by Investment Strategy (£ billion)¹



- Environmental Markets £22.8bn
- Sustainability Lens £10.7bn
- Systematic Equities / Other £2.2bn

¹ As at 30 September 2022. Assets under advice represent ~3% of total AUM. Total of asset classes may differ due to rounding. Multi-Asset strategies' AUM is included within the underlying strategy.

Environmental Markets strategies

We believe high growth investment opportunities will continue to derive from population dynamics, resource scarcity, inadequate infrastructure and environmental constraints.

Our thematic Environmental Markets strategies invest in companies that address several long-term macroeconomic themes including growing populations, rising consumption and the depletion of limited natural resources.

Our strong conviction is that these powerful drivers will create above-average growth for a large, rapidly expanding, diverse set of companies. Our rigorous investment process seeks to invest in higher quality companies that demonstrate sound management of risk within strong business models. We research a well-defined investment universe for each strategy, then construct portfolios that reflect a combination of strong conviction and high prospective upside. We map our views on valuations, policy, country-specific outlooks and regulation, given the general macroeconomic environment.

We also undertake an in-depth integrated review of risk using Environmental, Social and Governance ("ESG") criteria as part of our stock analysis.

As illustrated on page 25, our Environmental Markets strategies all underperformed their respective benchmarks during the Period. This was driven by the underperformance of 'growth' stocks whose valuations have been particularly affected by the concerns that have driven an overall decline in global stockmarkets: higher inflation and interest rates, slowing economic growth and the Russian invasion of Ukraine. Inflation has led central banks – led by the US Federal Reserve – to tighten monetary policy. Rising interest rates have reduced the perceived attractiveness of 'growth' stocks, as prospective future cash flows are valued at less today given the higher discount rate. The dramatic rotation out of 'quality' and 'growth' stocks and into more value-oriented sectors such as energy was a headwind for our strategies, as many of our holdings are businesses aligned with long-term secular growth trends.

Over the three and five-year periods ending 30 September 2022, most Environmental Markets strategies continued to outperform their benchmarks, however.

In the face of a challenging global equities market, we generated net inflows into most of our Environmental Markets strategies during the Period. Only the Water strategy faced a material net outflow (£0.3 billion), though this represented only 4% of the strategy's AUM at the start of the Period.

Among our Environmental Markets strategies, Leaders attracted the largest net inflows during the Period (£0.3 billion). Our Leaders strategy invests globally in companies developing innovative solutions to resource challenges in the key areas of new energy, water, waste and resource recovery, and sustainable food and agriculture. This strategy invests only in companies that generate at least 20% of their revenue from these environmental markets. In practice this exposure is much higher and hovers around 55%.

Our US Environmental Leaders and Asian Environmental strategies follow the principles and approach of our Leaders strategy but only invest in the US and the Asia-Pacific region, respectively. The former had very strong inflows during the Period, with net inflows equivalent to 19% of the strategy's AUM at the start of the Period.



Our Investment Strategies and Performance continued

Environmental Markets strategies continued

Our Specialists strategy invests in 'pure play', small and mid-cap companies that generate more than 50% of their underlying revenue from sales of environmental products or services, though actual exposure for this strategy is typically around 80%.

Our Climate strategy added two new mandates from clients in US and China. This strategy, which also includes a fund managed for BNP Paribas Asset Management ("BNPP AM"), invests in companies with demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences.

Impax has managed a dedicated Water strategy on behalf of BNPP AM since 2008. This fund invests in companies with operations related to the water value chain, including treatment, purification, infrastructure and municipal services.

A NEW STRATEGY: SUSTAINABLE INFRASTRUCTURE (ACTIVE)

We believe that investing in sustainable, inclusive and resilient infrastructure has never been more critical, creating a growing spectrum of long-term investment opportunities. As the backbone of the modern economy, our global infrastructure assets and services must be aligned with the transition to a more sustainable economy.

After the Period end, in October 2022, we announced the launch of the Impax Listed Infrastructure Fund based on our new Sustainable Infrastructure (active) strategy. The strategy seeks to generate long-term capital growth with income, whilst seeking to avoid the sustainability risks which dominate the traditional infrastructure universe. Its performance benchmark is the MSCI ACWI Index.

The Fund meets the classification of Article 9 under Sustainable Finance Disclosure Regulation (SFDR).

We also manage a Sustainable Food strategy, which includes funds for BNPP AM, that invests globally in companies that are making food production more sustainable. While it underperformed the MSCI ACWI Index during the Period, principally due to its structural underweight exposure to the Financials sector, this strategy has continued to attract net inflows. Looking ahead, we believe that the growing focus on a more sustainable, equitable food system will be a long-term tailwind for the strategy driven by rising populations, evolving consumer preferences, regulatory tightening and resource scarcity.

PERCENTAGE RETURNS FOR ONE, THREE AND FIVE YEARS FOR ENVIRONMENTAL MARKETS STRATEGIES VERSUS BENCHMARK¹ (GBP)

	Cumulative, GBP, gross of fees			
	AUM	1YR	3YR	5YR
Leaders ³	£7.2 billion	-11.3%	26.5%	49.5%
Water	£5.5 billion	-8.6%	33.7%	64.1%
Specialists	£3.5 billion	-13.5%	38.4%	62.6%
Climate	£2.7 billion	-14.0%	34.9%	n/a
Sustainable Food	£1.3 billion	-10.1%	12.7%	29.0%
MSCI ACWI Index²		-4.2%	23.3%	49.4%

	AUM	1YR	3YR	5YR
Asian Environmental	£1.4 billion	-16.1%	23.5%	34.9%
MSCI Asia Composite Index²		-12.5%	4.9%	15.4%
US Environmental Leaders	£276 million	-3.1%	39.3%	n/a
MSCI USA Index²		-0.5%	37.6%	n/a

These figures refer to the past. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you have invested.

- 1 All data is in GBP as at 30 September 2022. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees.
- 2 MSCI indices are total net return (net dividend re-invested). MSCI AC AP Composite is a custom-made benchmark made up of 80% MSCI AC Asia-Pacific ex-Japan and 20% MSCI Japan, rebalanced daily.
- 3 A hybrid account is not included in the Total AUM of this strategy and the AUM of this account is £886m. Impax Asset Management claims compliance with Global Investment Performance Standards (GIPS)[®]. GIPS[®] is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request.



Our Investment Strategies and Performance continued

Sustainability Lens strategies

The Impax Sustainability Lens translates our investment beliefs into a practical investment tool that helps our teams identify the winners and avoid the losers in the transition to a more sustainable economy.

We believe that the transition provides a compelling rationale to construct high-conviction, low-turnover equities portfolios that are well positioned to achieve long-term capital growth.

LISTED EQUITIES

We launched Global Opportunities in January 2015 as an all-cap global equities strategy. It has outperformed its benchmark (MSCI ACWI Index) by 31 percentage points over the five-year period ending 30 September 2022 and has consistently generated net inflows.

In 2018, St James's Place Wealth Management selected the strategy for its Sustainable and Responsible Equity Fund. The strategy underperformed during the Period, like many growth-oriented equities strategies, as central bank action to contain inflation resulted in weaker global stock markets.

Our Asian Opportunities strategy, launched in 2021, leverages the proven process behind our Global Opportunities strategy to invest regionally in Asia-Pacific companies. Both strategies are focused on companies possessing sustainable competitive advantages in order to achieve superior earnings growth and long-term capital growth.

Our US Large Cap and US Small Cap strategies also have a regional focus within the Sustainability Lens universe. While the US Large Cap portfolio (which has more exposure to growth stocks) underperformed the S&P 500 Index for the Period, the US Small Cap strategy outperformed its benchmark.

A DRIVER OF NET INFLOWS

Listed equities Sustainability Lens strategies accounted for the majority of net inflows during the Period.

Global Opportunities – now the largest Impax strategy by AUM (£7.5 billion) as at 30 September 2022 – generated new inflows of £1.7 billion during the Period.

Both the US Large Cap and US Small Cap strategies also generated double-digit percentage inflows relative to their AUM. US Large Cap received net inflows of £308 million, equivalent to 29.6% of the strategy's AUM as at the start of the Period.

£1.7bn net inflows into the **Global Opportunities strategy**

FIXED INCOME

Our fixed income strategies also use the Sustainability Lens to identify higher opportunity and lower risk sub-sectors in their investment universes. Our proprietary ESG research adds fundamental insight that enhance their risk management process.

A significant portion of the Core Bond strategy portfolio is allocated to impact bonds that promote positive environmental and social outcomes, including green bonds, community and international development notes, and other investments that support climate change mitigation, sustainable infrastructure, affordable housing, education and gender equality. We remain encouraged by investor interest in the Core Bond strategy, which received double-digit percentage net inflows over the year.

Over the Period, Core Bond was slightly ahead of its benchmark in a challenging year of rising interest rates. The High Yield strategy also delivered positive returns but underperformed its benchmark. Both strategies outperformed for the three-year and five-year periods ending 30 September 2022.

PERCENTAGE RETURNS FOR ONE, THREE AND FIVE YEARS FOR SUSTAINABILITY LENS STRATEGIES VERSUS BENCHMARK¹ (GBP)

	AUM	Cumulative, GBP, gross of fees		
		1YR	3YR	5YR
Global Opportunities MSCI ACWI²	£7.5 billion	-7.3%	30.8%	80.3%
		-4.2%	23.3%	49.4%
US Large Cap S&P 500³	£1.3 billion	-0.2%	51.1%	108.3%
		2.1%	39.7%	86.9%
US Small Cap Russell 2000⁴	£532 million	-6.0%	28.2%	46.9%
		-7.6%	25.2%	43.1%
High Yield Bond ICE BofA US Cash Pay High Yield Constrained (BB-B)⁵	£582 million	2.6%	8.2%	30.0%
		4.3%	7.9%	29.6%
Core Bond Bloomberg Barclays US Aggregate⁶	£661 million	4.1%	1.4%	20.6%
		3.2%	0.0%	18.6%

These figures refer to the past. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you have invested.

- All data in GBP as at 30 September 2022. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees.
- MSCI index is total net return (net dividend reinvested).
- S&P 500 Index is an unmanaged index of large capitalisation common stocks.
- The Russell 2000 Index is an unmanaged index and measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalisation of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
- The ICE BofAMerrill Lynch U.S. High Yield BB-B (Constrained 2%) index tracks the performance of BB- and B-rated fixed income securities publicly issued in the major domestic or Eurobond markets, with total index allocation to an individual issuer limited to 2%.
- Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities and asset-backed securities. Cumulative percentage returns. Impax Asset Management claims compliance with Global Investment Performance Standards (GIPS)[®]. GIPS[®] is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request.



Our Investment Strategies and Performance continued

Gender Lens strategies

We manage one of the leading gender-focused strategies in North America, investing in companies that invest in women.

A growing arsenal of research shows that companies with a greater proportion of women in leadership roles than their peers tend to have higher returns on capital, greater innovation, increased productivity and higher employee retention and satisfaction.

The Impax Global Women's Leadership Index, launched in 2014, was the first index of its kind globally, comprising the highest-rated companies in the world for advancing women on boards and in executive management. To construct the index, our dedicated Gender Analytics team rates companies on multiple criteria of gender leadership. The 400-plus companies that place in the top quartile on these factors are among the best in the world for promoting and advancing gender diversity.

The AUM of our Gender Lens strategies was £693 million at the end of the Period. The strategy has underperformed its benchmark, the MSCI World index, largely because some stocks that outperformed during the Period were laggards on gender diversity, and so not investable. This includes many energy and materials companies as well as some technology firms. However, our style bias toward companies that invest in women continues to make a positive contribution to the Global Women's Leadership strategy's performance over the longer term.

Systematic Equities strategies

Our US Sustainable Economy, International Sustainable Economy and Systematic Sustainable Infrastructure strategies are all informed by the Sustainability Lens.

The systematic process uses filters and analytical insights developed over our 20+ year history to optimise portfolio exposure to higher-opportunity sub-sectors and companies and minimise exposure to sub-sectors and companies that face higher risks in the transition to a more sustainable economy.

We are pleased in particular with client interest in the International Sustainable Economy strategy, which invests in non-US developed market companies we believe are positioned to benefit from this transition. During the Period, the strategy received net inflows of £177 million (equivalent to 29% of its AUM at the start of the Period).

Multi-Asset strategies

Our Multi-Asset strategies include exposure to all of Impax's investment approaches. They offer investors diversification across a variety of US equities, US fixed income, developed non-US equities and global thematic investment via a risk-focused asset allocation strategy.

The Pax Sustainable Allocation Fund, founded in 1971, was the first public mutual fund in the US to choose investments based on not only financial criteria but also social and environmental factors. It has since evolved into a multi-asset fund-of-funds.

Although relative performance during the Period was below the median in its peer group of similar multi-asset strategies, the Fund maintains strong longer-term performance. Over three and five years the Fund sits within the top 25% of this group.

Private Markets strategies

The Private Equity/Infrastructure team follows an industrially focused, value-add strategy, investing in renewable power generation, including solar, onshore wind, small-scale hydropower and adjacent sectors.

In September 2022, Impax admitted five more investors from the UK and Europe into our fourth fund, Impax New Energy Investors IV. This is part of a second rolling close with these five investors committing an initial €35.3m.

After the Period end, On 31 October 2022 Impax welcomed a sixth investor from Europe into the second part of the rolling second close, bringing an additional €20m of capital.

The current fourth fund portfolio comprises eight investments in six countries across four technologies,

ranging from a solar and energy efficiency investment in Italy, to forming a joint venture partnership with a decentralised generation specialist to deploy rooftop solar, battery storage and smart meters at scale in Germany. While the team invests predominately in Europe, it recently entered a new geography, having made its first investment in the US with an experienced solar developer with an established track record.

In 2022, the team also successfully exited our 77MW French ground-mounted solar portfolio in our third fund, Impax New Energy Investors III.



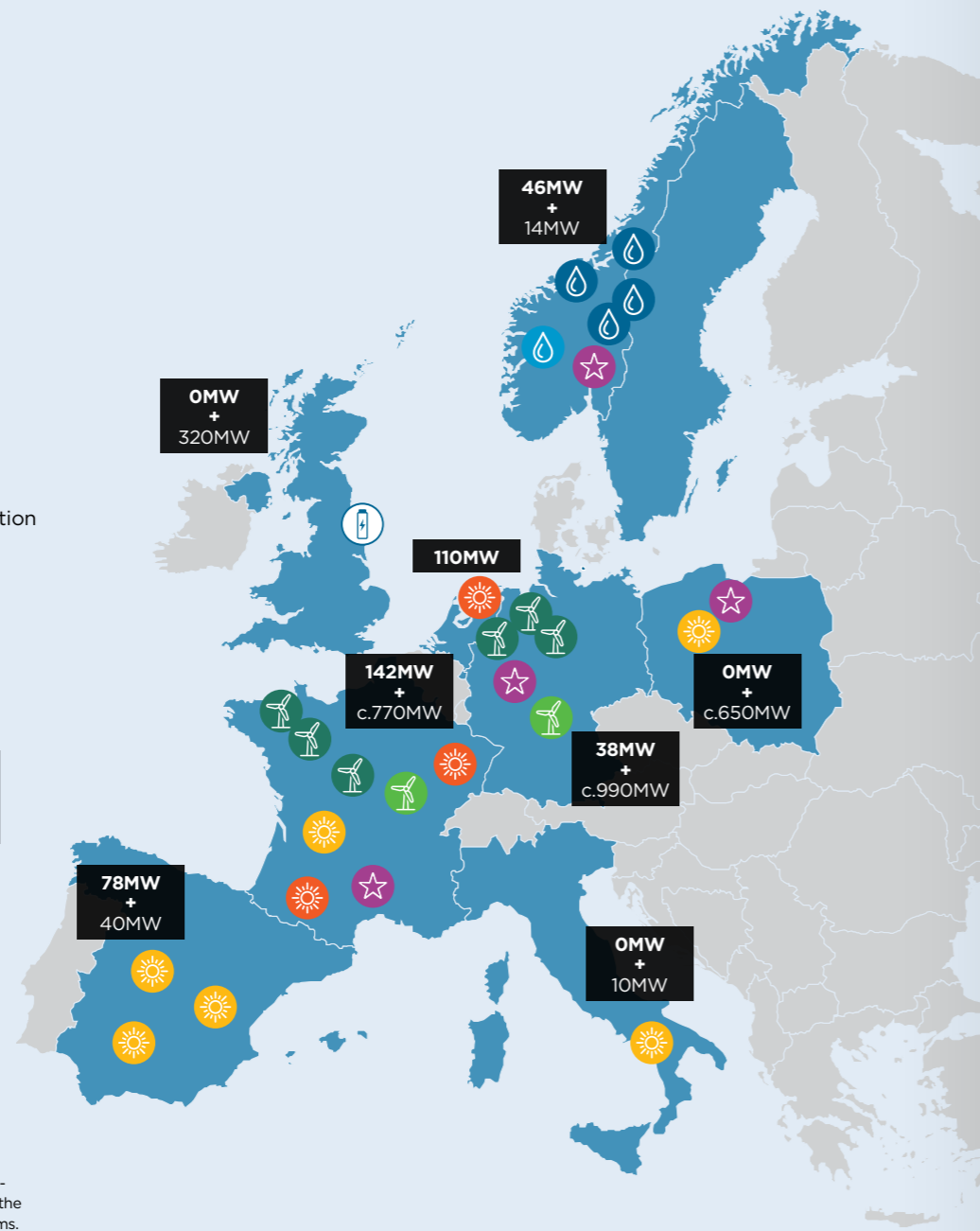
Our Investment Strategies and Performance continued

Impax New Energy Investors III portfolio

MAP KEY

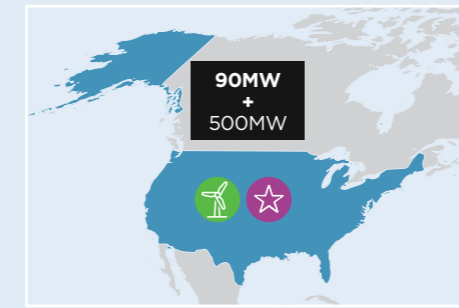
- Battery storage asset
- Wind assets in operation
- Wind pipeline¹
- Exited solar assets¹
- Solar pipeline¹
- Hydro assets in operation/construction
- Hydro pipeline¹
- Development team

Operations / Construction / Exited
+
RTB / late-stage dev /
permitted / further pipeline



¹ "Pipeline" encompasses ready-to-build ("RTB"), late-stage development and permitted assets as well as the wider pipelines of our existing development platforms.

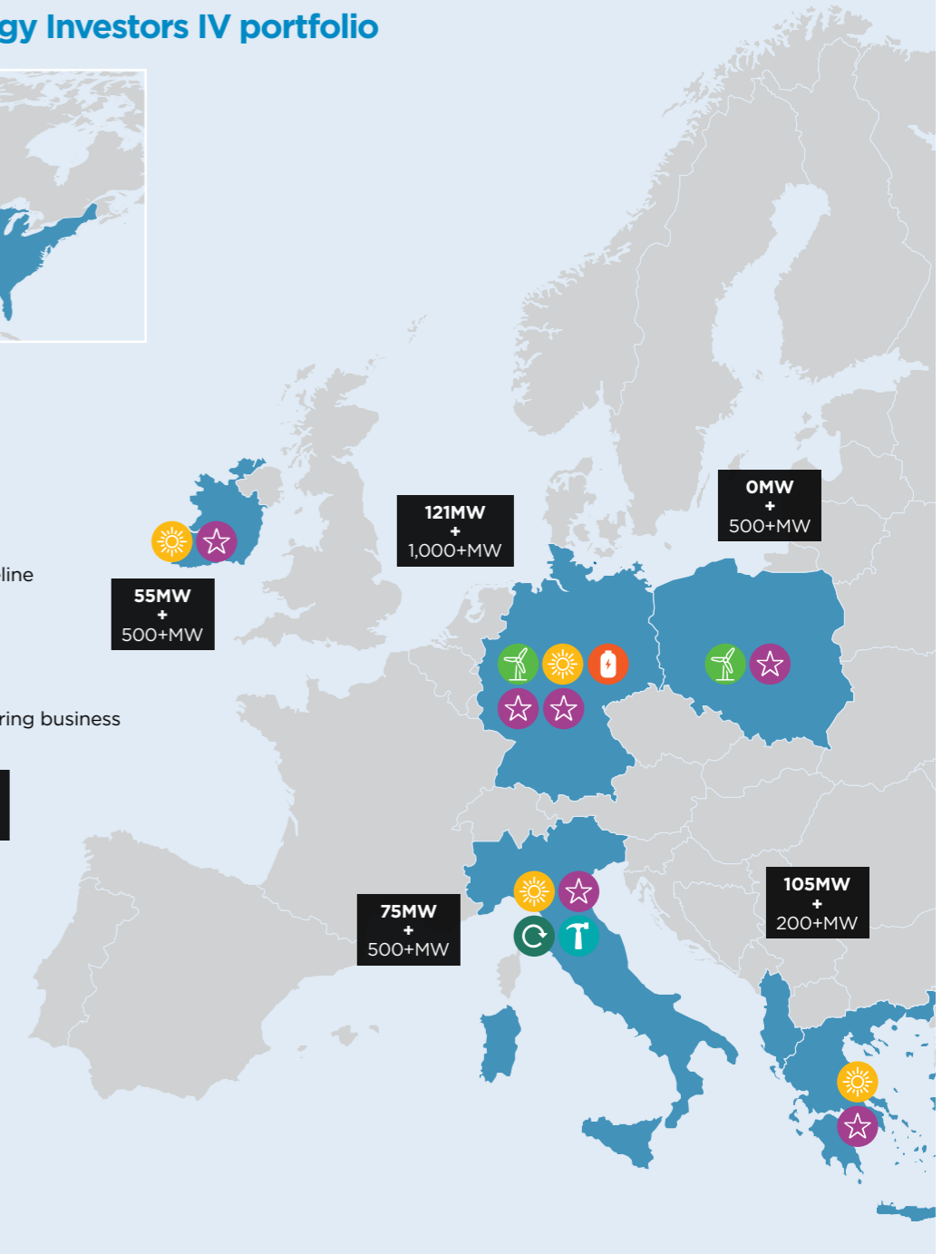
Impax New Energy Investors IV portfolio



MAP KEY

- Wind pipeline
- Solar pipeline
- Energy efficiency pipeline
- Storage pipeline
- Development team
- Construction/Engineering business

Advanced / Operating
+
Total MW capacity (gross)





Beyond Financial Returns

By intentionally allocating our clients' capital towards areas of the market that are providing solutions to sustainability challenges, we support the positive environmental impacts delivered by our portfolio companies.

Since our foundation in 1998, Impax has pioneered investment in the transition to a more sustainable, low-carbon global economy. We invest in companies that we believe are well positioned to benefit as we make this transition, demonstrating that these can be sound long-term investments and so lowering the cost of capital for companies delivering a positive impact through their products and services.

We proactively engage with our portfolio companies, both to help us determine how companies understand and perceive their own risks and opportunities, and to improve how we price these in our investment decision-making process. Effective engagement also provides an avenue for us to add value by encouraging companies to better manage their risks and to highlight issues that we believe pose the greatest challenges to them arising from the transition to a more sustainable economy.

Impax is proud to be a signatory to the UK Stewardship Code, which sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. As a successful applicant again in 2022, we demonstrated our commitment to stewardship.

Our integration of ESG factors in the investment process has also been recognised.

We have received very strong marks from the UN-backed Principles for Responsible Investment ("PRI") in the most recent 2021 PRI Assessment Report. Under a new scoring system, Impax was awarded at least 4 out of 5 stars across all applicable categories. The highest score of 5 out of 5 stars was awarded for two categories: investment and stewardship policy, and private equity. Areas for improvement, such as ESG reporting and climate scenario analysis, have been bolstered significantly since the original May 2021 submission.

The authenticity of impact, ESG and stewardship claims in financial services is coming under increased regulatory and industry scrutiny in all of our key markets. This year we have established a multidisciplinary working group to coordinate reporting on "Beyond Financial Returns" across the firm, responding to client demand, regulatory requirements and reflecting our voluntary commitments. We have continued to develop our approach through our own research and in response to feedback from our stakeholders.

IMPACT

At Impax, the investment strategies we manage are designed to intentionally allocate clients' capital towards those companies we expect to benefit as the global economy transitions to a more sustainable model. Our impact reporting shows how this intention is translated into action.

For each investment strategy, we consider its specific investment objectives when identifying the most relevant impact metrics to measure and report on.

We are pleased to again demonstrate, in our Impact @ Impax 2022 report, that most Impax strategies – through the products and services of the companies in which they invest – deliver a beneficial net CO₂ impact, avoiding more greenhouse gases than they emitted during the measurement period. We have detailed our approach to measuring climate impact within our TCFD Report (see page 53).

We have continued to expand our reporting to include additional strategies and metrics, including for social impact as well as for environmental impact.

Additional environmental impact metrics include renewable energy generated, water treated, saved or provided, materials recovered, and waste treated. In the case of our Asian Environmental strategy, we also measure coal use displaced in Asian cities (see pages 34 and 35).

Our impact reporting expands again this year to include another of our Environmental Markets strategies, US Environmental Leaders, which was launched in 2019. We also include impact reporting for our actively managed Sustainable Infrastructure strategy based on model portfolio holdings, in advance of its launch in Autumn 2022, after the Period end.

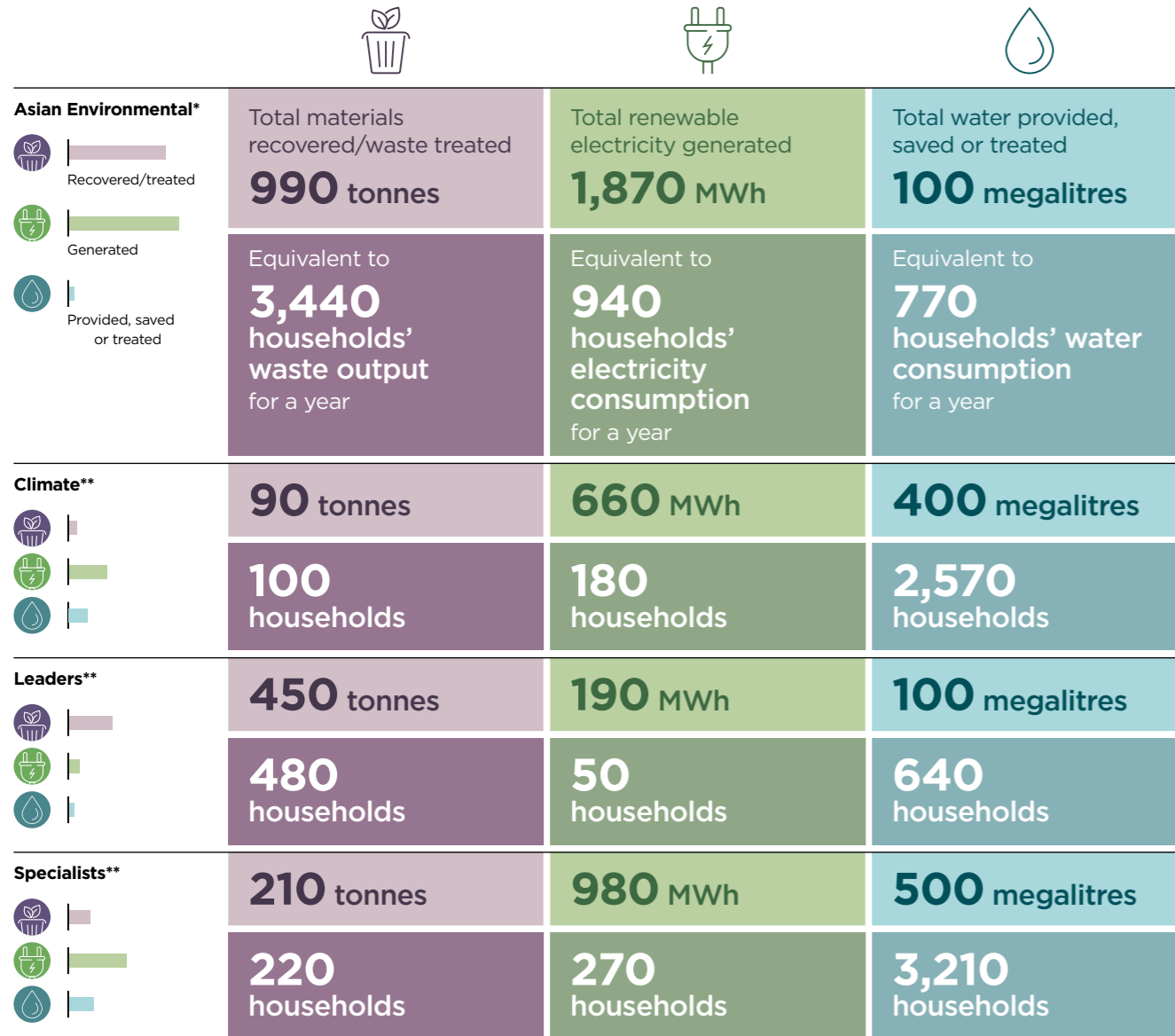
We are also pleased to have reported, for the first time, on the impact linked to one of Impax's fixed income portfolios, Core Plus Bond. In another first, this reporting includes two metrics for the portfolio's positive social impact: educational loans and affordable housing units financed.

Of course, the impact data we can report is predominantly based on metrics reported by our portfolio companies, although we can estimate impact metrics where there is robust industry data. While corporate measurement and disclosure is improving, it remains patchy and inconsistent, especially beyond carbon reporting. We continue to make the case for stronger reporting through our company engagements. In turn, we expect this will enable us to continue improving the breadth and depth of our impact reporting to clients over time.



Beyond Financial Returns continued

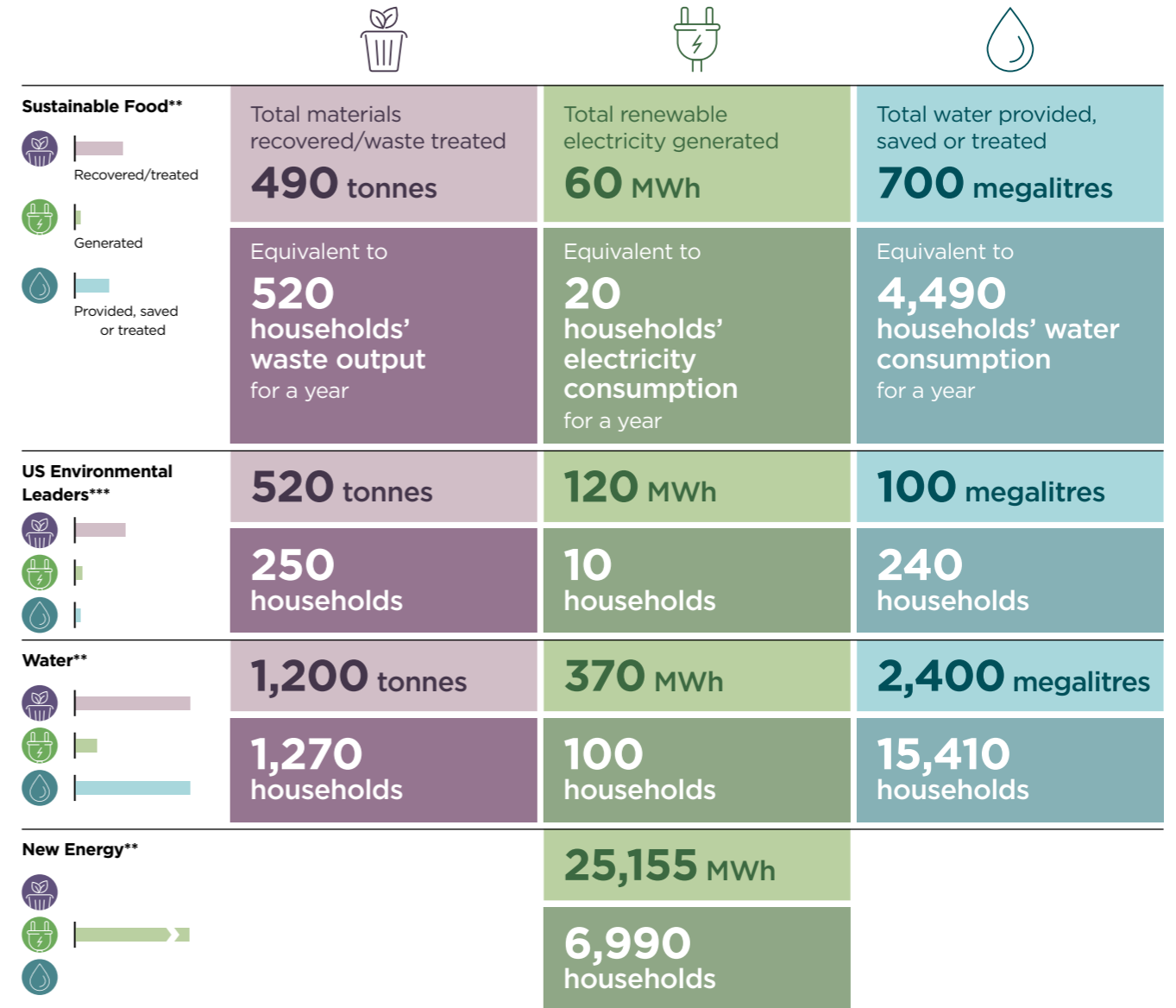
ENVIRONMENTAL IMPACT PER US\$10M INVESTED BY STRATEGY IN 2021



These figures refer to the past. Past performance is not a reliable indicator of future results.

Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2021.

* Asian household equivalencies: average annual China household electricity usage of 1.96 MWh (source: Impax calculations, based on electricity usage per capita data from BNEF (2021) and average household size data from ArcGIS (2021)); average annual China household water usage of 162,936 litres (source: Impax calculations, based on water usage per capita data from Statista (2022) and average household size data from ArcGIS (2021)); average annual China household waste of 236kg (source: Impax calculations based on UK equivalencies, due to a lack of data, and adjusted using a GDP per capita ratio).



** UK household equivalencies: average annual UK household electricity usage of 3.6 MWh (source: Department for Business, Energy & Industrial Strategy, 2022); average annual UK household water usage of 155,760 litres (source: Impax calculations, based on water usage data from South West Water (2022) and average household size data from the Office for National Statistics (2022)); average annual UK household waste of 942kg (source: Impax calculations based on data from the Department for Environment, Food & Rural Affairs (2021) and average household size data from the Office for National Statistics (2022)).

*** US household equivalencies: average annual US household electricity usage of 10.7 MWh (source: US Energy Information Agency, 2022); average annual US household water usage of 414,500 litres (source: Impax calculations, based on water usage data from the US Environmental Protection Agency (2022), the US Geological Survey (2022) and The World Counts (2022)); average annual US household waste of 2,116kg (source: Impax calculations based on data from the US Environmental Protection Agency (2019) and average household size data from the US Census Bureau (2021)).



Beyond Financial Returns continued

We believe that being able to measure how water impacts companies, and how they impact water at the local level, is vital for investors' understanding of water-related risks and opportunities.

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals ("SDGs"), agreed in 2015, comprise a series of 17 sets of targets to be met by 2030. Impax clients may seek to assess how their investments align to the SDGs, as a means of measuring their impact.

We therefore map Impax's strategies to the SDGs to indicate their level of alignment with this framework. We do so by identifying the proportion of portfolio companies' revenues related to activities described by the targets within each Goal.

Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in meaningful exposure to the SDGs as a by-product of the investment process.

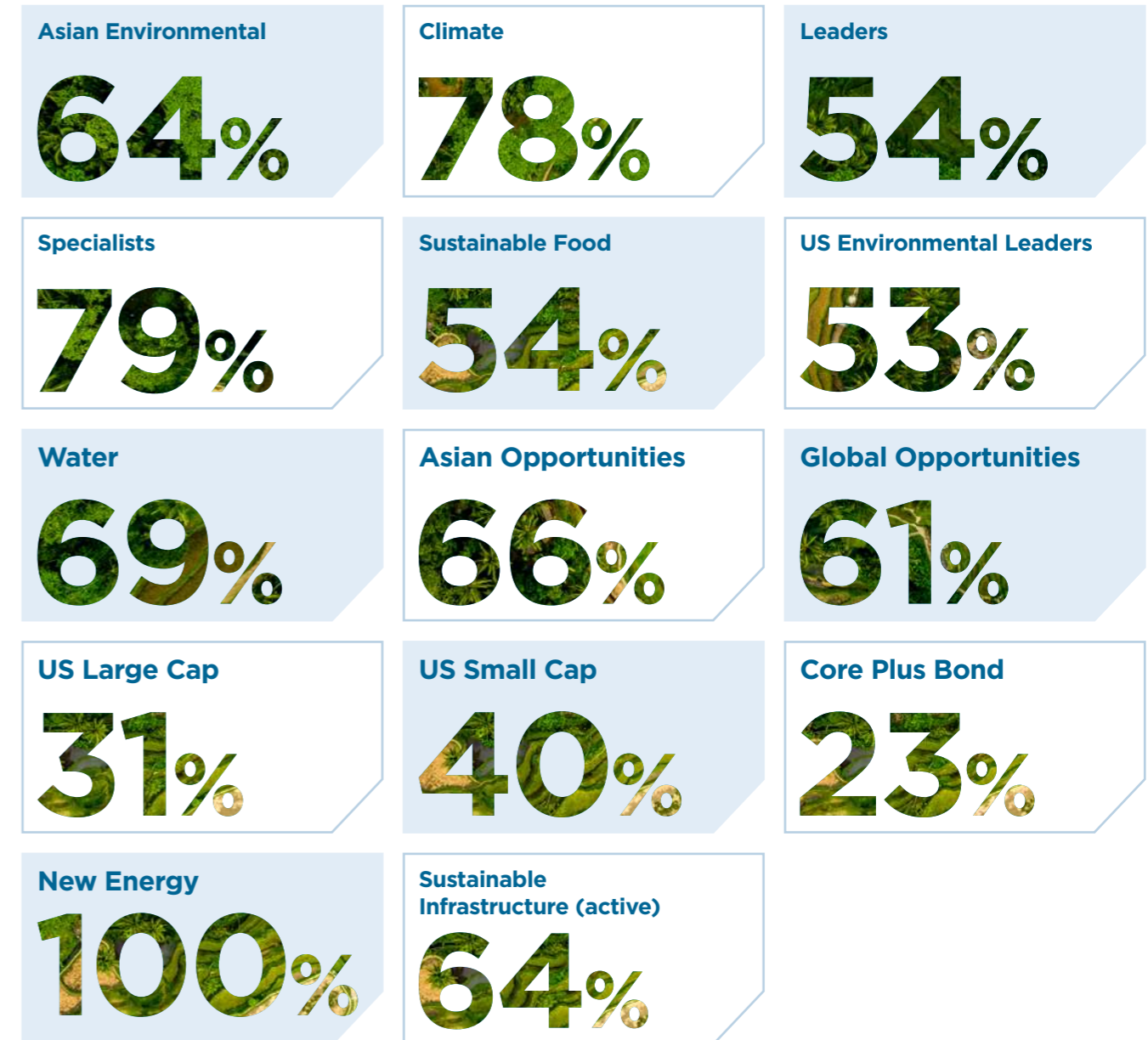
Expanding our reporting to fixed income

The transition to a more sustainable economy is creating new risks and opportunities in fixed income markets. This results in growing opportunities for investors to finance positive social and environmental outcomes through bond investments. Unlike investments in equities, which are inherently tied to general corporate activities, investments can be made in specific issuances of fixed income securities where the proceeds are directed towards a pre-defined use.

In addition to green, social and sustainability-labelled bonds with assurance of the use of proceeds, there is a breadth of fixed income securities, including asset-backed and mortgage-backed securities, that are linked to various environmental and social impact themes. Impax's expertise in assessing the authenticity of these instruments in delivering environmental and social benefit materially widens the opportunity set from bonds with third party assurance.

We manage a Core Plus Bond portfolio which seeks to finance affordable housing, community development, development finance, education, environment and energy projects, gender equality, sustainable infrastructure and sustainable products and services. We believe that quantifying the positive environmental and social impact of the portfolio demonstrates the importance of bond issuance as a source of capital driving sustainable finance. It can also reassure investors that the intention behind a bond issuance is being followed through.

Portfolio company revenue alignment to the UN Sustainable Development Goals by strategy



These figures refer to the past. Past performance is not a reliable indicator of future results. Please note that individual revenue alignment numbers may not add up to strategies' respective total SDG revenue alignment numbers due to rounding.

Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2021. Figures are based on Impax internal data.

Data for the Impax Active Sustainable Infrastructure represents underlying holdings of proposed strategy. Actual holdings and therefore impact data may vary and should not be relied upon.



Beyond Financial Returns continued

Engagement

Impax is committed to helping companies navigate the transition to a more sustainable economy. In so doing, we aim to mitigate risks and enhance opportunities for our clients.

WHY WE ENGAGE

Engagement helps us both mitigate risk and enhance value and investment opportunities. The Impax investment process relies on a comprehensive understanding of the character and quality of its investee companies, including material ESG issues as well as areas of potential improvement. We believe it is in the interests of our clients that we engage with our investee companies to help minimise risks, support and enhance shareholder value, promote greater transparency on ESG issues and encourage companies and issuers to become more resilient over time.

HOW WE ENGAGE

Our engagement work takes the following forms:

- Direct and collaborative engagement and shareholder resolutions
- Proxy voting
- Public policy advocacy

Each year we engage with a significant percentage of our portfolio companies in our equities and fixed income investment portfolios. During calendar year 2021, Impax conducted 204 company engagements. These were both bottom-up engagements – where we engage having identified specific company and issuer-specific matters and risks – and top-down engagements that reflect topics or areas that are our engagement priorities.

Our four primary focus areas for engagement areas during the Period have been:

- Climate
- Corporate governance
- Human capital management, including equity, diversity and inclusion (E,D&I)
- Sustainability risk management

PROXY VOTING

Strongly linked to our engagement work is our voting activity. Impax is committed to ensuring the consistent exercise of voting rights associated with shares held in investment mandates, where proxy voting has been delegated

to us. Through the implementation of the proxy voting policy, Impax aims to enhance the long-term value of its shareholdings, foster corporate governance best practices and promote greater accountability and transparency in its investee companies.

We are delighted that in 2021, for the second year in row, responsible investment charity ShareAction ranked Impax’s voting record first out of 65 asset managers on shareholder proposals on environmental and social issues.¹

Our Engagement and Policy Advocacy Report 2022 outlines the outcomes of our proxy voting activities in calendar year 2021, as well as key shareholder proposals that we filed or co-filed.

We have detailed our approach to climate risk management, engagement and proxy voting within our TCFD Report (see page 65).

¹ ShareAction, 2021: Voting Matters 2021. The report examined how 65 of the world’s largest asset managers voted in 2021 across 146 social and environmental resolutions. ShareAction believes that proxy voting is a core part of an asset manager’s fiduciary duty and a key way in which the sector can influence companies on social and environmental issues. ShareAction is a not-for-profit working to build a global investment sector that takes responsibility for its impacts on people and planet.

Positive engagement outcomes

Impax undertook **204** Company engagements in 2021

47%
of engagements with a positive outcome¹ in 2021

8%
of engagements where ‘milestone achieved’

39%
of engagements where ‘progress achieved’

13%
of engagements achieved a positive outcome that we believe was largely driven by Impax’s efforts

¹ Positive outcomes are classified as “progress achieved” or “milestone achieved” as assessed by Impax against engagement objectives.

POLICY AND ADVOCACY

This year we have again enhanced our focus on policy and advocacy, through which we make our voice heard with policymakers. We believe it is crucial for investors to participate closely in the design of public policy and we strive to influence policy outcomes that support the growth of market solutions to environmental and social challenges.

We are active across a range of channels ranging from traditional reactive approaches – working through industry associations, responding to consultations and participating in issue-specific initiatives and sign-on letters – to more innovative,

proactive interventions such as publishing Impax’s perspectives and commentaries, funding research, piloting new approaches, partnering with clients, and bilateral discussions with policymakers.

Our four priorities for policy advocacy during 2021 were:

- Achieving net-zero emissions in the real economy: urge national governments to adopt net-zero goals and ambitious nationally determined contributions (NDCs), underpinned by sectoral pathways and dialogues with investors on detailed policies needed to attract private capital

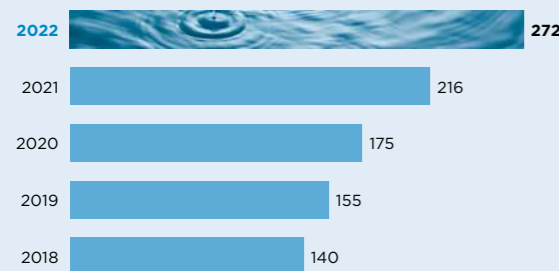
- Greening the financial system: ensure that climate risks and opportunities are integrated into investment decisions through effective implementation of the TCFD recommendations
- Nature and biodiversity loss: improve understanding of risks of biodiversity loss and nature degradation and accelerating action by policy and investors to restore nature
- Human capital: support the development of proposals for consistent, comparable, and decision-useful corporate disclosures on employees’ gender, race and ethnicity



Our People

We are focused on developing the organisation for the next stage of its growth.

Employee growth¹



A HIGH-PERFORMANCE ENVIRONMENT

In a year where we welcomed many new team members into the Company, we continued our focus on developing our organisation to embrace the next stage of growth.

Our top priorities addressed hiring and onboarding outstanding people, developing and retaining our talent, and supporting an effective and empowering culture in which our colleagues feel able fully to contribute.

We hear from colleagues that they appreciate Impax’s collaborative and high-performance environment that balances productivity and their wellbeing. In a competitive market for talent, the opportunity to work for a company that is wholly focused on the transition to a more sustainable economy is a strong attraction for our people.

RAPID GROWTH AND INTERNATIONAL EXPANSION

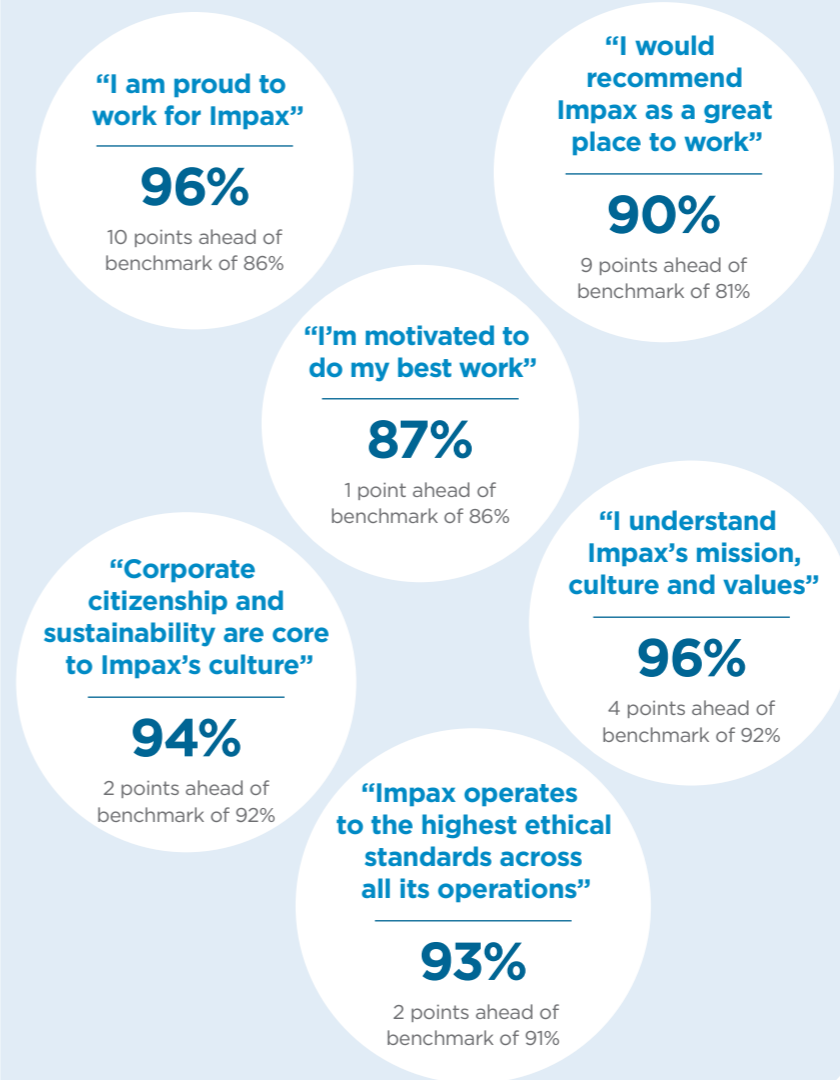
We continued to hire at an accelerated rate, building our team to 272¹ at the end of the Period, an increase in the employee population of 26%. In the US, we were pleased to open our Manhattan, New York office in May 2022.

¹ Full-time equivalent.

Employee engagement survey

We now conduct our employee engagement survey annually. This year we achieved an overall engagement score of 89% – up 1 percentage point from 2021 and 7 points ahead of the industry benchmark – based on a 95% employee response rate.

This resulted in Impax once again winning a 5-star employer rating from WorkBuzz, the survey organiser.



DEVELOPMENT: EQUIPPING OUR PEOPLE FOR SUCCESS

We provide development opportunities to all of our people, including those on a fixed-term basis and contractors.

This year we provided a more targeted approach to employee development by segmenting offerings by groups. We introduced a ‘manage my career’ workshop series to those early in their career journey, and for those new to management we delivered our Emerging Managers Programme where a cohort of 16 learned the building blocks of leading others. For more experienced leaders, we completed a pilot programme on Leadership Self-Awareness.

We continue to promote development at all levels of the organisation including at senior levels, recognising the importance of role modelling from the top. 60 of our senior leaders participated in an intensive workshop focusing on collaborative leadership, courageous conversations, and constructive candour.



Our People continued

During the Period we had an employee turnover of 10%, while 11% of the team celebrated a promotion. 65% of these promotions were women.

Early careers: Global Internship Programme

As part of our focus on building a pipeline of future talent, our first global internship scheme welcomed 21 paid interns, working across a range of disciplines and on real business research projects. We were pleased to provide ongoing opportunities to five interns at the end of the scheme. We continued our participation in the 10,000 Black Interns programme.

Rigour and reward: scaling our culture for future growth

We undertook a review of our existing compensation framework with support from an independent remuneration consultant, the results of which we communicated to all

colleagues in September 2022. Our refreshed approach, which will be implemented in full in 2023, is intended to ensure that we continue to attract and retain exceptional talent and future-proof our performance management approach globally in line with our growth plans.

The improvements to our pay and performance process include clearer guidance and consistency around how we set objectives and assess performance through performance scorecards and performance evaluation, more clarity around pay expectations including notional target bonus ranges, more tailored market benchmarks for certain roles, clear eligibility criteria for equity schemes and more detail on how performance at a business and individual level will be reflected in pay outcomes. See page 108.

Setting the business up for success: Impax 2025

During the Period our “Impax 2025” project was a significant cross-company initiative to integrate the contribution and plans of all teams as part of our broader strategy, culminating in a Global Senior Leaders conference in June 2022. 60 leaders discussed external market drivers, opportunities for improved collaboration and efficiencies and how better to serve our clients.

Raising concerns

We promote openness in our culture and regularly provide training on conduct and the values of responsibility and integrity. This includes reminding colleagues of the different ways that they can raise any concerns of a more serious nature, including formal processes and via an anonymous whistleblowing hotline, provided by an external provider.

Our People – Executive Committee



IAN SIMM
Founder & Chief Executive



CHARLIE RIDGE
Chief Financial Officer



KAREN COCKBURN
Chief Financial Officer Designate




JOSEPH KEEFE
President, North America



BRUCE JENKYN-JONES
Chief Investment Officer, Listed Equities



CHARLES FRENCH
Deputy Chief Investment Officer, Listed Equities



HUBERT AARTS
Deputy Chief Investment Officer, Listed Equities



DANIEL VON PREYSS
Head of Private Equity/Infrastructure



Our People – Executive Committee continued



ED FARRINGTON
Head of Distribution,
North America



PAUL VOÛTE
Head of Distribution,
Europe & Asia-Pacific



LISA BEAUVILAIN
Head of Sustainability
& ESG



MEG BROWN
Chief Product &
Marketing Officer



CATHERINE BREMNER
Chief Strategy &
Operations Officer



DARREN JOHNSON
Chief Operating Officer



MARY ALEXANDER
Chief People Officer



ZACK WILSON
Group General Counsel

Our People – Equity, Diversity & Inclusion

E,D&I is central to Impax’s philosophy, values, and mission

Equity, diversity, and inclusion (“E,D&I”) is central to Impax’s philosophy, values, and mission. Impax’s view of diversity is intentionally broad and includes, but is not limited to, gender, race, ethnicity, sexual orientation, disability, culture, religion, age, and social background – as well as the importance of intersectionality across these dimensions. Impax has a deep appreciation of the positive impact that diversity in all its richness has on its people, the Company’s culture, organisational integrity and success, and its communities.

Impax’s E,D&I vision is to continue to build an inclusive, equitable culture where everyone feels they belong, are valued as an individual, and can thrive – bringing all aspects of themselves to work. Impax remains focused on increasing the diversity of its employees, especially at senior levels, and committed to pay equity, including by gender. Impax has made strong progress in executing this strategy over the past year – key highlights are outlined overleaf.

48%

of our employees are women¹

¹ As of April 2022.



Our People – Equity, Diversity & Inclusion continued

GOVERNANCE AND ACCOUNTABILITY

Our E,D&I Group is responsible for Impax’s strategy in this area and reports regularly to the Board. It is sponsored by Ian Simm, Chief Executive, and Joe Keefe, President, Impax North America, with Lindsey Brace Martinez as its Non-Executive Director sponsor. The E,D&I Group meets regularly to align on ideas, actions and progress, and to communicate feedback from colleagues.

Impax has articulated two specific E,D&I goals for December 2025:

- That Impax’s overall workforce gender mix should be circa 50% (48-52%) women
- The representation of women and racial/ethnic minorities in senior management, portfolio management, and client-facing roles should meaningfully exceed relevant industry averages in Impax’s primary locations (UK and US)

We have also set E,D&I goals in managers’ objectives and performance evaluations.

TALENT ATTRACTION AND RETENTION

To ensure Impax is seeking candidates from all backgrounds and objectively evaluating the Company’s processes to understand and monitor trends throughout the hiring process, Impax has:

- Ensured a solid foundation is in place for reducing bias in the recruitment process by examining language in job descriptions, including subscribing to an AI tool to help identify bias in job descriptions and other HR materials
- Developed a set of questions across eight behavioural competencies to eliminate bias in the interview process to the extent possible
- Launched a GDPR-compliant applicant tracking system, allowing the Company to collect demographic information on candidates and track progress throughout the recruitment process

DEMOGRAPHICS AND PROGRESSION

Understanding our demographics and sharing this information with our stakeholders is a key pillar of our E,D&I strategy to make sure that we are finding diverse talent to help Impax and our clients thrive, we are seeing diversity in advancement across the firm, and we are creating an inclusive workforce at all levels of our organisation. Impax conducts an annual demographic survey for all staff as well as collecting and reporting on data from new hires on an ongoing basis. We analyse these changes year-on-year and report to senior management and the Board on progress against our goals.

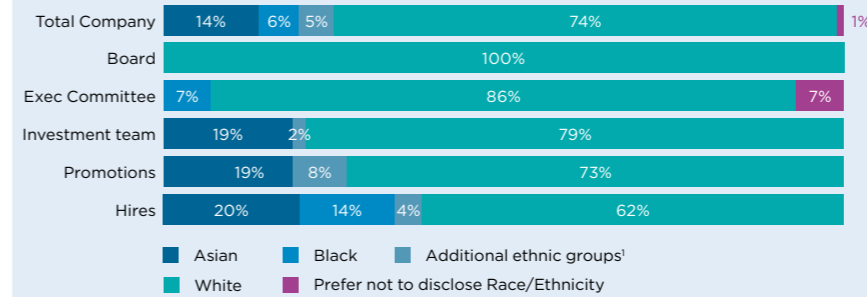
GENDER PERSPECTIVE

As at April 2022, based on a headcount of 235 employees, 48% of employees were women and 52% men. This compares to 46% women to 54% men in April 2021. Female representation has increased across all levels compared to the previous year and 65% of the promotions we made this year were women.

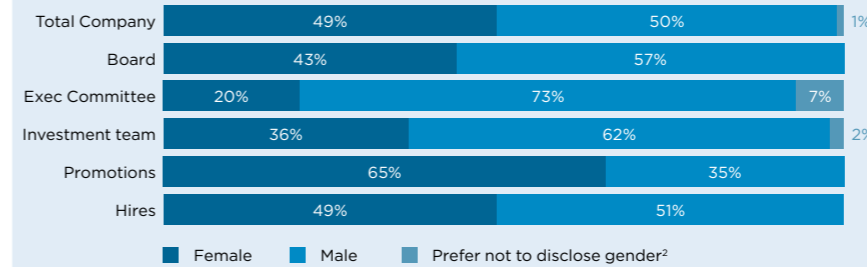
Our gender pay gap analysis, which compares median base pay of men and women across all positions in three groups – junior staff, mid-level staff and senior staff – shows that the median gaps at mid- (2.7%) and senior (1.9%) levels have reduced significantly year-on-year (12.7% and 16.1% respectively in 2021). This reflected several new female hires, particularly in the senior band. However, the median gender pay gap at the junior level (12.9%) has increased compared to the prior year (5.3%). While median junior salary levels have gone up overall, the median pay gap at this level has widened due to the higher proportion of men in higher-paying roles.

As part of our overall E,D&I strategy, we remain focused on increasing the number of women in our business, especially at senior levels, and to the continued examination of in-level pay differences, including using robust external pay benchmarking data.

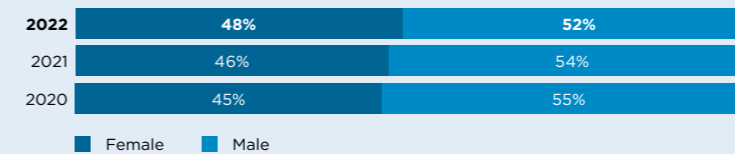
Ethnicity overview, 2022



Gender overview, 2022



Gender progression³



1 Self-reported, anonymous data collected after Period end in November 2022. Conducted by third party, with a 92% response rate. Due to Impax’s size and our focus on protecting employees’ privacy and individually identifiable data, Impax’s race and ethnicity categories with relatively few respondents have been aggregated for the purposes of external data reporting. As such ‘Additional ethnic groups’ represent Hispanic or Latinx, Middle Eastern, North African, Two or More Races or Mixed Heritage, and other identities that staff have self-identified.

2 Self-reported, anonymous data collected after Period end in November 2022. For the purposes of external data reporting ‘Non-Binary’ and ‘Prefer not to disclose gender’ have been combined.

3 Data as of April in the respective year.

INCLUSION, EDUCATION AND ENGAGEMENT

Increasing inclusivity and communications around E,D&I is a top priority for Impax. As an example, in January 2022 Impax leveraged internal and external networks to launch a speaker series for employees to broaden E,D&I inclusion, education and awareness.

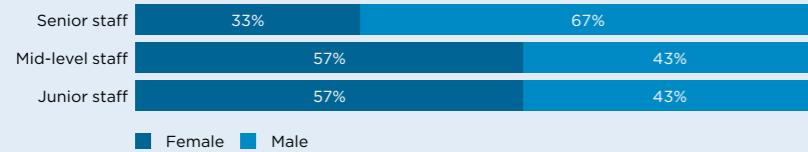
PARTNERSHIPS AND SOCIAL IMPACT

Impax partners with organisations that spotlight the unique challenges faced by women and minorities within the investment industry, and is an active member of the Diversity Project, which has led to the Company’s sponsorship and participation in the City Hive and #TalkAboutBlack mentorship scheme, including the 10,000 Black Interns programme. These initiatives aim to help make progress towards addressing the gender and ethnicity gaps within the investment management industry and wider society.

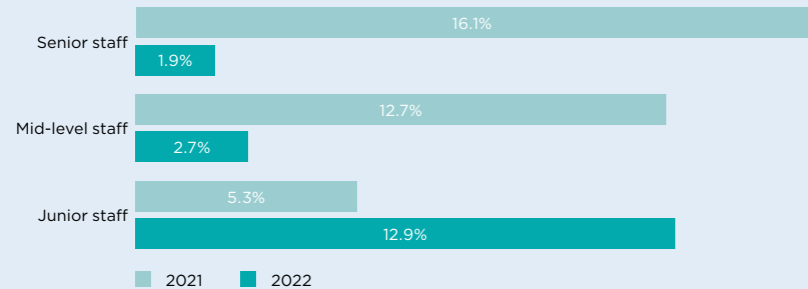


Our People – Equity, Diversity & Inclusion continued

Gender by job level¹



Gender pay gap – median base salary gap¹



¹ Data as of April 2022.

LEAD SPONSORSHIP OF CITY HIVE CROSS COMPANY MENTORSHIP PROGRAMME

We announced our lead sponsorship of the City Hive Cross Company Mentorship Programme in association with #TalkAboutBlack in September 2021. In our role as a lead sponsor, we aim to make progress towards addressing the gender and ethnicity gaps within the investment management industry and wider society. Impax colleagues took part in the scheme and we funded four mentor/mentee places from other businesses in the investments and savings industry.

INVESTMENTS

Impax invests in companies that are well positioned to benefit from the transition to a more sustainable economy, including companies that are leaders on human capital issues such as equity, diversity and inclusion. Impax is a pioneer in gender lens investing.

E,D&I is a core part of Impax’s investment and engagement process, through consideration of diversity indicators in the Company’s fundamental ESG research, established track record of principled proxy voting, and successful company and public policy engagements on E,D&I issues. For example, Impax withholds votes from companies that it believes lack sufficient diversity on their boards, and the Firm engages with the companies in its investment portfolios to press for greater diversity on company leadership teams and equal pay for all staff.

65%

of promotions this year were women

Engagement Case Study: The Walt Disney Co

In May 2022, Impax met with Disney to learn about recent human capital and equity, diversity and inclusion efforts at the company since our last engagement call in 2021. The engagement was held after the annual meeting, which saw a pay gap reporting shareholder proposal win majority support from shareholders. (This was also the topic of an Impax-sponsored shareholder proposal in 2020, which Impax withdrew after the company committed to publishing EEO-1 data and to assign accountability for workplace equity.) The meeting provided an opportunity to gain insight into the company’s approach to returning to the office post-COVID and employee engagement, and the complexities of managing a large, diverse workforce. Impax provided feedback on new disclosures over the last year and considerations for future disclosures.

In September 2022, Disney published its adjusted pay data by race and gender for first time. Its analysis showed that women are paid nearly identical to men, and Asian, Black and Hispanic workers are all paid nearly the same as White workers. The company also committed to additional disclosure over time, including with respect to unadjusted pay data.





Impax in the Community

Our community strategy is underpinned by our mission statement,

“...to make a contribution to the development of a sustainable society by supporting or undertaking relevant research and engaging or collaborating with others.”

Our approach is built on three pillars:

- Working with strategic community partners
- Delivering a high-impact approach to volunteering and charitable donations
- Engaging with colleagues to promote wellbeing and support Impax’s culture

COMMUNITY PARTNERSHIPS

We partner with organisations with shared principles that can collaborate with us on the transition to a more sustainable economy, working within the areas of environment and human capital.

Ashden

Ashden champions climate change solutions worldwide through its annual awards. Impax has supported the Ashden Award for Energy Innovation in the UK for the nearly a decade; working in partnership with the Ashden team, a group of Impax colleagues is involved in the judging and submission process to shortlist entrants. This year we welcomed 2021 winners, Kensa Group, to share their story as part of our regular as part of our “Brown Bag” internal series.

Ceres

Ceres is the leading US NGO addressing the world’s greatest sustainability challenges through collaborations with leaders in business, government and finance.

Impax has partnered with Ceres for more than nine years as part of the Ceres Investor Network. Impax’s support enables the Ceres research team to have their voice heard within the investment community and by the public.

£287,382

donated to charitable causes during the Period

This partnership over the Period has supported several major projects: notably, the Ceres team’s new strategy to aid fiduciaries in assessing and mitigating Portfolio Climate Risk. Ceres also published new research into the sustainable investment best practices of more than a dozen leading global institutional investors, and publicised and popularised these findings in subsequent conferences and presentations.

ClientEarth

Impax’s support for ClientEarth is in its seventh year. A non-profit environmental law organisation, ClientEarth’s team of lawyers fight the systems which restrict the planet’s freedom, using the power of the law to create lasting impact and drive systematic change to protect the earth. They advise decision-makers on policy, train legal and judicial professionals and launch legal interventions.

Diversity Project

Diversity Project is a UK-based cross-company membership organisation focused on improving the diversity and inclusion within investment management through building a more inclusive culture. We participate in the Diversity Project Board, the CEO Advisory Board, Steering Committee, and #TalkAboutBlack workstream.

We champion Diversity Project initiatives throughout the year, encouraging our colleagues to take part in cultural milestones to celebrate, commemorate and promote E,D&I within the organisation and we network across the Diversity Project community to promote best practice. See page 47 for more information.

Toigo

We entered a partnership with US-based non-profit Toigo in September 2022. Toigo aims to improve the diversity of the financial services industry by increasing leadership presence of individuals from underserved communities. We will partner with Toigo through involvement in their career connections events, internship support services and talent support.

VOLUNTEERING AND GIVING

During the Period we launched our global Community Cause of the Year, with Impax colleagues voting for Food Scarcity. All Impax employees are given paid leave to volunteer and were encouraged to volunteer with regular campaigns throughout the year at our local food scarcity charities: Neighbor to Neighbor in Greenwich, CT, Food Cloud in Dublin, Food Angel in Hong Kong, Felix Project via FareShare in London and Gather in Portsmouth, NH. In total, colleagues volunteered 923 hours during the Period.

All Impax colleagues have access to matched giving schemes in the UK, US, Ireland, and Hong Kong. Globally, Impax matched £56,361 of colleagues’ charitable giving. Impax has been awarded a Gold Quality Mark from Give As You Earn for its participation in the UK giving scheme, with participation at 21% for the Period.





Impax in the Community continued

Mindful Movement



Mindful Movement is our annual community wellbeing and inclusion initiative, now in its third year, which encourages Impax colleagues to prioritise their wellbeing. The campaign ran throughout September culminating in Mindful Movement Day on 23 September. The global campaign involved Impax colleagues with in-person events across all Impax locations. 21 London-based colleagues took part in the Yorkshire Three Peaks Challenge. The Dublin team kayaked to Dalkey Island, our Hong Kong team hiked the Lo Fu Tau Country Trail, and the New Hampshire team offered a Nature walk at the Great Bay National Wildlife Refuge.

WELLBEING AND EMPLOYEE ENGAGEMENT

Our community approach seeks to unite Impax colleagues from wherever they are based and empower them outside of their day-to-day roles to contribute to a more sustainable economy. We offer employee engagement activities throughout the year from each of our four colleague-driven groups: Environment; E,D&I; Wellbeing; and Volunteering.

ENVIRONMENT GROUP

The Environment Group launched a speaker series with Impax colleagues, where senior leaders explored the history and context of environmental investing and launched a new Book Club to share ideas within the Impax community.

For more information on the Environment Group's role, see the TCFD Report (page 58).

Taskforce on Climate-related Financial Disclosures ("TCFD") Report 2022

The purpose of this report is to disclose how we identify, assess and manage the exposure of our business and our clients' investments to climate-related risks and opportunities, as well as our strategic resilience to climate risks.

Impax Asset Management Group plc's ("Impax", or the "Company") is pleased to publish this, its first Taskforce on Climate-related Financial Disclosures ("TCFD") report, alongside the Company's Annual Report and Accounts. This report covers the same 12-month period from 1 October 2021 to 30 September 2022 ("the Period").¹

In addition to UK government requirements, the FCA has made it a requirement for many regulated firms, including those within the Company's group, to publish TCFD-aligned climate disclosures on their website, with effect from 1 January 2023 and with the first reports due by 30 June 2024, under ESG 2.1 in the FCA Rules.

While not in scope of this requirement yet, the Company has decided to produce its first group TCFD report ahead of FCA expectations to demonstrate its support for the disclosures. This report is therefore being produced on a best-efforts basis and we intend to further develop our disclosures under the FCA's regime when relevant group legal entities fall under the reporting requirement.

Impax was among the inaugural signatories to TCFD in 2017 and has regularly provided updates in line with TCFD recommendations in our responses to CDP (Carbon Disclosure Project), PRI (Principles for Responsible Investment) and other investor initiatives.

Transparency as to how companies and investors are addressing these risks and opportunities is important to shareholders, clients, employees, regulators and other stakeholders. The publication of this report fulfils a commitment made in our 2021 Annual Report and Accounts and is aligned with our mission of investing in companies that we believe are well positioned to benefit from the transition to a more sustainable economy.

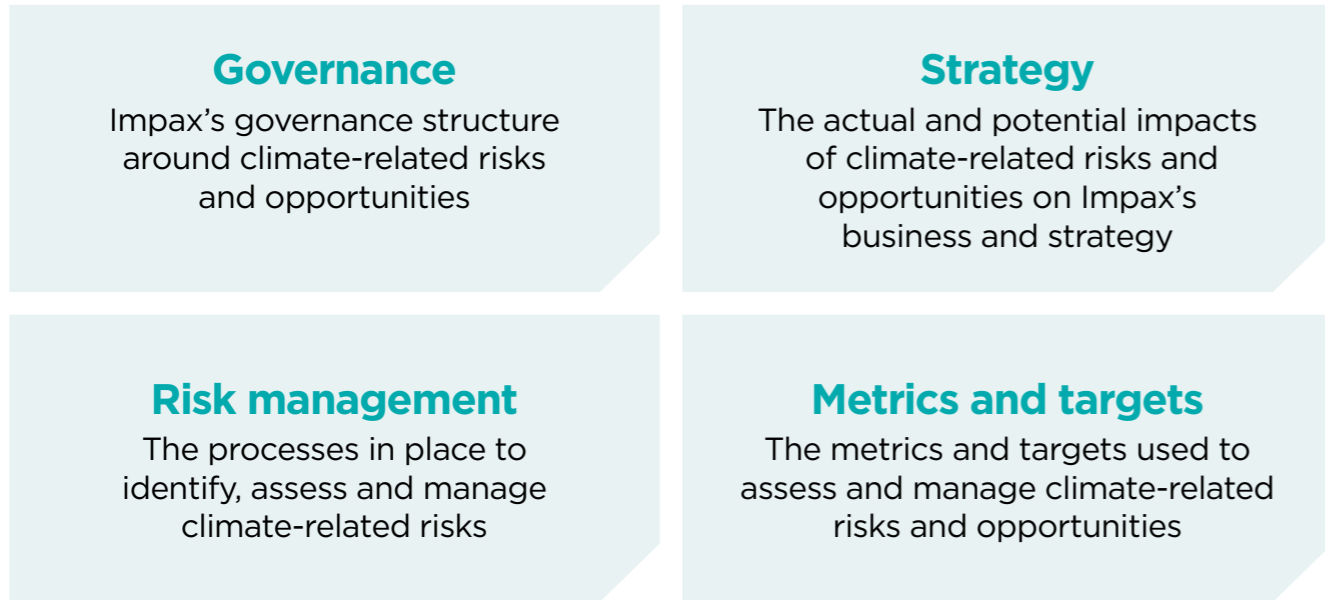
Impax believes that climate risk is a critical sustainability challenge, and that climate-related risks and opportunities are likely to be significant drivers of investment performance for large parts of the global economy over the decades to come.

¹ Data relating to Impax's engagement activities and impact reporting cover the 2021 calendar year.



TCFD Report 2022 continued

In line with the TCFD’s recommendations, this report comprises four interrelated sections:



Each of these sections covers both our business operations and, more critically, the investments we manage on behalf of our clients. While we can lead by example by reducing our own environmental impact, we believe that climate-related risks and opportunities are of much greater relevance to our core business activities as an investment manager specialising in the transition to a more sustainable economy.



Data relating to Impax’s engagement activities and impact reporting cover the 2021 calendar year.

Governance

The nature of Impax’s business and its investment philosophy mean that the management of climate-related and broader sustainability-related risks and opportunities is a strategic focus for the Company.

The Board of Directors (“Board”) is responsible for governing and overseeing the Company’s strategy and providing an oversight, control and monitoring role of its operations and risks. In this function, the Board also oversees climate-related risks and opportunities.

The Audit & Risk Committee, which is comprised of independent non-executive directors, is responsible for the oversight of risk management (including climate risk management) on behalf of the Board. A dedicated Director is assigned to have “climate responsibility” and is the Board’s representative at the employee-led Environment Group, which provides input and advice to support decision-making on Impax’s climate policies, performance and targets.

Management and monitoring of climate-related risks and opportunities, including implementing the TCFD recommendations, is delegated to senior management, specifically the Executive Committee.

Senior management is represented on investment committees, which oversee the Company’s investment activities, investment performance and risk management, and regularly address climate-related issues. In addition, Impax also has specialist committees dedicated to climate and related issues, most notably the Sustainability Lens Committee and the ESG Policy Committee.

The Private Markets division has its own Investment Committee and ESG Sub-Committee.

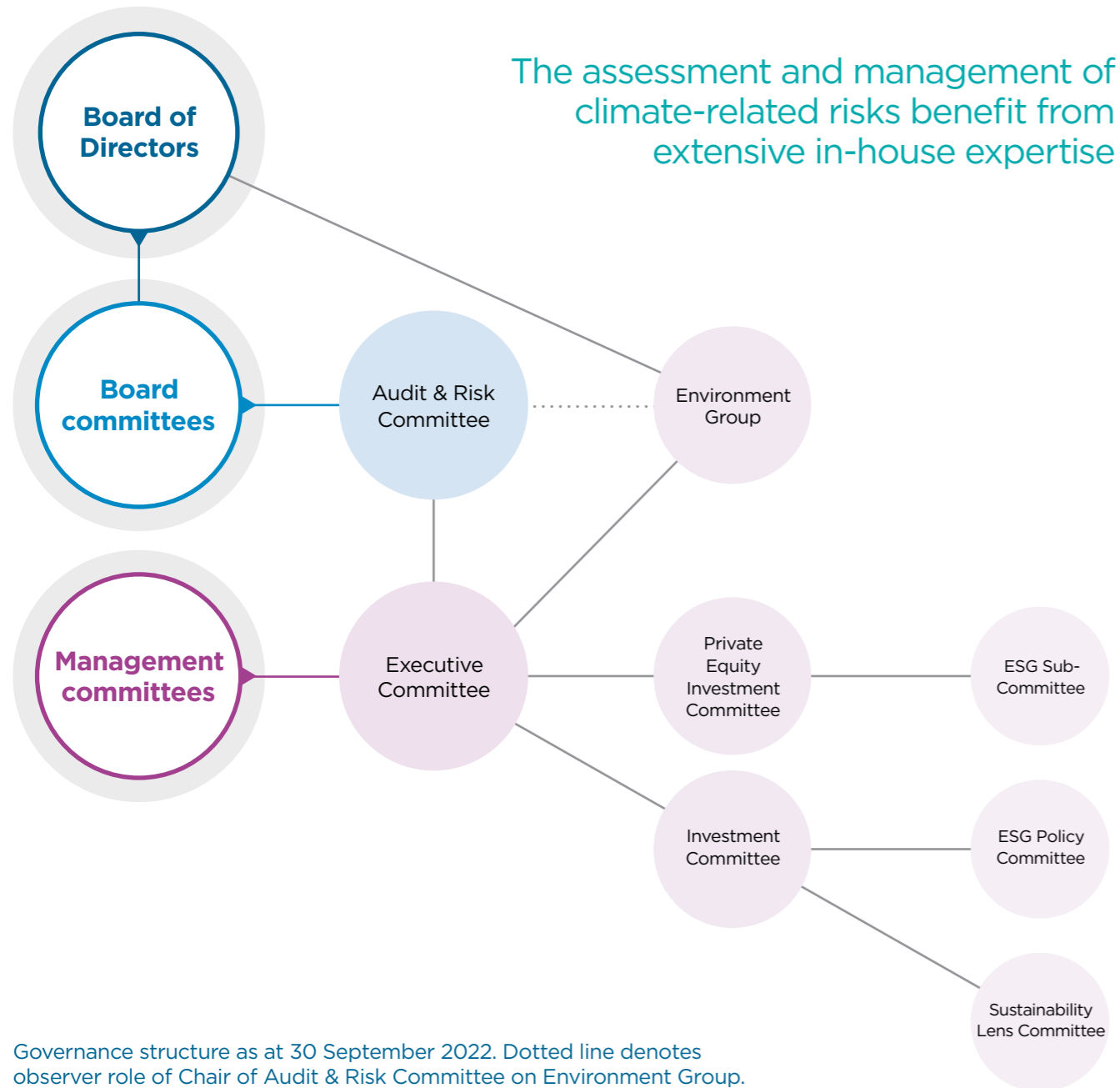
The Board has requested that climate risk be formally recorded on the Company’s enterprise risk register, making it subject to independent oversight and assurance from the enterprise risk team. Work to further integrate climate-related risks, including physical climate risks, into the enterprise risk framework continues into the new financial year.



TCFD Report 2022 continued

Governance continued

Governance structure for climate-related issues



Governance structure as at 30 September 2022. Dotted line denotes observer role of Chair of Audit & Risk Committee on Environment Group.

Audit & Risk Committee

Committee details	Committee description
<p>Chair: Non-Executive Director (Vince O'Brien, until 30 November 2022)¹</p> <p>Membership: Non-Executive Directors</p>	<p>The Committee is responsible for overseeing financial reporting, external audit, risk management, internal audit, whistleblowing effectiveness, fraud prevention or detection, and internal controls. The Committee met five times during the Period.</p>

Investment Committee

Committee details	Committee description
<p>Chair: Chief Investment Officer (Listed Equities)</p> <p>Membership: Impax investment teams</p>	<p>The Committee oversees the Company's investment activities, investment performance and risk management, and regularly addresses climate-related issues. The Committee meets every fortnight.</p>

Sustainability Lens Committee

Committee details	Committee description
<p>Chairs: Chief Investment Officer (Listed Equities); and Head of Sustainability & ESG</p> <p>Membership: Impax's leading sustainability experts</p>	<p>The Committee convenes quarterly to assess emerging issues, risks and opportunities, and their consequences for the Impax Sustainability Lens and for various economic activities. Outcomes and decisions from the meeting are reported at the Investment Committee meeting.</p>

¹ Annette Wilson, from 30 November 2022.



TCFD Report 2022 continued

Governance continued

ESG Policy Committee

Committee details	Committee description
<p>Chair: President, Impax North America Membership: Impax staff, including legal and compliance representatives</p>	<p>The Committee oversees, reviews and approves Impax’s ESG, sustainability and stewardship-related policies and positions. It reports significant policy developments to the Investment Committee.</p>

Environment Group

Committee details	Committee description
<p>Chairs: Head of Sustainability & ESG; and Head of Sustainability & ESG (North America) Membership: Impax staff, with a Board observer</p>	<p>The Environment Group is responsible for measuring, monitoring and reporting on Impax’s environmental and climate performance, as well as proposing firm-level environmental and climate policies, management systems and targets. Meeting quarterly, it reports to the Executive Committee and provides an annual update to the Board.</p>



Private Equity / Infrastructure Investment Committee

Committee details	Committee description
<p>Chair: Founder & Chief Executive Membership:¹ Head of the PE/Infrastructure Team, Head of the Transaction Team (PE/Infrastructure), Head of Commercial Asset Management & ESG (PE/Infrastructure), with an independent observer</p>	<p>The Committee approves all investment and divestment proposals for the Impax New Energy Investors Funds. The Committee ensures that all investment decisions are made in compliance with the relevant Fund’s investment policy, Limited Partnership Agreement and investor side letters. The Committee meets as required. The PE/Infrastructure Team’s Head of ESG is an Observer on the Investment Committee, responsible for ensuring that investment decisions comply with the ESG Policy and other relevant rules and regulations relating to ESG topics, including climate.</p>

ESG Sub-Committee (Private Equity / Infrastructure)

Committee details	Committee description
<p>Chair: Head of Commercial Asset Management & ESG (PE/Infrastructure) Membership: Representatives from the PE/Infrastructure Team (Technical and the Head of the Team), Compliance, Legal and Head of Sustainability & ESG</p>	<p>The ESG Sub-Committee meets every six months to discuss relevant topics, including climate, and is responsible for governing the PE/Infrastructure ESG Policy.</p>

Impax’s processes for the assessment and management of climate-related risks and opportunities benefit from extensive in-house expertise on climate throughout the organisation. As well as having trained climate scientists on its investment team, several members of the Executive Committee have leadership roles or sit on the boards of organisations that have an objective to promote the transition to a more sustainable and inclusive economy. This includes Impax founder and Chief Executive, Ian Simm, who is a member of the UK government’s Net Zero Innovation Board, Chair of the Decarbonisation Board of the Confederation of British Industry and a Board member of the Institutional Investors Group on Climate Change (IIGCC).

Impax also has an in-house Policy & Advocacy team of experts in climate change, environmental and energy policy. We outline their work in the Strategy section.

¹ This is the Investment Committee for Impax New Energy Investors IV SCSp.



TCFD Report 2022 continued

Strategy

The Company's strategy is focused on the investment opportunities arising from the transition to a more sustainable economy.

This includes the global transition to net-zero greenhouse gas emissions and adaptation to the unavoidable impacts of climate change.

By using our specialist insights to invest in companies and assets that we judge to be well positioned to benefit from this transition, we believe our approach to investment management can deliver compelling risk-adjusted financial returns to our clients over the long term.

In this section, we outline how we believe the Company is itself well positioned to capitalise on climate-related opportunities and how we approach climate-related risks. We also explain the role of our policy advocacy work in advancing climate-related opportunities and mitigating climate-related risks at a system level.

CLIMATE-RELATED OPPORTUNITIES AND OUR PRODUCTS

Founded in 1998, Impax is one of the largest and longest-established investors dedicated to investing in the transition to a more sustainable economy. Rising interest among institutional investors for actively managed climate solutions and strategies aligned to the transition to a sustainable economy, across asset classes, presents a key opportunity for the Company.

All of our investments are intentionally aligned to a transition to more sustainable and low-carbon economy. As of 31 December 2021, 59% of Impax's AUM were invested in assets that we assess to be 'climate solutions'¹.

In January 2018, we launched a dedicated Climate investment strategy (see box to the left). As at 30 September, its AUM stood at £2.7 billion, making it Impax's fifth-largest investment strategy.

- 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. Source: Impax analysis, as at 31 December 2021. Investment-related AUM excludes cash. Please note that this data has not been externally assured.
- ² These figures refer to the past. Past performance is not a reliable indicator of future results. Data represents underlying holdings of representative account. Data as at 31 December 2021.
- ³ AUM (GBP) as at 30 September 2022. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee, and are represented in sterling. MSCI indices are total net return (net dividend re-invested).

CLIMATE-RELATED RISKS TO OUR STRATEGY

Much as climate-related opportunities are prominent considerations in all investment decision-making, so too are climate risks. We explain how both transition and physical climate risks are assessed and managed as part of the investment process within the Risk Management section.

The performance of Impax investment strategies could be undermined by poor climate risk management of investee companies. We therefore undertake rigorous environmental, social and governance (ESG) analysis on all companies and engage with climate laggards, as outlined in the section on Risk Management below.

Were our investment strategies to diverge from their objectives, we would not be exposed to the climate investment opportunities we perceive and may therefore underperform over the long term. This would also expose the Company to reputational risk. For this reason, ensuring the integrity of our investment propositions is considered paramount.

Impax is a member of a range of climate-focussed organisations including CDP, Ceres, the Energy Transitions Commission, the Glasgow Financial Alliance on Net Zero, the IIGCC, the PRI and the UK Sustainable Investment and Finance Association.

£2.7bn

AUM of Impax Climate strategy (as at 30 September 2022)

Impax Climate investment strategy

The Impax Climate strategy invests in a portfolio of 50 to 70 listed companies, across a diverse range of sub-sectors, that have demonstrable exposure to products and services that enable mitigation of climate change or adaptation to its consequences. Climate mitigation solutions include renewable energy and energy efficiency stocks that reduce and prevent greenhouse gas ("GHG") emissions. Primary adaptation solutions focus on addressing the immediate impacts of climate change, such as rising sea levels and extreme heat. Secondary adaptation solutions focus on issues arising from climate change, such as the need for services to forecast and limit financial losses caused by extreme weather.

Through our impact reporting, we have demonstrated that a US\$10 million investment in the Impax Climate strategy supported the avoidance of 1,600 tonnes of CO₂ through portfolio companies' products and services in 2021.²

Over the three years to 30 September 2022, the Impax Climate strategy delivered gross returns of 34.9%, compared with 23.3% for its benchmark, the MSCI ACWI Index.³



TCFD Report 2022 continued

Strategy continued

POLICY ADVOCACY

As an investment manager, we believe that one of the most effective actions which Impax can take to limit the systemic risks associated with climate change is to encourage policymakers to put in place effective policy frameworks to accelerate the transition to net-zero emissions. Impax therefore places great emphasis on climate-related policy and advocacy, collaborating with clients and stakeholders for policy action to attract private capital necessary to achieve this transition.

Financing the net-zero transition was one of four priorities for policy advocacy during the Period. The COP26 climate summit in November 2021 was a central focus of that activity. We used a range of channels to communicate our objectives and were pleased to see our positions reflected in commitments and calls to action that emerged at Glasgow.¹

Impax is a member of a range of climate-focussed organisations including CDP, Ceres, the Energy Transitions Commission (“ETC”), the Glasgow Financial Alliance on Net Zero (“GFANZ”), the IIGCC, the PRI and the UK Sustainable Investment and Finance Association (“UKSIF”). We also participate in issue-specific initiatives which focus on different aspects of climate policy, including the Climate Financial Risk Forum (“CFRF”), the Coalition for Climate Resilient Investment (“CCRI”), the Financial Sector Deforestation Action initiative, the FAIRR Foundation, the Financing the Just Transition Alliance and the UK’s Transition Plan Taskforce.

Impax also supports several charities and non-profit organisations focused on climate action through multi-year strategic partnerships, namely Ashden, ClientEarth, Ceres, and the World Resources Institute.

¹ Please refer to Impax’s Engagement and Policy Advocacy Report 2022 for details of our COP26-related policy advocacy work.

Risk management

Impax’s primary climate exposure is through the investments it makes on behalf of clients, where a failure to manage risks could negatively affect investment performance and its reputation as a sustainability-focused investment manager. Secondly, the Company also faces certain operational climate risks.

CLIMATE RISK ASSESSMENT

As mentioned in the Strategy section above, Impax assesses climate and other material risks through integrated company-level ESG analysis that informs our investment decisions and portfolio construction. Components of this analysis and key performance indicators include:

1. Transition climate risks

- Disclosure: Rigour of measurement and transparency of reporting of climate risk exposure and management, including carbon emissions across all scopes, in absolute and relative intensity terms, e.g., TCFD-aligned reporting
- Management: Establishment of climate management systems, efficiency and renewable energy investment, management compensation tied to climate outcomes

- Target-setting: Robustness of targets; science-based, with short-, medium- and longer-term time horizons, Paris-aligned with sectoral pathways to net zero, ideally externally verified
- Performance: Outcomes achieved from climate management and target-setting

2. Physical climate risks

- Disclosure of company key locations, including strategic plants and facilities
- Assessment of proportion of company facilities exposed to physical climate risks
- Climate risk assessment undertaken with scenario analysis, ideally quantifying financial impacts from physical climate risks
- Actions planned or taken to improve physical climate risk resilience or adaptation

Using a proprietary scoring methodology, we employ a top-down assessment of companies’ exposure to chronic and acute physical climate risks, as well as their vulnerability to them due to both company-specific and country-specific factors. We aim to expand this analysis to a more granular level including the use of geolocation of investee companies’ assets, and are collaborating with the University of Oxford on a project to measure the potential financial impacts, or “Value at Risk”, stemming from physical climate risks.

Investments in the New Energy strategy are subject to climate risk assessments through our ESG analysis to identify material climate risks, and as part of the permitting process for renewable energy projects prior to entering construction. Appropriate measures to reduce any risks can be considered in post-acquisition, active management plans.



TCFD Report 2022 continued

Risk management continued

SCENARIO ANALYSIS OF TRANSITION AND PHYSICAL CLIMATE RISKS

Transition climate risks

We have adopted a climate scenario developed by the Network for Greening the Financial System (“NGFS”) to assess how our investee companies’ earnings might be impacted by the evolution of carbon prices. Carbon pricing includes costs associated with emissions trading systems globally as well as carbon taxes. Our carbon pricing model aims to estimate the impact of carbon pricing on companies’ future global earnings before interest and tax (“EBIT”), accounting for their Scope 1 and Scope 2 emissions and based on the Net Zero 2050 scenario by the NGFS. The EBIT of companies with relatively high Scope 1 and Scope 2 emissions and/or low EBIT will be particularly susceptible to the effects of carbon pricing. Scope 3 emissions are currently not used in the model, as Scope 3 emissions are outside of the scope of carbon pricing regimes.

We use this analysis to identify specific companies with high exposure to transition risks with whom we then engage to encourage improved management of those risks.

Physical climate risks

We have also developed a proprietary tool that examines how seven physical climate hazards – including precipitation, extreme heat and flood risks – are likely to impact investee companies under various emissions-based scenarios, ‘Representative Concentration Pathways’, that are paired with ‘Shared Socioeconomic Pathways’. These scenarios underpin the research collated by the Intergovernmental Panel on Climate Change (“IPCC”) in their assessment reports.

Using a proprietary scoring methodology, we employ a top-down assessment of companies’ exposure to chronic and acute physical climate risks, as well their vulnerability to them.

The output of scenario-based forecasting can then be mapped against the locations of assets owned by investee companies. To date, we have run the asset location-level multiple-scenario analysis model on assets held in our Private Equity portfolios, as well as many companies held within our Listed Equities portfolios.

Our physical climate risk assessment tool is used to flag companies whose climate risk is more elevated to inform additional examination of that risk. This also feeds into our engagement work.

ENGAGEMENT AS A TOOL FOR CLIMATE RISK MANAGEMENT

Impax actively engages with its investee companies to encourage improved climate risk management, processes and disclosures. Climate change has been one of our four strategic engagement areas throughout the Period. Within this, we have been focused on:

- Processes, management and transparency of climate risks
- Physical climate risks, including water stress
- Disclosure of the location data of companies’ assets and facilities

Engagements are conducted as part of regular meetings with company management teams, or through additional conference calls, meetings, email exchanges, or as part of joint communications with the investment community. Engagements are also regularly conducted together with other investors and partners.

Impax actively manages investments in the New Energy strategy and engages directly with management and via the team’s positions on boards.

Where material concerns or anomalies are identified, Impax will intervene to mitigate risks. The investee company’s management team is immediately contacted. If they are unresponsive or unwilling to consider alternative options, Impax will escalate the dialogue by:

- Seeking alternative or more senior contacts within the company
- Intervening or engaging together with other shareholders, institutions or organisations
- Highlighting the issue and/or joint engagement regarding the issue through institutional investor platforms that involve the likes of academics and NGOs
- Filing or co-filing resolutions at General Meetings

Engagement with ENN Energy Holdings

Companies that are better positioned to respond to climate change are likely to command a valuation premium over less well-prepared competitors. We have been engaging with one of our China-based investments, energy infrastructure company ENN Energy Holdings, to encourage it to improve its GHG disclosure and physical climate risk management.

In a series of engagements since 2018, we provided the company with a physical climate risk assessment that ENN used as a starting point for conducting a survey of site managers on their perceived physical climate risks and for carrying out a forward-looking pilot financial impact analysis of extreme weather risks. During two engagements in 2021, we found that the company had made significant improvements: it has improved its sustainability disclosures; its GHG emissions reporting is now verified against internationally agreed standards; and the company has set medium-term emissions reduction targets.



TCFD Report 2022 continued

Risk management continued

In 2021, for the second year in a row, campaign group ShareAction ranked Impax first out of 65 of the world’s largest asset managers for its support of 146 shareholder proposals on environmental and social issues.¹

IDENTIFYING, ASSESSING AND MANAGING CLIMATE RISK IN OUR OPERATIONS

Transition climate risks (operational)

We are committed to monitoring and reducing our own operational emissions across Scope 1, Scope 2 (emissions relating to electricity consumption) and Scope 3 (largely business travel).

All offices are in shared buildings where energy efficiency measures are centrally managed and largely out of Impax’s control. However, the London headquarters are in a certified green building (rated “excellent” by BREEAM and managed by an ISO 14001-aligned building management system) and Impax has been adjusting systems to minimise inefficiencies and seek energy-saving opportunities.

Physical climate risks (operational)

Like almost all companies, Impax is subject to climate-related risks relating to its operations. Specifically, Impax offices are subject to physical risks from extreme weather events as are our suppliers, including of electricity and information technology services, and the transportation systems on which employees depend.

Our assessment concluded that the physical climate risks facing our offices remain relatively low. While drought risk and water stress is high across the metropolitan areas where Impax offices are based, most significantly in London, as an office-based company water risks are moderate and more indirect. Major storm risk is notable, and expected to increase, for our US (Portsmouth, New Hampshire and New York) and Hong Kong offices, with sea level rises elevating coastal flooding risks.

Overall, the assessment indicated that the main operational risks are associated with connecting infrastructure and transport. The experience of the COVID-19 pandemic demonstrated that operations could continue effectively with most staff working remotely, however, giving us confidence that the Company would cope with any acute climate impacts.

¹ ShareAction, 2021: Voting Matters 2021 – See page 38.

Metrics and targets

INVESTMENT-RELATED METRICS

We present our climate metrics and targets using the framework of the Climate Disclosure Dashboard developed by the Climate Financial Risk Forum (CFRF) with input from Impax and peers. We believe this is a useful framework in providing an understanding of climate risks, impacts, resilience and contribution to investments in climate solutions, following the approach of double materiality.

Impax Climate Disclosure Dashboard

Category	Use Case	Metrics
Impact of climate change on Impax’s investments	Transition climate risks	Assets significantly exposed to carbon pricing
	Physical climate risks	Assets significantly exposed to physical climate risks
Impact of Impax’s investments on climate change	Financing the transition	Exposure to climate solutions
		Avoided emissions
	Financed emissions	Financed GHG emissions
		Weighted average carbon intensity (WACI)
Cross-cutting	Engagement	Portfolio alignment
		Climate-focused engagements and outcomes

In line with the approach proposed by the Dashboard, we are intending to move towards climate-related financial disclosures wherever possible.

The figures included in this section have been externally assured except where otherwise stated. Where figures have not been externally assured, they have been subject to internal peer review undertaken by Impax colleagues who are not involved in their calculation.

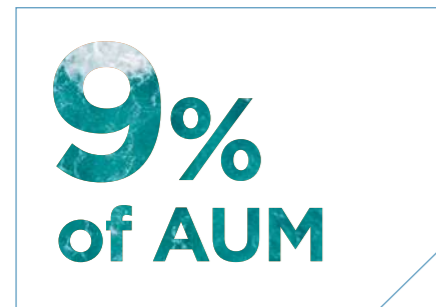


TCFD Report 2022 continued

Metrics and targets continued

Transition climate risks (investment-related)

Assets significantly exposed to carbon pricing



Companies comprising around 9% of the AUM of Impax’s active listed equities strategies are exposed to a potential decrease in future profitability – measured by earnings before income and tax (EBIT) – of 30% or more, based on a scenario analysis of the impact of carbon pricing (see “Scenario analysis of transition and physical climate risks” in the “Risk Management” section for details). We are engaging to further understand these companies’ actions towards mitigating their transition risk exposure as well as their overall climate resilience.

Physical climate risks (investment-related)

Impax active listed equities strategies



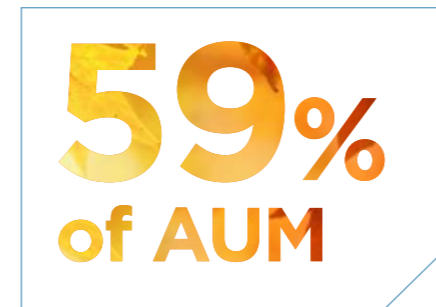
Companies comprising around 15% of the AUM of Impax’s active listed equities strategies are exposed to “high” or “very high” physical climate risk, based on our assessment of chronic and acute risks as well as companies’ vulnerability due to both company-specific and country-specific factors. Most of these companies’ assets and plants are based in the US, China, India, Japan and Mexico.¹

Impax New Energy Funds

On aggregate, the New Energy portfolio of renewable energy assets performs well across location-related, physical climate hazard metrics. Key areas of focus remain Spain, where heat and water stress are consistently high, and the Netherlands, where coastal flood risks exist.

Financing the transition

Exposure to climate solutions



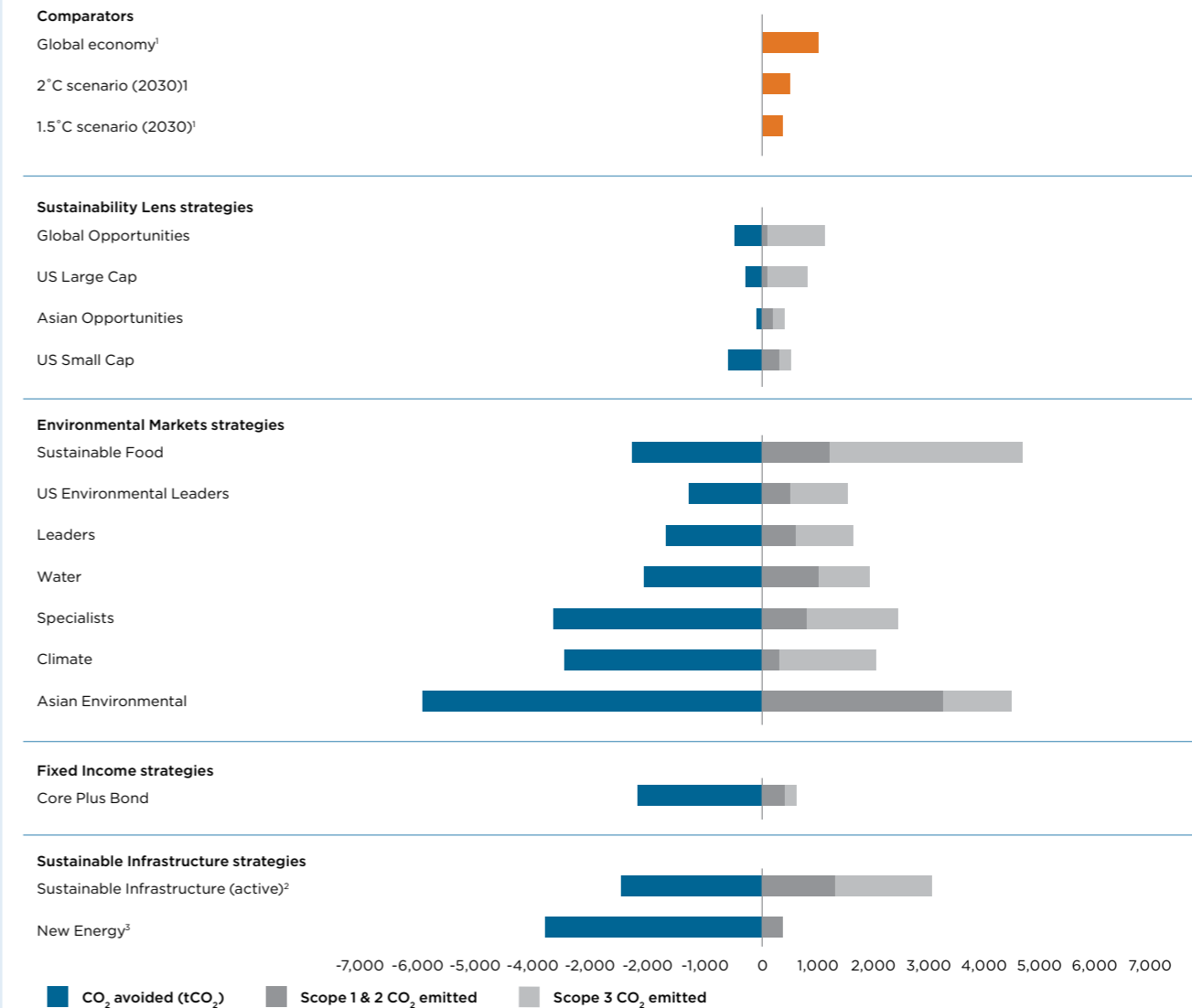
At as 31 December 2021, 59% of total AUM was invested in companies and assets providing climate solutions, with 72% invested in environmental thematic strategies more broadly.²

¹ This high-level risk assessment includes the country location of companies’ headquarters and up to five company facilities.

² Source: Impax analysis, as at 31 December 2021. Excludes cash. Please note that this data has not been externally assured.

Avoided emissions of investee companies

CO₂ impact per US\$10m invested by strategy for one year (tCO₂)



These figures refer to the past. Past performance is not a reliable indicator of future results. Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2021.¹

Please see overleaf for footnotes.



TCFD Report 2022 continued

Metrics and targets continued

We calculate and report, on a portfolio basis, the net CO₂ impact per US\$10 million invested in Impax strategies for one year.⁴ To calculate net CO₂ impact, we subtract the emissions avoided over one year – as a result of the use of portfolio companies’ products and services – from the direct and indirect emissions produced by portfolio companies and in their supply chains. We separate strategy carbon emissions out into Scope 1 and 2 – which includes direct and indirect emissions from energy produced and consumed by portfolio companies – and Scope 3 – which includes indirect emissions from portfolio companies’ supply chains and products in use.

FINANCED EMISSIONS

Financed GHG emissions

We have gathered all emissions data disclosed by our investee companies, estimating Scopes 1 and 2 emissions where those are not reported. The table below includes both absolute (tonnes of CO₂ equivalent (tCO₂e)) and intensity-based metrics for listed equities strategies, which account for 95% of total AUM. This includes both our active and systematic listed equities strategies.

	Unit	Listed equities
Scope 1 & 2 emissions	tCO ₂ e	3,587,563
Scope 3 emissions	tCO ₂ e	6,758,259
Carbon footprint	tCO ₂ e / US\$1m invested	200
WACI (Scope 1, 2)	tCO ₂ e / US\$1m revenue	150
WACI (Scope 1, 2 & 3)	tCO ₂ e / US\$1m revenue	448

Source: Scope 1, 2, and 3 emissions data gathered and estimated as part of the Impact @ Impax 2022 reporting for active Listed Equities assets. Emissions data for stocks held exclusively in Impax’s systematic Listed Equities strategies was externally sourced and has not been externally assured, however underwent an internal peer review, by the Impax systematic quantitative team.

We also gathered emissions data for our fixed income investments, which comprise 4% of Impax AUM. Scope 1 and 2 and Scope 3 emissions totalled 321 tCO₂e and 2,297 tCO₂e, respectively. The carbon footprint for fixed income investments was 23 tCO₂e per US\$1m invested.⁵

The carbon footprint of private equity investments, which comprise 1% of Impax AUM, was 40 tCO₂e per US\$1m invested.⁵

1 The “global economy” comparator has been calculated by dividing estimated total global emissions in 2021 by the value of total global financial assets. Impax calculations are based on estimated global assets under management in 2020 (Source: Financial Stability Board, 2021: Global Monitoring Report on Non-Bank Financial Intermediation 2021) and estimated global GHG emissions in 2018 (Sources: Our World in Data, 2020: CO₂ and Greenhouse Gas Emissions, & Emissions Database for Global Atmospheric Research, 2021: GHG emissions of all world countries).

The GHG emissions figure used is an average of both sources, adjusted to an estimated 2021 figure using the average growth rate in CO₂ emissions from energy combustion and industrial processes between 2018 and 2021 (Source: IEA, 2022). The emissions intensity figure is derived by dividing the adjusted global GHG emissions figure by the global AUM figure.

The “1.5°C scenario” is based on the IPCC target of reducing global emissions by 45% from 2010 levels by 2030, to limit global warming to 1.5°C and the “2°C scenario” indicates emissions reduction of 25% by 2030, to limit global warming to below 2°C. Impax calculations for the “1.5°C” and the “2°C” scenarios are based on estimated global assets under management (AUM) in 2030 and estimated global GHG emissions in 2030 compatible with the 1.5°C and 2°C alignment scenarios. The 2030 global AUM figure is calculated by extrapolating the 2020 global AUM figure (Source: Financial Stability Board (FSB), 2021: Global Monitoring Report on Non-Bank Financial Intermediation 2021) using the compound annual growth rate in global AUM between 2002 and 2020 (Source: FSB). The 1.5°C-aligned and 2°C-aligned global GHG emissions figures are calculated by reducing 2010 global emissions (an average of two sources: Our World in Data, 2020: CO₂ and Greenhouse Gas Emissions, & Emissions Database for Global Atmospheric Research, 2021: GHG emissions of all world countries) by 45% (1.5°C) and 25% (2°C) respectively. The 45% and 25% reduction needed by 2030 are internationally accepted figures (IPCC, 2018: Global Warming of 1.5°C Summary for Policymakers). The emissions intensity figure is derived by dividing the estimated global GHG emissions figure by the estimated global AUM figure.

2 Reporting for the Sustainable Infrastructure (active) strategy is based on model portfolio holdings, in advance of its launch in Autumn 2022. Data represents indicative underlying holdings of proposed strategy. Actual holdings and therefore impact data may vary and should not be relied upon.

3 Reporting for the New Energy considers the lifecycle emissions of its investments which covers Scope 1, 2 and 3 emissions. The source for solar and wind emissions factors is Annex II: Metrics & Methodology, in “Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change”. For hydropower, we use hydroelectric emissions factors published by the Norwegian Water Resources and Energy Directorate (NVE).

4 This captures CO₂ emission and avoidance reporting for approximately 90% of Impax’s assets under management, as of 31 December 2021.

5 This includes emissions for corporate fixed income assets held within the Impax Core Bond+ strategy.

ENGAGEMENT

Transition alignment of investee companies

Impax has assessed the alignment of its portfolio companies’ climate management and processes to the net-zero transition and the need to adapt to physical climate impacts, based on the PAII Net-Zero Investment Framework¹ and influenced by the SBTi Portfolio Coverage Approach. The approach is also aligned with the GFANZ Financial Institution Net-zero Transition Plan (“NZTP”) guidance.² Aligned climate management processes include appropriate climate risk pricing, robust climate target-setting (for example, approved the Science Based Target initiative (“SBTi”) targets) and TCFD-aligned climate reporting.

We have defined three categories: “transition aligned”, “transition aligning” and “transition non-aligned” climate management and processes. In this context, “transition aligned” also includes the need to adapt to climate impacts. The distribution of committed AUM in these categories, as of 31 December 2021, stood at:³

“Transition aligned” climate management & processes	47%
“Transition aligning” climate management & processes	45%
“Transition non-aligned” climate management & processes	8%

Climate-focused engagements and outcomes

Climate-related engagements during 2021⁴

Total engagements focused on climate-related issues	23%
Companies engaged on climate issues by AUM ⁵	18%

Positive engagement outcomes during 2021

Total engagements with a positive outcome ⁶	47%
Climate-related engagements that achieved a positive outcome	66%

1 <https://www.iigcc.org/resource/net-zero-investment-framework-implementation-guide/>

2 <https://assets.bbhub.io/company/sites/63/2022/09/Recommendations-and-Guidance-on-Financial-Institution-Net-zero-Transition-Plans-November-2022.pdf>

3 Source: Impax analysis, as at 31 December 2021. These calculations are based on AUM included towards Impax’s target under the Net Zero Asset Managers (NZAM) Initiative (see “Investment-related targets” on page 72 for details). Please note that this data has not been externally assured.

4 Source: Impax analysis, as at 31 December 2021. Please note that this data has not been externally assured.

5 AUM, as at 31 December 2021.

6 Positive outcomes are classified as “progress achieved” or “milestone achieved” as assessed by Impax against engagement objectives.



TCFD Report 2022 continued

Metrics and targets continued

INVESTMENT-RELATED TARGETS

Impax's net zero target and commitments

The Net Zero Asset Managers (NZAM) initiative, which Impax joined in October 2021, reflects a formal commitment by signatories to support the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

As an NZAM initiative signatory: Our aim is for 100% of committed AUM to be within the “transition aligned” or “transition aligning” categories, related to climate management and processes, by 2030. At least 50% of committed AUM will be classified as aligned.

To achieve this target, we will:

- Engage with all in-scope companies not yet climate resilient/transition aligned
- Use proxy voting as part of climate resilience and transition stewardship
- Use collaborative engagements and escalations
- Use “system-level” engagement to identify and remove barriers from achieving net zero transition
- Focus on policy advocacy as support for accelerating a real-economy transition
- Consider climate transition in product development

Impax's approach is informed by the PAII Net Zero Investment Framework¹ and is influenced by the SBTi Portfolio Coverage Approach. Committed AUM consists of all actively managed listed equities and private equity investments which represent 92% of AUM. Over time we plan to increase the proportion of AUM committed. We are committed to reporting on the level of our investment in climate solutions and on the related avoided GHG emissions.

¹ IIGCC Paris Aligned Investment Initiative, Net Zero Investment Framework 1.5C Implementation Guide: https://www.parisalignedinvestment.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf

OPERATIONAL METRICS

Our carbon emissions for the Period (12 months to 30 September 2022)

	2022 (tCO ₂ e) ¹	2021 (tCO ₂ e)	Change (%)	Change tCO ₂ e/FTE (%)	Change tCO ₂ e/AUM (%)
Direct (Scope 1, natural gas)	31	32	-2%	-22%	+2%
Indirect (Scope 2, electricity consumed, market-based approach)	5	10	-53%	-63%	-51%
Value chain (Scope 3 business travel)	340	9	+3,590%	+2,834%	+3,749%
Impax total (market-based approach)	376	51	+630%	+480%	+661%

The Company's total carbon footprint (Scopes 1, 2 and 3) increased substantially during the Period, driven primarily by increased business travel, from a very low base, with the lifting of global travel restrictions following COVID-19 lockdowns and continued business growth. The latest pre-pandemic Scope 3 (business travel) figure, for the Period ending 30 September 2019, was 329 tCO₂e. We have enhanced our Scope 3 emissions methodology with more accurate emissions factors, including flight distances, class of travel and radiative forcing.²

Market-based Scope 2 emissions decreased due to a small reduction in consumption and a switch to renewable energy at the New Hampshire office in 2021. Our New York City office opened during the Period and has been added to our reporting scope.³

The Company's total global energy consumption over the Period was 492 MWh, up 3% compared to the previous Period.⁴ The New Hampshire and London offices accounted for 55% and 42% of total energy consumption, respectively.

OPERATIONAL TARGETS

Impax has the following firm-wide, operational environmental targets in place:

- Scope 2 emissions target: To source 100% renewable energy across all Impax offices (from electricity use). This stood at 97% across the company at the end of the Period. Our Hong Kong office is now sourcing renewable electricity.
- Scope 3 emissions target: Air travel has historically been Impax's largest source of carbon emissions, and we now look to substitute short-haul air travel by rail or coach where possible. We also favour video conference meetings whenever practicable. We are discussing a target to reduce Scope 3 emissions.

¹ These FY2022 operational carbon emissions figures have been externally assured by ERM CVS, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised). Following a location-based approach, Impax total emissions for the Period were 440.4 tCO₂e.

² Scope 3 business travel emissions: All air travel distance data provided our third-party corporate travel provider for FY2022 has been used to calculate associated business travel emissions, by applying the relevant UK Government DEFRA/BEIS emissions factors (including radiative forcing) by flight distance (domestic, short-haul, long-haul and international) and flight class (economy, premium economy and business).

³ At present, travel-related emissions data is only available for air travel undertaken by employees based in our London, Hong Kong and Dublin offices (equivalent to 62% of firm-wide full-time equivalent employees). Emissions associated with rail travel have not currently been captured by the existing data. While business travel by hire cars and buses is limited, staff expense these journeys retrospectively and we have not been able to capture associated travel or emissions data of these journeys.

⁴ Reporting in line with Streamlined Energy and Carbon Reporting requirements (SECR). This total global energy consumption figure has been externally assured by ERM CVS.



TCFD Report 2022 continued

Metrics and targets continued

Independent Assurance Statement to Impax Asset Management Group plc

Impax Asset Management Group plc (“Impax”) engaged ERM Certification and Verification Services Limited (“ERM CVS”) to provide limited assurance in relation to selected data in Impax 2022 Annual Report (the “Report”) as set out below.

Engagement summary	
Scope of our assurance engagement	<p>Whether the selected data for the financial year 2022 listed below and presented in the Report are fairly presented, in all material respects, in accordance with the reporting criteria:</p> <ul style="list-style-type: none"> • Total Scope 1 direct GHG emissions tCO₂e • Total Scope 2 indirect GHG emissions – location based tCO₂e • Total Scope 2 indirect GHG emissions – market based tCO₂e • Scope 3 GHG emissions for Category 6: Business Travel tCO₂e • Total global energy consumption MWh
Reporting period	1 October 2021–30 September 2022
Reporting criteria	<p>WBCSD/WRI GHG Protocol (2004, as updated January 2015) as relevant for the Scope 1, 2 and Scope 3 data.</p> <p>Streamlined Energy Carbon Reporting (SECR) requirements for the Total global energy consumption data.</p>
Assurance standard	International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	<p>Impax is responsible for preparing the Report and for the collection and presentation of the information within it.</p> <p>ERM CVS’ responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

OUR CONCLUSION

Based on our assurance activities, nothing has come to our attention to indicate that the data, as listed above, are not fairly presented in the Report, in all material respects, with the reporting criteria.

EMPHASIS OF MATTER

Without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by Impax relating to Scope 3 GHG emissions for Category 6 in the ‘Operational metrics’ section of the Report. In particular, GHG emissions for this Category from the USA offices where ~38% of employees are based, as well as emissions associated with ground transportation such as rail and hire car and buses are currently not included within reporting due to limitations around data collection processes.

OUR ASSURANCE ACTIVITIES

Our objective was to assess whether the reporting of the data is in accordance with the principles of completeness (inclusion of holdings and the boundary applied), consistency (application of reporting criteria) and accuracy (supporting information reported by individual assets and collation and aggregation of data).

We planned and performed our work to obtain the information and explanations that we believe were necessary to provide a basis for our assurance conclusion.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- Interviewing relevant staff to understand the methodology, collection, reporting, internal QA/QC and calculation of the selected data.
- Reviewing documentation related to the methodology, including sources of information and the application of any factors and/or assumptions used to report the selected data.
- Identifying and testing a sample of material data points (and associated data processes and systems) for accuracy and completeness.
- Testing the accuracy of the overall consolidation and aggregation of the reported data.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

THE LIMITATIONS OF OUR ENGAGEMENT

The reliability of the assured data is subject to inherent uncertainties, given both the available methods for determining, calculating or estimating the underlying information and the dependence on individual companies within Impax investment holdings to provide relevant and accurate performance information. It is important to understand our assurance conclusions in this context. We do not provide any assurance on future performance or the achievability of Impax goals and targets.

OUR INDEPENDENCE

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Impax Asset Management Group plc in any respect.

Gareth Manning

Partner, Corporate Assurance

28 November 2022

ERM Certification and Verification Services Limited, London
www.ermcvs.com | post@ermcvs.com

ERM CVS
Informed Assured



Risk Management and Control

Enterprise Risk Framework

Impax has adopted a risk management framework which takes into account the key principles of risk identification, risk measurement, risk mitigation, risk monitoring and reporting.

The Board strives to achieve a balance between appropriate levels of risk and return and to ensure that the risks taken by the firm are appropriately managed and that controls in place to manage those risks are effective. Although the Board sets the overall business risk strategy and appetite, all staff are responsible for identifying, monitoring and reviewing risks across their team and business functions.

Impax's Enterprise Risk Team is responsible for maintaining a global risk management framework, including an on-going programme to monitor the effectiveness of internal controls and processes designed to mitigate the risks identified. The Team provides reports to the Board's Audit & Risk Committee on a quarterly basis on risk matters, including the effectiveness of the agreed internal controls. The Board receives a quarterly report from the Chair of the Audit & Risk Committee, which is responsible for independently overseeing risk management and internal control environment effectiveness. Board members receive internal audit reports which independently assess the adequacy of internal controls. The effectiveness of specific internal controls are externally audited each year and documented in a ISAE 3402 Report. The principal risks that the Company faces are described in this section. Further information on financial risk is given in note 28 to the financial statements.

RISK GOVERNANCE

Impax has adopted a structured "three lines of defence" approach to risk oversight and internal controls which is summarised below:

FIRST LINE: Business units	SECOND LINE: Risk and compliance	THIRD LINE: Audit
<ul style="list-style-type: none"> Involved in day-to-day risk management Follow a risk process Apply internal controls and risk responses 	<ul style="list-style-type: none"> Oversee and challenge first line risk management Provide guidance and direction Maintain enterprise risk management framework 	<ul style="list-style-type: none"> Review first and second lines Provide an independent perspective and challenge the process Objective and offer assurance

Impax has identified material risk categories and has documented its appetite for each in a Risk Appetite Statement. The risk appetite approach is applied across the Company.

PRINCIPAL RISKS

The principal risks that the Company faces are:

Reputational risk	
<p>Summary</p> <p>Reputational risk can arise from any of the key risks described below and relates to the Impax brand and relationships with our stakeholders.</p>	<p>How we mitigate risk</p> <p>Integrity and appropriate conduct are an integral part of the Impax culture and values, and all our business dealings. The integrity and reputation of staff is regularly assessed, and the controls below help to mitigate the risk of incidents that may have a reputational impact.</p>
Cybersecurity and information technology risk	
<p>Summary</p> <p>The Company is dependent on and therefore relies on the integrity and security of our IT infrastructure and systems.</p> <p>Cyber-attacks against financial services firms are growing in number and sophistication and if successful, could result in business disruption and/or data loss or loss or harm to clients of the Company. Remote working presents additional potential cyber-related risks. The war in Ukraine has also increased the risk of cyber-related attacks.</p>	<p>How we mitigate risk</p> <p>We worked with partners, governments agencies and regulators, to ensure we are aware of industry best practice to mitigate the threat of a cyber-attack. We continue to invest in specialist expertise, systems and processes to protect clients' and Company data. All staff receive regular cyber awareness training. We also carry out external and internal penetration tests annually and phishing simulations monthly. We continue to enhance our oversight of our critical suppliers with respect to their Cyber readiness and resilience processes. While our IT infrastructure has remained resilient, we continue to test ourselves annually against business resilience scenarios, using external facilitators.</p>
Regulatory risk	
<p>Summary</p> <p>The Company's operations are subject to financial services legislation and regulations, including minimum capital requirements, in each of the jurisdictions in which it operates.</p> <p>Increasing sustainability and ESG focused regulatory requirements and disclosure obligations (in particular SFDR, TCFD) introduce increased regulatory obligations on the Company.</p> <p>The ongoing situation in Ukraine, and related financial sanctions, has seen an elevation of financial crime risk industry-wide. Impax has not identified any material elevation of this risk, and has not identified any areas of concern or heightened risk in respect of Impax's supplier, vendors or clients following a review of these against financial sanctions.</p>	<p>How we mitigate risk</p> <p>The Company seeks to manage these risks by ensuring close monitoring of compliance with the regulations, and by tracking regulatory developments and reacting promptly when changes are required through the Company's permanent and independent compliance function.</p> <p>Climate risk and sustainability and ESG regulations are monitored as part of the compliance and risk programmes at Impax.</p> <p>During the Period Impax undertook a review of clients, suppliers and vendors to confirm compliance with recently introduced sanctions related to Russia's invasion of Ukraine and has identified no areas of concern.</p>



Risk Management and Control continued

Operational risk

Summary

Operational risk arises in our investment management activities, distribution activities and in the operation of our corporate infrastructure.

How we mitigate risk

The Company has established control frameworks so that the risk of financial loss to the Company through operational failure is minimised. As part of this the Company obtains full "ISAE 3402" internal controls assurance every year, for its UK Listed Equities business. Impax also maintains plans to manage operational business risks in the case of an emergency or crisis situation. These involve specific responses to enable business contingency and recovery procedures. The Company has insurance cover which is reviewed each year prior to policy renewal.

The Company considers and seeks to manage physical climate risk in its operational risk management framework.

The Board has requested that climate risk be formally recorded on the Company's enterprise risk register. Work to further integrate climate-related risks, including physical climate risks, into the Enterprise Risk Framework continues into the new financial year.

Market risk

Summary

The Company charges management fees based on AUM and accordingly its revenue is exposed to market risk. The Company seeds investments in its own Listed Equities funds in order to build a track record to market those funds more effectively. It is therefore directly exposed to the market performance of the funds. The Company also invests in its own Private Equity funds and is therefore exposed to the performance of these funds.

Volatility and inflation continue to have a material impact on global markets, and as a consequence on the Company and its investments.

Climate risk and sustainability risk are considered with regard to investments.

The impact of the conflict in Ukraine continues to affect markets. Further information on how this impacts investment strategies is detailed on page 23.

How we mitigate risk

The Company operates a number of different strategies which themselves are diversified by geography and industry. The Company's investment teams have to follow defined investment processes.

Oversight of the impact of market risk on investment activity is ongoing and involves the investment teams, Enterprise Risk Team and the Company's Investment Committees, and Audit & Risk Committee.

Liquidity risk

Summary

Liquidity risk in relation to client portfolios is the risk that funds cannot be generated to meet redemptions or other obligations as they arise. Liquidity issues can arise as a result of market conditions or through holdings of illiquid investments. Liquidity risk also applies to the Company's own financial obligations, in the event that cash resources are insufficient to meet liabilities as they fall due.

How we mitigate risk

We actively monitor the liquidity of individual stocks and portfolios. Adjustments to fund holdings are made where necessary to ensure that we are able to meet fund redemptions. Despite the ongoing market disruptions noted above, the Company has managed liquidity obligations consistently during the Period.

The Company's approach to managing its own liquidity risk is to ensure that it has sufficient cash on hand to meet liabilities when due under both normal and stressed conditions, and to satisfy regulatory requirements. The Company produces cash flow forecasts covering "a 12-month period". The Company's management and Board review these forecasts. As shown in note 21 to the financial statements the Company has adequate cash reserves.

Credit risk

Summary

The Company is exposed to the risk of counterparty default. Our counterparties include banks holding the Company's cash reserves.

How we mitigate risk

The Company seeks to manage this risk by only depositing cash with institutions with high credit ratings and by allocating its cash holdings to at least four institutions at any time.

Currency risk

Summary

A significant percentage of Impax LN's business income is based on assets denominated in foreign currencies whilst the majority of costs are in pounds sterling. For the Impax NH business the majority of income is based on assets denominated in US dollars and all costs are in US dollars.

How we mitigate risk

For the Period, and on an on-going basis, the Company's strategy for the Impax LN business has been to put in place hedges, in the form of forward rate contracts, where there is sufficient predictability over the income to allow for an effective and cost-efficient hedge. Otherwise foreign currency income is converted to pounds sterling as soon as practically possible after receipt.



Engaging with our Stakeholders

Section 172 of the Companies Act 2006 requires the Board to act in the way that they consider would most likely promote the success of the Company for the benefit of all stakeholders. In turn the Directors ensure that they, and the management team, have regard, amongst other matters, to:

- The likely consequences of any decisions in the long term.
- The interests of the Company's staff.
- The need to foster the Company's business relationships with suppliers, customers, distribution partners and others.
- The need to grow the value of the business for our shareholders.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Company.



Stakeholder: Shareholders

Our approach

We are committed to full disclosure and clear communications with institutional and private shareholders and hold meetings throughout the year.

We invest by seeking price inefficiencies in high growth markets and are focused on managing a small number of highly scalable investment strategies.

The governance and management of the Company is driven by the Board and senior management team. We seek to adhere to high standards of corporate governance and reporting.

We manage and optimise a scalable platform for growth, including systems, processes, and infrastructure.

We balance tight costs control with the needs of an expanding business.

The Company's dividend policy is to pay between 55% and 80% of adjusted profit after tax.

2022 highlights

- Revenue grew by 23%
- Adjusted operating profits grew by 21%
- Shareholders' equity grew by 25%
- Cash reserves grew by 53%
- Adjusted operating margin down marginally to 38%
- Adjusted diluted EPS grew 22%
- Dividend: growth of 34%

We continue to engage Peel Hunt and Berenberg as joint brokers to maintain our contact with institutional investors. We continue to engage with groups including Equity Development, ShareSoc, Mello Events and Shares/AJ Bell to support our interaction with private investors.



Stakeholder: Clients

Our approach

We provide a wide range of investment products and solutions, including mutual funds and private assets to our clients who are predominantly institutional investors and pension funds.

We are focused on ensuring that we are managing all our funds and accounts in line with clients' investment objectives and within a framework that is fully compliant with applicable regulations and policies.

We seek to deliver consistent outcomes for our clients and superior financial returns over the longer term.

We conduct fundamental analysis which incorporates long-term risks, including Environmental, Social & Governance ("ESG") factors.

We focus on four areas broader beyond financial returns: corporate engagement and stewardship; environmental and social impact reporting; policy and advocacy; and publishing research.

Our client teams build long-term relationships and have a deep understanding of our clients' needs and expectations.

Informed by our dialogue with clients we develop new products to provide client solutions and invest our own balance sheet as seed capital.

2022 highlights

Continued strong investment performance with eight out of the largest ten strategies, accounting for a combined 89% of AUM, outperforming their benchmarks over three years. Of the eight that have five-year track records, seven have outperformed their benchmarks.

Net inflows of £2.9 billion across our direct sales and distribution partner channels globally.

We saw strong allocations to our Global Opportunities, US Large Cap and Leaders strategies.

Significant new mandate wins.

We continue to focus on managing our capacity and have significant headroom within our existing strategies.

We have evolved our impact reporting to include three additional strategies, including a fixed income strategy, and additional metrics on social, water, and nature-related impact.

Thought leadership highlights included a report on the investment case for sustainable infrastructure and articles on the implications of US policy developments, including the Inflation Reduction Act.



Engaging with our Stakeholders continued



Stakeholder: Colleagues

Our approach

We seek to offer a stimulating, collaborative, and supportive workplace for our people.

We are focused on integrating our one-team culture, expanding our global presence, ensuring business resilience through scalability, and sustaining a high-performing environment.

We prioritise investment to empower our colleagues to reach their full potential. This includes both professional and personal development training for all employees, including contractors, to ensure we have the skills needed to develop the business.

We are committed to equity, diversity and inclusion (E,D&I). We value individuals and seek to understand our peoples' perspectives and to reflect their views. Lindsey Brace Martinez is the Board Sponsor of the Company's E,D&I activities.

We remain focused on addressing the gender pay gap, particularly at senior management level.

We learn from and act on the feedback from our colleagues.

2022 highlights

We now conduct our global employee engagement survey annually. This year we achieved an overall engagement score of 89% – up 1 percentage point from 2021 and 7 points ahead of the industry benchmark – based on a 95% employee response rate.

During the Period we had an employee turnover of 10%, while 11% of the team celebrated a promotion.

Our “Impax 2025” project was a significant cross-company initiative to integrate the contribution and plans of all teams as part of our broader strategy.

We undertook a review of our existing compensation framework.

We made good progress on our E,D&I strategy and metrics. 49% of the company is female, including 43% of the Board, 20% of the Executive Committee and 36% of the Investment Team. 65% of promotions were women.



Stakeholder: Distribution partners

Our approach

We have developed strong relationships with other asset managers who distribute our white-label funds through their networks. This enables the Company to distribute our products to a much wider network of clients.

Our senior management team, investment professionals and client relationship managers meet our distribution partners regularly and we have strong reporting systems in place.

We are deepening the level of reporting that we provide to our clients via our distribution partners.

2022 highlights

Net inflows of £1.6 billion from our distribution partners.

Our growing relationship with St James's Place in the UK led to £1.1 billion in net inflows.

We saw positive flows via Principal Global Investors and a private bank in the US, Formuepleje in Denmark, and Fidante in Australia.



Stakeholder: Investee companies

Our approach

We are long-term investors and develop strong relationships with many of our holding companies. We conduct deep, on-going research into all areas of their businesses.

We engage with companies to minimise risks, protect shareholder value, promote greater transparency and encourage companies to become more resilient over time.

We take a supportive rather than activist approach and often work in collaboration with other asset managers or organisations.

2022 highlights

We prioritised four strategic areas of engagement: climate; corporate governance; human capital management and sustainability risk management

In 2021 we took part in over 204 engagements.

We were a successful applicant to the UK Stewardship Code.



Stakeholder: External service providers

Our approach

We engage proactively with our service providers through regular communication from employees and have an established framework that governs our approach to selection, on-boarding, and oversight, across our key suppliers.

Our Supplier Code of Conduct sets out the high standards we expect from our suppliers, covering social inclusion, sustainability and the environment. We engage specialist external service providers to supplement our own infrastructure and staff so that we can deliver key services more cost effectively.

The Audit & Risk Committee reviews the company's material outsourced providers annually.

2022 highlights

We invested in our corporate services functions, including systems to enhance our third-party oversight, alongside our automation, data management and reporting capabilities.

We continue to strengthen the areas of risk management, compliance, business resilience and IT infrastructure for hybrid working.



Engaging with our Stakeholders continued



Stakeholder: Community and the environment

Our approach

We are committed to operating to the highest standards of corporate responsibility, recognising our responsibility to the community in which we operate, and to a wider society.

We support a low-carbon economy, primarily through our investment decisions, company engagement, our collaboration with clients and stakeholders and policy advocacy. We are committed to reducing our operational emissions; Scope 1, 2 & 3. Vince O'Brien is the Board Sponsor of the Environment Group.

Impax partners with organisations aligned with our focus on the transition to a more sustainable economy: Ashden, Ceres, Client Earth, Diversity Project and Toigo.

We facilitate charitable giving by our staff via numerous schemes and match many of the contributions.

We also encourage staff to volunteer both as individuals and on Company organised initiatives.

2022 highlights

In November 2021 Impax joined the Net-Zero Asset Managers Initiative. Our aim is for 100% of committed AUM to be within the "transition aligned" or "transition aligning" categories, related to climate management and processes, by 2030. At least 50% of committed AUM will be classified as aligned.

As of December, 2021, 59% of total investment-related AUM was invested in companies and assets providing climate solutions. Full details on climate-related disclosures are in our TCFD report, pages 53 to 75.

We published our Nature, Biodiversity & Deforestation Policy.

Impax colleagues volunteered over 923 hours with charitable organisations. We launched our Community Cause of the Year. Globally, Impax matched £56,361 of colleagues' charitable giving. In total, Impax gave £287,382 to charitable causes during the Period.



Stakeholder: Industry wide groups

Our approach

We believe that working in collaboration with like-minded organisations can be more effective in bringing about change.

For a list of memberships see page 195.

2022 highlights

During the Period we have focussed on the following themes: financing net-zero emissions (e.g. CBI's Financing the Transition white paper); greening the financial system (e.g. GFANZ guidance on finance institution net-zero transition plans); nature and biodiversity loss (e.g. Finance Sector Deforestation Action initiative); and human capital (e.g. Financing the Just Transition Alliance).



Stakeholder: Financial industry regulators

Our approach

Impax is a global business which has a strong focus on ethical conduct and compliance with applicable requirements in all jurisdictions where we operate.

We are committed to regulatory reporting and disclosures which benefit market transparency and integrity.

We seek to contribute positively to evolving regulatory standards and actively advocate for sustainable regulatory policies relevant to our activities and clients.

2022 highlights

We provided comments to regulators on a range of regulatory proposals and rules including:

- the FCA's Sustainable Disclosure Requirements and investment labels (including a cost benefit analysis);
- the update to the UK Government's Green Finance Strategy
- the SEC's rule on climate-related disclosures for investors
- the US Department of Labor's rule regarding the use of sustainability funds on ERISA platforms
- the ISSB's international standards for sustainability- and climate-related disclosures

This Strategic Report has been approved by the Board and signed on its behalf by:

Ian Simm
Chief Executive

29 November 2022



Governance

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“As the team continues to expand, Impax’s commitment to its culture remains constant.”

Sally Bridgeland
Chair



Chair's Introduction

A SOLID YEAR AMID TURBULENT MARKETS

2022 has been a year dominated by uncertainty: geopolitical turmoil, inflationary pressures, and rising interest rates. By contrast, Impax has shown the value of its authentic, long-held investment philosophy focused on the transition to a more sustainable economy. The management team has successfully led the business through difficult market conditions, with strong performance against the majority of its key performance indicators ("KPIs"), including net inflows of £2.9 billion; revenues up by 23% and adjusted operating profit up by 21%.

As our net inflows show, client interest in our specialist investment approach continues to grow, despite the volatile markets. The Company continues to appeal to asset owners and intermediary asset managers across the globe and to demonstrate its ability to provide longer-term value creation for all stakeholders.

FOCUS ON PEOPLE AND CULTURE

As the team continues to expand, Impax remains committed to preserving its culture, conscious of the challenges of growing quickly in a hybrid working environment. The Board has been encouraged by the strategic approach being adopted by the management team, increasing its attention to engaging with employees, and with a major in-person global Senior Leaders conference in June.

The Board fully supported the recommendation that employees on lower remuneration should receive a one-off payment, made after the Period end, to help alleviate the significant rise in living costs this year.

STRATEGY

The Board held eight formal meetings during the Period, devoting significant time to strategic discussion in order to consider fully a range of business development opportunities.

In June, the Non-Executive Directors attended a strategy day with the senior management team. This included a discussion of how the investment teams are navigating turbulent market conditions; hearing about clients' priorities; a summary of the global senior leadership meeting; and discussing developments in our US business.

In September 2022 the Board were delighted to visit Impax's Portsmouth, New Hampshire office for our Board meeting. This gave us the opportunity for some valuable face-to-face time with team members and we had the opportunity to join one of the Company's monthly all-staff town hall meetings.

DEMONSTRABLE INVESTMENT IN A MORE SUSTAINABLE ECONOMY

Impax's long-held mission is to invest in the transition to a more sustainable economy; this informs how we create value for all our stakeholders.

In line with this mission, we are pleased this year to be including our first report that describes how we manage climate risks and opportunities, using the Taskforce for Climate-related Financial Disclosures ("TCFD") framework. This report covers both our investment approach and an analysis from the perspective of climate change of how we run our business. The report, on pages 53 to 75 of the Strategic Report, includes our commitment under the Net Zero Asset Manager's Initiative, which we joined in October 2021; this describes how Impax will redirect capital to support companies that are aligned with the transition to net zero in the real economy.

Managing climate and broader sustainability risks and investing in environmental and climate opportunities is a strategic focus for Impax and a priority for the senior management and Board. The Board has requested that climate risk be formally recorded on the Company's Enterprise Risk register, and work to further integrate climate-related risks, including physical climate risks, into the Enterprise Risk Framework continues into the new financial year.

Our approach to climate and the environment is coordinated by the Environment Group, which Vince O'Brien attended on behalf the Board. The Board was pleased to hear presentations from the Group on two occasions during the Period.

More broadly, as a Board we always consider how the success of the Company should benefit all of our key stakeholders. Please refer to pages 80 to 85 of the Strategic Report for more information on our approach.

DIVIDEND

In 2019, the Company adopted a policy of paying an annual dividend of between 55% and 80% of adjusted profit after tax. In line with this, the Board now recommends paying a final dividend for 2022 of 22.9p, a total for the year of 27.6p, representing 65% of adjusted profit after tax and an increase for the total dividend of 34% on 2021. Further details are provided in the Financial Review on pages 18 to 21 of the Strategic Report.

OUR COMMITMENT TO GOOD GOVERNANCE

The Directors recognise the importance of strong corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code. See page 96 for more information.

The Board monitors its approach to the evaluation of effectiveness. This year we engaged Boardroom Review, a leading independent specialist board evaluation firm, to conduct our first external board evaluation. The consultancy carried out interviews with Board members and reviewed information prior to a collective Board workshop discussing the strengths, challenges and contribution of the Board to the Company.

"The management team has successfully led the business, with strong performance against the majority of its key performance indicators."



Sally Bridgeland
Chair



Chair's Introduction continued

REMUNERATION AND INCLUSION

Consistent with management's focus on people and culture, during the Period the Remuneration Committee worked with management and independent external advisors to help ensure that Impax's approach to pay and performance is linked to the strategic priorities of the Company. The resulting "scorecard" approach, which we will be adopting to assess individual performance and provide more clarity on the link with pay outcomes, is described in the Remuneration Report on pages 108 to 117. Building on feedback from shareholders we have also increased our disclosures around variable remuneration and will once again put the Directors' Remuneration Report to advisory vote at the AGM.

An important feature of the new performance scorecard is the emphasis on collaboration and teamwork: as a Board we believe that inclusion is vital to performance and the resilience of the business as it grows. Lindsey Brace Martinez acts as the Board sponsor of the company's focus on equity, diversity & inclusion ("E,D&I") and attends the meetings of the E,D&I Group.

The Company has made further progress with its E,D&I strategy this year. Last year we articulated our aim that by December 2025 our overall gender mix should be 48-52% women and that the representation of women and racial or ethnic minorities in key roles should be meaningfully ahead of industry average.¹ We are encouraged by the improvement in the gender pay gap data for senior and mid-level employees since last year and continue to focus on this issue.

At a personal level, I thoroughly enjoyed the opportunity this year to take part in the City Hive mentoring scheme in association with #TalkAboutBlack, which Impax sponsors. Please see page 51 of the Strategic Report for more details.

BOARD MEMBERSHIP

Annette Wilson joined the Board in June 2022 and has already made a significant contribution as a member of the Audit & Risk Committee and the Remuneration Committee.

Following 13 years on the Board, Vince O'Brien has notified of us his intention to retire as a Director, effective at the AGM in March 2023. He has retired as Senior Independent Director, Chair and member of the Audit & Risk Committee, and member of the Remuneration Committee, effective 30 November 2022. Annette Wilson will succeed Vince as Chair of the Audit & Risk Committee and will assume his role as Board Sponsor of the employee-led Environment Group. Simon O'Regan will succeed Vince as the Senior Independent Director and as the Board's Whistleblowing Champion.

On behalf of the Board, I would like to thank Vince for his tremendous contribution and many years' service to the Impax Board and for his recent chairing of the Audit & Risk Committee and wish him all the best in his future endeavours.

It's also a huge pleasure to welcome Karen Cockburn, Chief Financial Officer Designate, to Impax. It is planned that Karen will become Chief Financial Officer, succeeding Charlie Ridge, in January 2023. In due course it is expected that Karen will join the Impax Board as an Executive Director. This is expected to be following the conclusion of the Company's AGM, subject to receipt of regulatory approval in relation to her appointment as a director of the Company's FCA regulated subsidiaries. Karen brings considerable experience and expertise from her career in financial services and digital platforms and will be a significant asset to the Company.

Charlie has been an exceptional Chief Financial Officer over the past 14 years and has overseen a considerable expansion in our communications with shareholders. On behalf of the Board, I'd like to extend our thanks to Charlie for his commitment and successes.

In May this year we were shocked to hear of the unexpected and untimely death of Keith Falconer. It was a great pleasure to work with Keith over our five years together on the Board and he was particularly generous in his time as he handed the chair over to me in 2020. He is greatly missed.

ENGAGEMENT AND OUR AGM

We continue to engage Peel Hunt and Berenberg as our joint brokers, to maintain our contact with institutional investors. We also work with providers including Equity Development, ShareSoc, Mello Events and Shares/AJ Bell to support our interaction with private investors and are looking to increase this outreach over the next year.

Our next AGM will take place on 16 March 2023. We hope that we will again be able to welcome shareholders to the meeting in person at our London office on the 7th Floor, 30 Panton Street, London SW1Y 4AJ. The Directors and the senior management team appreciate the opportunity to meet with shareholders to present on the Company's progress and hear your questions and feedback. Details of the AGM, and the proposed resolutions, are covered in the separate Notice of Meeting.

Sally Bridgeland

Chair

29 November 2022

¹ In senior management, portfolio management, and client-facing in Impax's primary locations (UK and US).



Board of Directors



SALLY BRIDGELAND
Chair

Joined the Board 2015
Appointed Chair 2020

Previous roles & experience

Sally qualified as a Fellow of the Institute of Actuaries with consultants Bacon & Woodrow (now Aon Hewitt) and was CEO of the BP Pension Fund from 2007 to 2014. She has served as Chair of the Management Board of the Institute and Faculty of Actuaries, been a Trustee of Lloyds Bank's Pension Schemes, and the Nuclear Liabilities Fund.

External appointments

Non-executive director, Pension Insurance Corporation plc, Royal & Sun Alliance Insurance Limited, Local Pensions Partnership Ltd and Royal London. Serves as Honorary Group Captain with 601 Squadron of the Royal Auxiliary Air Force. Strategic adviser to Darwin Alternatives.

Qualifications and experience

First class honours degree in mathematics from Imperial College, London. Fellow of the Institute of Actuaries. 35 years' experience in the UK pensions and actuarial sector.

Committee membership and other roles

Remuneration Committee – Member



IAN SIMM
Founder & Chief Executive

Joined the Board 2001

Previous roles and experience

Ian has been responsible for building the Company since its launch in 1998. Prior to joining Impax Ian was an engagement manager at McKinsey & Company advising clients on resource efficiency issues. Between 2013 and 2018 he was a board member of the Natural Environment Research Council ("NERC"), the UK's leading funding agency for environmental science.

External appointments

Member of the UK government's Energy Innovation Board. Commissioner with the Energy Transmissions Commission. In November 2019 Ian was appointed to the board of the Institutional Investors Group on Climate Change ("IIGCC"). In September 2022 Ian was appointed Chair of the CBI's Decarbonisation Council.

Qualifications and experience

First class honours degree in physics from Cambridge University and a Master's in Public Administration from Harvard University.

Committee membership and other roles

N/A



**LINDSEY BRACE
MARTINEZ**
Non-Executive Director

Joined the Board 2015

Previous roles and experience

Lindsey has over 30 years in the investment sector. Previously, she served on the Executive team at global investment firm, Cambridge Associates, for 15 years where she held multiple Global Head roles including Business Development and Client Relationship Management; External Relations; and Consulting Services. Prior to this she was a portfolio manager at the Hancock Timber Resource Group and a management consultant at Booz, Allen.

External appointments

Founder & Managing Partner of StarPoint Advisors, LLC; Chair, People and Culture Committee, Onward Energy; Trustee, Pax World Funds; and Director, Seven Islands Lands Company.

Qualifications and experience

She currently serves as the Co-Chair of the Center for Business and Environment at Yale. Lindsey received an MBA (finance and strategy) and a Masters of Environmental Studies from Yale University, and her Bachelor of Arts from Dartmouth College.

Committee membership and other roles

Remuneration Committee – Chair
Audit & Risk Committee – Member
Board sponsor, E,D&I



ARNAUD DE SERVIGNY
Non-Executive Director

Joined the Board 2018

Previous roles and experience

Arnaud was previously a Managing Director at Deutsche Bank Asset and Wealth Management, where he was the CIO for the Multi Asset Group. Prior to this he was a Managing Director at Barclays Wealth, heading the Global Investment Committee and before that at Standard & Poor's where he ran the global quantitative group.

External appointments

Non-executive directorships of BNP Paribas Asset Management France, President of Queens Field SAS.

Qualifications and experience

Arnaud has been a Visiting and then Adjunct Professor of Finance at Imperial Business School since 2005. He is the author of several books on finance, economics and investment management.

Committee membership and other roles

N/A



Board of Directors continued



VINCE O'BRIEN
Non-Executive Director

Joined the Board 2009

Previous roles and experience

Vince has over 30 years' experience in the private equity industry. He served as a director of Montagu Private Equity for over 23 years. He was part of the core team which led the buyout of Montagu from HSBC in 2003. Prior to that he worked in audit and corporate finance for Coopers & Lybrand, now PwC.

External appointments

Chair of Quest Fund Placement LLP. Board advisory positions with the private equity firm Montana Capital Partners and the London branch of a leading Swiss private bank.

Qualifications and experience

Chartered accountant, former chairman of the British Venture Capital Association.

Committee membership and other roles

Audit & Risk Committee – Chair (until 30 Nov 2022)
Remuneration Committee – Member (until 30 Nov 2022)
Board sponsor, Environment (until 30 Nov 2022)
Senior Independent Director (until 30 Nov 2022)



SIMON O'REGAN
Non-Executive Director

Joined the Board 2020

Previous roles and experience

Simon has 40 years' experience in the insurance, pensions and asset management industries. Simon served as CEO of Mercer in Australia, in the UK, in Europe and in the USA/Canada. He was formerly a Non-Executive Director of Alexander Forbes Group Holdings Ltd and Mercer Africa Limited. He was a member of the UK's Nuclear Liabilities Financing Assurance Board until it submitted its final advice on Hinkley Point in 2015 and served as a Non-Executive Member of the Foreign, Commonwealth and Development Office's Audit & Risk Assurance Committee.

External appointments

None

Qualifications and experience

Fellow of the Faculty of Actuaries (UK).

Committee membership and other roles

Audit & Risk Committee – Member
Remuneration Committee – Member
Senior Independent Director (from 30 Nov 2022)



ANNETTE WILSON
Non-Executive Director

Joined the Board
June 2022

Previous roles and experience

Annette has spent over 20 years in the private equity and venture capital sector. She is a former Partner and COO of Finch Capital and was founding CFO of Palamon Capital Partners, a European growth investor. Prior to joining the private equity sector, Annette worked in the insurance sector at Sedgwick plc, a FTSE 100 company in various roles in the UK, USA and Europe and thereafter was CFO of Windsor PLC, a LSE listed company. She started her career at PricewaterhouseCoopers.

External appointments

Non-Executive Director and Chair of the Audit & Risk Committee, Tech Nation Group Limited. Chair and Trustee, ADHD Embrace. Chair of Europe and Global Adviser, Antler VC (Singapore).

Qualifications and experience

B.Com (Hons), University of Johannesburg.

Fellow of the Institute of Chartered Accountants in England and Wales.

Committee membership and other roles

Audit & Risk Committee – Chair (from 30 Nov 2022)
Audit & Risk Committee – Member
Remuneration Committee – Member
Board sponsor, Environment (from 30 Nov 2022)



ZACK WILSON
Group General Counsel
and Company Secretary

Assumed roles 2011

Previous roles and experience

Zack was Director & General Counsel for the investment management group Development Capital Management. Previously he was Corporate Counsel for Telewest Global Inc (renamed Virgin Media Inc), where he played a leading role in managing the successful execution of a number of high profile transactions. Zack was a Non-Executive director of Impax Funds (Ireland) plc.

External appointments

Member of the Advisory Board of Prime Advocates Limited.

Qualifications and experience

Qualified as a solicitor in 2000 at the global law firm Norton Rose. Master of Arts in Jurisprudence from Oxford University.

Committee membership and other roles

N/A



Corporate Governance Report

COMPLIANCE WITH QCA CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The correct application of the QCA code requires the Company to apply its ten principles and also to publish certain related disclosures either on our website or in this Annual Report or a combination of both. We have chosen to use a combination of both. Our website includes disclosure, updated annually, considering each principle in turn and references where the appropriate disclosure is given. The QCA Code recommends that all members of a remuneration committee must be independent. All members of the Remuneration Committee and Audit & Risk Committee are considered to be independent in accordance with the recommendations of the QCA Code.

THE BOARD OF DIRECTORS

The Board deals with all aspects of the Company's affairs including setting and monitoring strategy, reviewing performance, ensuring adequate financial resources are in place and reporting to shareholders. The Board reserves these and other specific matters for its own decision. Operational decisions are delegated to the Chief Executive and senior management.

Board composition

The Board consists of a Non-Executive Chair, five Non-Executive Directors and the Chief Executive. Details of the current Board members are given on pages 92 to 94 of this report. Throughout the year the position of Chair and Chief Executive were held by separate individuals. There is a clear division of responsibilities between the Chair and Chief Executive. The Chair's primary role is to ensure that the Board and Directors are able to operate effectively, setting the agenda and format of Board discussions to promote constructive challenge and sound decision making. The Chair provides a sounding board for the Chief Executive and also leads on succession planning and skills assessments for the Board and Executive Director roles.

The Chief Executive leads the Executive Team and is primarily responsible for implementing the Board's strategy, communication with shareholders and managing the activities of the Group other than in relation to those matters specifically reserved to the Board or delegated to its Committees.

The Board has appointed one of the Non-Executive Directors (Simon O'Regan) to act as the Senior Independent Director. Simon succeeds Vince O'Brien in this role and also acts as the Board's Whistleblowing Champion. The Board considers that the Chair (Sally Bridgeland) and four of the Non-Executive Directors (Vince O'Brien, Lindsey Brace Martinez, Simon O'Regan and Annette Wilson) are independent as envisaged by the QCA Code.

Arnaud de Servigny is not considered to be independent as he represents a significant shareholder. He does not serve as a member of either the Remuneration Committee or the Audit & Risk Committee. Vince O'Brien is not considered independent according to the UK Governance Code due to his length of tenure. Vince O'Brien has notified the Company of his resignation as a Director, which shall become effective at the AGM in March 2023. He has retired as Chair and member of the Audit & Risk Committee, and member of the Remuneration Committee, effective 30 November 2022. Annette Wilson succeeds Vince as Chair of the Audit & Risk Committee and also assumes his role as Board Sponsor of the employee-led Environment Group.

It is planned that Karen Cockburn, Chief Financial Officer Designate, will succeed Charlie Ridge as Chief Financial Officer in January 2023. In due course it is expected that Karen will join the Impax Board as an Executive Director. This is expected to be following the conclusion of the Company's 2023 AGM, subject to receipt of regulatory approval in relation to her appointment as a director of the Company's FCA regulated subsidiaries.

The Non-Executive Directors and Chair all have or have had senior executive experience and offer insightful judgement on Board matters. The Non-Executive Directors do not participate in any bonus schemes or share ownership schemes and their appointments are non-pensionable. The Company anticipates a time commitment from the Non-Executive Directors of 20 days per annum. This includes attendance at regular Board meetings, participation in the Audit & Risk and Remuneration Committees and a number of regular meetings to review and discuss progress with the Executive team. The Chief Executive works full time in the business and has no other significant outside business commitments.

Board Committees

The Board has two standing Committees: the Audit & Risk Committee and the Remuneration Committee. The Board may appoint other Committees from time to time to consider specific matters. The Audit & Risk Committee is responsible for overseeing financial reporting, external audit, risk management, internal audit, whistleblowing effectiveness, fraud prevention or detection, and internal controls. Annette Wilson chairs this committee, succeeding Vince O'Brien effective 30 November 2022. The Committee's report is provided on 105 to 107.

The purpose of the Remuneration Committee is to ensure that the Chief Executive and other senior employees are fairly rewarded for their individual contribution to the overall performance of the Group and that remuneration packages provided do not promote undue risk taking. Lindsey Brace Martinez chairs this committee. The Committee's report is provided on 108 to 117. The Board considers the skills and knowledge of individual members of each committee upon appointment and periodically, to ensure that each committee includes members with appropriate expertise and who are able to offer an independent outlook. These committees report to the Board on a regular basis. They have clearly defined Terms of Reference which are published on the Company's website.



Corporate Governance Report continued

Meeting Attendance	Board	Audit & Risk Committee	Remuneration Committee
Total Number of meetings	8	5	7
Ian Simm	8	2 as observer	7 as observer
Vince O'Brien	8	5 as member	7 as member
Sally Bridgeland	8	4 as observer	7 as member
Lindsey Brace Martinez	6 ¹	5 as member	7 as member
Simon O'Regan	8	5 as member	7 as member
Arnaud de Servigny	8	5 as observer	7 as observer
Annette Wilson ²	1	1 as member	1 as member

¹ Unable to attend one quarterly meeting due to illness and one ad hoc meeting due to unavoidable scheduling conflict.

² Appointed as Board member 28 June 2022. Attended all Board and Committee meetings held from date of appointment.

Meetings

The Board has a formal agenda of items for consideration at each meeting but also convenes at additional times when required. All Directors receive detailed Board papers and reports sufficiently in advance of meetings to enable a proper review and have full access to the advice and services of senior management should further information be required. There is provision for Board members to solicit professional advice on Board matters at the Company's expense. The Directors of the Company during the year and at the date of this report, details of the number of Board and committee meetings, and the attendance record of each Director are shown in the table above.

Appointment of new Directors

There is a rigorous procedure to appoint new Directors to the Board which is led by the Chair. At appropriate times the Board considers the balance of skills, experience, independence and knowledge of the Group on the Board and its diversity, how the Board works as a unit and other factors relevant to its effectiveness. Where new Board appointments are considered, the search for candidates will be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Board also considers appropriate and effective succession planning. All Directors are subject to reappointment by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years pursuant to the Company's Articles of Association. The Board considers it best practice that all Directors are put up for re-election at the Annual General Meeting and accordingly has decided to go beyond the requirements of the Company's Articles of Association and require that all Directors of the Company offer themselves for re-election.

Performance evaluation

The Board carries out an evaluation of its performance annually. This year, the Company engaged Boardroom Review to carry out its first external evaluation. In parallel to this process, Directors completed online questionnaires about their own and the Chair's performance, which were followed up with discussions with the Chair. The Senior Independent Director led the evaluation of the Chair's performance. The discussions highlighted topics for informal briefings, to complement the existing formal regulatory and cyber-security training, to ensure that Directors' knowledge remains up to date in fast-moving areas. Otherwise, Directors and the Chair noted improvements in performance since last year, with discussion and constructive challenge on strategy and risk appetite being welcomed.

External evaluation

This year, following a formal selection process, the Company engaged Boardroom Review to conduct its first external board evaluation. Boardroom Review is a leading independent specialist board evaluation firm with extensive experience of conducting external Board reviews for clients including FTSE 100/250 companies, private companies and regulators.

Dr Tracy Long, CEO of Boardroom Review carried out one-to-one interviews with Board members, several members of the Executive and the Company Secretary and reviewed information on the Board and its process prior to a collective Board workshop discussing the current strengths of the Board, the key challenges it faces and how well prepared the Board is for the future.

Dr Long made strong and positive observations about the culture and dynamics of the Board, which were seen as a particular strength and very much aligned to the Company's exceptional sense of purpose. Board members demonstrated significant relevant knowledge and experience, commitment to the Company's values and principles, appropriate and constructive challenge and diversity of thought.

The Board was considered to be open and supportive, with a shared strategic perspective and well organised meetings with a healthy balance between Executive presentation and Board debate.

Key challenges identified included managing a period of rapid business and headcount growth, leadership and talent development and navigating the highly uncertain macro-economic environment.

As would be expected, there were some opportunities identified by Dr Long to increase effectiveness to ensure that the Company benefits from the combined expertise and insight of the Board. Areas for focus included aligning performance objectives for the Board to the scale of business envisaged in the Company's business plan, continued Board development and training, talent development and succession planning (including the forums within which they are discussed), and the evolution of how the Board oversees risk management. The Board will also consider further its mix of formal and informal time, including private sessions and discussions with both internal and external stakeholders.

Board development

The Board was satisfied that the issues raised in the previous year's evaluation had been addressed, including the increasing importance of maintaining the Company's culture and values, talent management and resourcing, development of the Board's non-financial goals and risk appetite and the evolution of the Board and Committee agendas to reflect the Company's increasing size and complexity.

The Board's annual strategy discussions included hearing how the investment team is navigating the turbulent market conditions; hearing about clients' priorities; a summary from management of the "Impax 2025" global Senior Leadership meeting; and discussing developments in the Group's US business.



Corporate Governance Report continued

Board members maintain and extend their skillsets through practice in day-to-day roles, enhanced with attending specific training where required. The training consists of a combination of online modules, in-house Company arranged briefings and external training. The Company Secretary, Chief Risk and Compliance Officer (Europe & Asia Pacific) and Chief People Officer support the Chair in addressing the training and development needs of Directors.

In order to develop awareness and understanding of the Group's operations, the Chair ensures there are additional opportunities for the Non-Executive Directors to meet with senior management outside of the Board and its committees.

Resources

The Board uses external advisers to enhance knowledge or to gain access to particular skills or capabilities. Accountants and lawyers are used for diligence work on acquisitions. Specialist advisers have also been used by the Board to ensure compliance or to benchmark against peers, in areas such as internal audit, remuneration and regulatory compliance.

Indemnity

As permitted by the Company's Articles of Association, the Company has maintained qualifying third-party indemnity provisions (as defined under relevant legislation) for the benefit of the Company's Directors throughout the period.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal controls including financial, operational, compliance and risk management controls. The Group performs regulated activities in multiple jurisdictions globally, which are supervised by a number of supervisory authorities: the UK Financial Conduct Authority ("FCA"), the US Securities and Exchange Commission ("SEC"), the Central Bank of Ireland ("CBI"), and the Hong Kong Securities and Futures Commission ("SFC").

The Board has adopted procedures and controls designed to ensure its obligations are met. Details of the key risks facing the Group and internal controls acting to control or mitigate the risks are set out on pages 76 to 78 of the Strategic Report.

DIALOGUE WITH SHAREHOLDERS

The Company reports formally to shareholders at the half-year and year end. At the Annual General Meeting of the Company, a presentation is usually given and Directors are available to take questions, both formally during the meeting, and informally after the meeting. The Chief Executive, Chair and/or Senior Independent Director are available for dialogue with major shareholders on the Company's plans and objectives and meet with them at appropriate times.

Management (typically the Chief Executive and Chief Financial Officer) meet formally with institutional shareholders, usually after the interim and final results announcements, presenting Company results, articulating strategy and updating shareholders on progress. Management also holds webinars and attend investor forums for private investors. The Board recognises the Annual General Meeting as an important opportunity to meet private shareholders. We have continued to work closely with our brokers, Peel Hunt and Berenberg, to maintain contact with institutional investors. In parallel, we have engaged other groups, including Shares/AJ Bell and Mello Events, to support our interaction with private investors and are looking to increase this outreach.

This year the Chair engaged with institutional shareholders and advisers to discuss improvements to the disclosures in its Remuneration Report and has subsequently included increased disclosure of the Company's variable remuneration structure and outcomes in the Report see pages 108 to 117.

CULTURE

Integrity and appropriate conduct are an integral part of the Impax culture and values, and all our business activities. The Company undertakes regular review and monitoring of its policies in specific areas such as anti-bribery and corruption, anti-money laundering, Code of Ethics compliance, conflicts of interest, whistleblowing and information security. The Company has a strong collegial culture which continues to evolve. Meritocracy, openness, fairness and transparency are valued. In June 2022 the Group carried out an employee engagement survey, now held annually.

The Group achieved an overall engagement score of 89%, 7 points above the industry benchmark, based on a 95% employee response rate. Impax is committed to equity, diversity and inclusion ("E,D&I"). Our E,D&I vision is to continue to build an inclusive, equitable culture where everyone feels they belong, are valued as an individual, and can thrive. The Company made strong progress in executing its E,D&I strategy during the Period. Please see page 45 for more details.



Directors' Report | For the year ended 30 September 2022

DIVIDENDS

The Directors propose a final dividend of 22.9 pence per share (2021: 17.0 pence) which together with the interim dividend of 4.7 pence per share (2021: 3.6 pence) gives a total for the year ended 30 September 2022 of 27.6 pence per share (2021: 20.6 pence). The dividend will be submitted for formal approval at the Annual General Meeting. These financial statements do not reflect the final dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 September 2023.

The final dividend for the year ended 30 September 2021 was paid on 31 March 2022, being 17.0 pence per share. The trustees of the Impax Employee Benefit Trusts ("EBT") waived their rights to part of these dividends, leading to a total dividend payment of £22,474,737. The interim dividend of 4.7 pence for the year ended 30 September 2022 was paid on 22 July 2022 and totalled £6,190,189 after the EBT waiver. These payments are reflected in the statements of changes in equity.

SHARES

During the year the Group's EBT purchased £1,078,000 ordinary shares. The EBT holds shares for Restricted Share awards until they vest or to satisfy share option exercises. The Board will consider purchasing the Company's shares from time to time after due consideration of alternative uses of the Company's cash resources. Share purchases are usually made by the EBTs (subject to the trustees' discretion), using funding provided by the Company.

DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors of the Company during the year and at the date of this report are set out below. The Directors' interests and those of their connected persons in the Ordinary Shares of the Company, all of which are beneficial, at 30 September 2022 and 30 September 2021 were:

	30 September 2022	30 September 2021
Ian Simm ¹	9,578,409	9,576,740
Vince O'Brien	116,000	110,000
Sally Bridgeland	12,000	6,000
Simon O'Regan	12,000	6,000
Lindsey Brace Martinez ²	12,000	6,000
Arnaud de Servigny	-	-
Annette Wilson ³	-	-

¹ Includes vested shares within sub-funds of the Impax Group Employee Benefit Trust 2004 ("EBT 2004") from which the individual and their families may benefit.

² Shares held by Lindsey B. Martinez Trust.

³ Appointed on 28 June 2022.

There have been no changes to the above holdings since 30 September 2022.

Ian Simm has a 5.88 per cent interest in the capital of Impax Carried Interest Partner LP, a 5 per cent interest in the capital of Impax Carried Interest Partner II LP, a 4 per cent interest in the capital of INEI III CIP LP and a 4 per cent interest in the capital of INEI IV CIP SCSp, entities in which the Company holds an investment.

Ian Simm has 20,000 Restricted Shares awarded in December 2017 which vest in December 2022, a further 20,000 Restricted Shares awarded in February 2019 which vest equally in February 2023 and February 2024, a further 20,000 Restricted Shares awarded in February 2021 which vest in three equal tranches between February 2024 and January 2026 and a further 17,500 Restricted Shares awarded in January 2022 which vest in three equal tranches between February 2025 and January 2027.

RISK

A description of the key risks facing the Group and policies and procedures in place to monitor or mitigate the risk is provided on pages 76 to 79 of the Group's Strategic Report.

SUBSTANTIAL SHARE INTERESTS

The following interests in 3 per cent or more of the issued Ordinary Share capital have been notified to the Company as at 29 November 2022:

	Number	Percentage
BNP Paribas Asset Management Holding	18,258,112	13.8
Funds managed by Liontrust Investment Partners LLP	12,084,319	9.1
Ian R Simm ¹	9,578,409	7.2
Funds managed by abrdn plc	7,518,566	5.7
Funds managed by BlackRock Investment Management	7,476,058	5.6
Grandeur Peak Global Advisors, LLC	6,706,026	5.1
Funds managed by Janus Henderson Investors	5,832,658	4.4
Hargreaves Lansdown Asset Management	5,501,024	4.1
Rathbone Investment Managers	4,784,211	3.6
Bruce Jenkyn-Jones ¹	4,401,864	3.3

¹ Includes vested shares within sub-funds of the EBT 2004 from which the individual and their families may benefit.

In addition, the EBT 2004 has a legal interest in a further 13,950,080 shares which have transferred to sub-funds from which individuals and their families may benefit.

PEOPLE

Details of our people policies and employee engagement are provided on pages 40 to 49 of the Strategic Report.

CREDITOR PAYMENT POLICY

The Group seeks to maintain good terms with its trading partners. It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed. Trade creditor days of the Group for the year ended 30 September 2022 were 29 (2021: 25).

CHARITABLE DONATIONS

During the year the Group has made donations to charities totalling £287,382 (2021: £183,198).

ENERGY CONSUMPTION

Details of the Group's energy consumption and measures taken to achieve energy efficiencies are provided on page 73 of the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Governance Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements on the same basis.



Directors' Report continued

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable, relevant and reliable
- state whether they have been prepared in accordance with UK-adopted international accounting standards
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he or she ought to have taken as Director in order to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to the section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

By order of the Board

Zack Wilson

Company Secretary

29 November 2022

Registered office:

7th Floor, 30 Panton St
London SW1Y 4AJ

Audit & Risk Committee Report

COMMITTEE MEMBERS

The Audit & Risk Committee is comprised of the following Non-Executive Directors:

- **Vince O'Brien – Chair (until 30 Nov 2022)**
- Annette Wilson – (Member from 28 June 2022; Committee Chair from 30 Nov 2022)
- Lindsey Brace Martinez
- Simon O'Regan
- Sally Bridgeland and Arnaud de Servigny also attend the meetings

MEETINGS

5

During the year the Committee met five times. Details of attendance at the meetings are shown on page 98.

ROLE AND RESPONSIBILITIES

The Committee's responsibilities include:

Financial Reporting

- monitoring the integrity of the financial statements and formal announcements relating to the Company's and Group's financial performance
- the implementation of new accounting standards and policies

External Auditors

- considering appointment, re-appointment and removal of the external auditors and approving the remuneration of the external auditors
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process
- ensuring the objectivity and independence of the external auditor by acting as primary contact with the external auditors, meeting the external auditors without the presence of management where considered necessary and receiving all reports directly from the external auditors

Risk Management

- reviewing the Group's risk management processes and risk reports
- monitoring of the internal financial control procedures
- reviewing the Group's Internal Capital and Risk Assessment ("ICARA") process
- reviewing the Group Risk Appetite Statement



Audit & Risk Committee Report continued

Internal Audit

- reviewing an internal audit plan
- reviewing the findings of the internal audits performed
- monitoring the implementation of agreed actions from internal audits performed
- monitoring the performance of the internal auditors

Whistleblowing & Fraud Detection

- reviewing arrangements for Group employees to raise concerns, in confidence, about possible wrongdoing or misconduct
- reviewing procedures for detecting fraud

FINANCIAL REPORTING

The Committee has reviewed the Group's Interim Report and the Annual Report and accounts and recommended them to the Board for approval. The Committee has considered whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements when preparing the financial statements.

The Committee received reports from the external auditor, KPMG on the audit scope and strategy and their independent assessment of the management conclusion on key areas of judgements and estimates. KPMG attended the Committee meetings following the half and full year ends and met privately with the Committee.

The Committee supports the Board in its assessment of going concern. The Committee considered a report from management setting out a number of factors such as the Group's current financial position, budget and cash flow forecasts, liquidity and the impact of downside scenarios. The Committee concluded that it was appropriate to prepare the accounts on a going concern basis for the year ended 30 September 2022.

EXTERNAL AUDITOR

KPMG LLP has acted as the auditor of the Group since 2010 when it was appointed following a competitive tender. Jatin Patel is the current audit partner and this is the fifth year that he has signed the audit report. Ethical standards require him to rotate off following the audit of the year ended 30 September 2022 and a new partner, Alison Allen will be the audit partner for 2023. A formal audit tender was held in 2019 and the Committee agreed to reappoint KPMG.

Details of fees paid to the Company's auditor are shown in note 7 to the financial statements. The Committee considered and agreed the audit fee during the Period. Total fees paid for non-audit services, which were all assurance-related, were £80,000 and 27% of total fees. In the opinion of the Board, none of the non-audit services provided caused any concern as to the auditor's independence or objectivity. The Committee also considered if there were any other factors impacting the auditors independence and objectivity and concluded that there were none. As part of this assessment the committee received and considered a report from KPMG which confirmed that in their view they were independent.

RISK MANAGEMENT

The Company's risk management process and the risks which are considered to be the key risks facing the Group are described on pages 76 to 79. The committee has received and considered reports from the Chief Risk Officer and Head of Risk Management, at each of its Meetings and reviewed all material risk events and associated reviews of the control environment.

The Committee oversees the Risk Appetite Statement and continues to monitor the Group capital adequacy framework, most notably the review of the a new UK Internal Capital and Risk Assessment (ICARA) required under the FCA Investment Firms Prudential Regime (IFPR).

INTERNAL AUDIT

The Group has appointed Grant Thornton to provide Internal Audit functions, including audit universe creation, risk assessment and prioritisation, fieldwork execution and reporting. Internal Audits are performed for both business functions and cross-functional topics. Grant Thornton attend Committee meetings and independently present their audit recommendations to the non-executive members.

WHISTLEBLOWING & FRAUD DETECTION

The Group uses an online system called EthicsPoint, to facilitate the anonymous reporting of concerns or more serious allegations, such as fraud or other financial crimes, to independent senior managers for review and investigation.

Vince O'Brien

Chair of the Audit & Risk Committee

29 November 2022



“The foundation of our risk management framework is a strong risk-aware culture with clear oversight responsibilities.

Management actively monitor both current and emerging risks.”

Vince O'Brien
Chairman, Audit & Risk Committee



Remuneration Committee Report

COMMITTEE MEMBERS

The Remuneration Committee is comprised of the following Non-Executive Directors:

- **Lindsey Brace Martinez – Chair**
- Sally Bridgeland
- Simon O'Regan
- Annette Wilson (from 28 June 2022)
- Vince O'Brien (until 30 November 2022)

MEETINGS

7

During the year the Committee met seven times. Details of attendance at the meetings are shown on page 98.

CHAIR'S STATEMENT

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2022 (the "Period" or "financial year 2022").

The report sets out the remuneration paid to the Directors during the Period and provides more information about the outcome of our recent review of global compensation practice. As part of this review, we also enhanced our governance framework to comply with the requirements under the new Investment Firm Prudential Regime (IFPR) which applies to Impax from 1 October 2022 (i.e., the start of financial year 2023).

Using shareholder feedback to improve our Remuneration Report

In alignment with best practice and in the spirit of being progressive, Impax voluntarily puts its Remuneration Report to a vote at the AGM. At the 2021 AGM, shareholders approved the Remuneration Report that was published in the 2021 Annual Report. However, we appreciate that the extent of our disclosures last year fell short of the expectations of some shareholders.

For this year's Report, following engagement with shareholders and advisers, we have increased disclosure of the Company's variable remuneration structure and outcomes, adding context on how pay outcomes are determined, and as a result, explaining the link between the Company's strategy and performance and individual reward.

Our disclosures for this year not only give more insight into the current review processes but also summarise how performance scorecards have been used for the compensation of our CEO, Ian Simm, and anticipates the firmwide use of performance scorecards across the Company in financial year 2023.

Our remuneration journey

While we believe we have enhanced our disclosures beyond the requirements for an AIM listed company, we acknowledge that we are on a journey. The Company has grown very quickly and until relatively recently it was viable for the Remuneration Committee to work with management to discuss individual salary, bonus and share awards, exercising discretion to assess performance in the context of market benchmark data.

Although we currently employ fewer than 300 people, the Board has determined that, as part of our strategic journey, it is appropriate for the Company to use a more structured and delegated approach to remuneration. Drawing on the experience of our non-executive directors and working with independent external advisers, the Board has agreed to introduce changes to how we assess individual performance ready to be used in the calculation of variable pay for the financial year 2023, which will be applied consistently for all employees, including Executive Directors.

The new approach uses of a two-part scorecard – Business & Functional performance; and Collaboration & Culture – with weighted objectives and clear performance indicators. Each objective will be assessed using a four-part rating at the year end. For 2022, we introduced a performance scorecard for the CEO; CIO, Listed Equities; and CFO.

It is worth mentioning that some things will not change. Under normal market conditions we will continue to cap (at 45%) the percentage of adjusted operating profits that is available for distribution in the total bonus pool. This ensures that the Company's performance is automatically reflected in variable pay at a firmwide level and hence aligns the interests between staff and our shareholders in both good and bad years.

The Remuneration Committee will retain full discretion on all bonuses, including using the current process for reviewing the performance of the senior team members and taking advice from risk and compliance on whether adjustments should be made for conduct or for risk-taking outside the Company's appetite.

Remuneration outcomes for financial year 2022

As indicated above, total variable remuneration is capped to ensure alignment with shareholders. The process adopted by the Remuneration Committee for reviewing salary and variable pay has been largely based on individual performance, guided by market benchmarking. The Committee explicitly considered the Company's gender pay gap as part of its work.

On share-based variable remuneration, the Committee also considered the principles for awarding Restricted Share Scheme ("RSS") and Long-Term Option Plan ("LTOP") shares to ensure that these incentives had been used appropriately both in the amount and in the individuals who had received awards.



"The new approach will provide more clarity on the link between individual performance and awards, consistently for all employees."

Lindsey Brace Martinez
Chair, Remuneration Committee



Remuneration Committee Report continued

As outlined in the table below, RSS shares are a retention mechanism for key talent and vest over a three to five-year period and LTOP options are a way for senior management to share in the value created over the long term, with benefits to accrue over a five to 10-year period.

The Company's policy is that variable remuneration of up to 45% of adjusted operating profit before variable remuneration is available for performance-related pay in normal circumstances. Included within this calculation are two Variable Remuneration Adjustments: (a) the cost related to employer national insurance payments due on cash bonuses and equity awards; and (b) the current year's expense of share awards.

As a result of its assessment of the performance of individual members of staff and using the cap on the bonus pool to reflect the Company's overall performance, the Committee has decided to award variable remuneration of 40% of adjusted operating profit before variable remuneration for financial year 2022 (the same percentage as 2021).

CEO's performance

Ian Simm's objectives during the Period were grouped in five areas: Group Strategy & Objectives; Group Management; Financial Performance; Investment Management; and Group Investor Relations.

The Remuneration Committee reviewed the Chair's appraisal of the CEO's performance at mid year and year end, rating his objectives for the year using the four-part scale which is being introduced for all employees from next year. The Committee also discussed with the CEO his assessment of the senior team's performance and debated where adjustments might be appropriate.

Based on overall business performance and his personal achievements against his performance scorecard, the Committee decided to award Ian Simm a bonus payment of £1,800,000 plus 12,250 restricted shares under the Group Restricted Share Scheme ("RSS"). In determining this award, the Committee has taken into account the significant shareholdings of 7.2% of the issued Ordinary Share Capital he has as Founder and Chief Executive which continue to provide long-term alignment to shareholders' interests. The Committee noted that a different balance between cash and shares was appropriate for newer senior hires.

Further detail regarding the remuneration outcomes for financial year 2022 is set out below.

Looking forward to financial year 2023

For financial year 2023 there is a 5% budget for salary increases for all employees including Executive Directors. Ian Simm's salary of £300,000 was effective 1 January 2022 which was based on a benchmarking review to better align with other CEO's pay in the market. There will be no change to Ian Simm's base salary.

During financial year 2023, the performance of each member of staff will be assessed against a performance scorecard covering two categories – Business & Functional Performance and Collaboration & Culture. At the end of the financial year, the scorecards will be used to guide performance assessments that will inform discretionary bonus decisions.

We will continue to reflect on the merits of and options for deferring additional elements of performance-related pay across the Company.

As part of IFPR, there is a maximum variable to fixed pay ratio for all employees, including Executive Directors. Furthermore, all remuneration awards will be made subject to malus and clawback provisions.

This year's report is split into three main sections to enable ready access to information which may be of specific interest to shareholders:

1. A summary of the Company's remuneration structure and this year's remuneration outcome for the CEO;
2. Details of the Executive and Non-Executive Directors' remuneration for financial year 2022, including the Remuneration Committee's assessment of the CEO's performance for financial year 2022; and
3. The CEO's performance objectives for financial year 2023.

Together with my colleagues on the Remuneration Committee I would welcome your support for the Remuneration Committee Report.

Lindsey Brace Martinez

Chair, Remuneration Committee

29 November 2022



Remuneration Committee Report continued

REMUNERATION COMMITTEE'S ACTIVITIES DURING THE YEAR

During the past year, the Committee met seven times to undertake the following:

- Objectives setting and approval of performance scorecards for the Chief Executive, Chief Investment Officer (Listed Equities) and Chief Financial Officer for financial year 2022;
- Approval of performance scorecard and variable incentive target approach for financial year 2023;
- Review the overall remuneration policy to ensure that this is designed to be in line with the business strategy, objectives and long-term interests of the wider group.
- Approval of all remuneration and share-based awards.
- Ensure that the Company's policies and practices are compliant with the relevant FCA Remuneration Codes and associated remuneration-related regulations.
- Review and recommendation of updates to the Terms of Reference of the Remuneration Committee.
- Review and recommendation to the Board on division of responsibilities per the Terms of Reference of the Committee.

OVERVIEW OF IMPAX REMUNERATION POLICY FOR FINANCIAL YEAR 2022

The table below provides an overview of Impax key remuneration elements.

Element	Overview of Impax's policy
Basic salary, pension, and benefits	<p><i>Purpose:</i> Base salary is set at an appropriate level to attract and retain a suitable calibre of talent for the role. Pension and benefits are market competitive to aid recruitment and retention.</p> <p><i>Policy:</i> Basic salaries are recommended to the Board by the Remuneration Committee taking into account the performance of the individual and the rate for similar positions in comparable companies.</p> <p>The Group pays a defined contribution to the pension schemes of certain employees. The individual pension schemes are private, and their assets are held separately from those of the Group.</p> <p>Benefits include income protection, critical illness insurance, life assurance and private medical insurance.</p>

Element	Overview of Impax's policy
Annual bonus	<p><i>Purpose:</i> To reward individual performance and contribution to the delivery of the strategy and business performance during the year.</p> <p><i>Policy:</i> Bonus awards are determined by discretion taking into account the profitability of the relevant area where the employee works and the individual's personal performance.</p>
Share-based awards	<p>Impax operates two long-term equity incentive plans for the Executive Director and senior employees – the Restricted Share Scheme (“RSS”) and the Long-Term Option Plan (“LTOP”).</p> <p>Restricted Share Scheme (“RSS”) <i>Purpose:</i> To provide alignment to the long-term success of Impax and a retention mechanism for key talent. <i>Policy:</i> Shares awarded to employees are initially held by a nominee and awards will vest in equal tranches (one-third) over years 3, 4 and 5, subject to continued employment. At the point of vesting, employees will gain unfettered access to the shares.</p> <p>Long-Term Option Plan (“LTOP”) <i>Purpose:</i> To enhance senior management skin-in-the-game by allowing them to share in the value-created over the long term. <i>Policy:</i> Options awarded under the LTOP have a pre-defined exercise price. Options will vest after five years subject to continuous employment and are then subject to a holding period of a further five years.</p>

The CEO and certain senior employees are eligible to receive interests in Impax Carried Interest Partner LP, Impax Carried Interest Partner II LP, INEI III CIP LP and INEI IV CIP (the “Partnerships”). The Partnerships will receive payments from the Group's private equity funds depending on the fund's performance.



Remuneration Committee Report continued

DIRECTORS' REMUNERATION DURING THE YEAR

Details of each Director's remuneration are shown below.

	Salary/ Fees £	Benefits ¹ £	Annual Bonus £	RSS ² £	LTOP ³ £	2022 total £	2021 total ⁴ £
Executive director (CEO)							
Ian Simm	293,750 ⁵	9,002	1,800,000	91,875	-	2,194,627	2,537,671
Non-executive directors							
Sally Bridgeland	121,250	-	-	-	-	121,250	102,718
Vince O'Brien	79,750	-	-	-	-	79,750	70,000
Lindsey Brace Martinez	83,488	-	-	-	-	83,488	62,763
Simon O'Regan	67,500	-	-	-	-	67,500	49,154
Arnaud de Servigny	67,500	-	-	-	-	67,500	60,000
Annette Wilson ⁶	18,307	-	-	-	-	18,307	NA

1 Taxable benefits represent pension, medical cover, life, income protection and critical illness insurances.

2 Estimated grant date valuation of 12,250 units of restricted shares awarded.

3 No Long-Term Option Plan (LTOP) awarded.

4 Ian Simm's total remuneration granted for 2021 financial year consisted of 17,500 restricted shares (grant value of £241,150), bonus of £2 million, salary of £287,643 and benefits of £8,878.

5 Ian Simm's annual salary for the period from 1 October 2021 to 31 December 2021 was £275,000. This increased to £300,000 for the period from 1 January 2022 to 30 September 2022.

6 Annette Wilson was appointed as a non-executive director effective from 28 June 2022.

Ian Simm did not exercise any options during the Period (2021: 100,000 options exercised, with a gain of £613,100). 30,000 restricted shares held by Ian Simm vested during the year when the shares were valued at £376,385 (2021: £122,744). Ian Simm was granted 17,500 restricted shares under the Group Restricted Share Scheme ("RSS") in January 2022, which vest in three annual tranches between February 2025 and February 2027. At the end of the Period, Ian Simm held no options (2021: nil) and 77,500 restricted shares (2021: 90,000).

Ian Simm received an additional interest of 4% in one of the carried interest partnerships during financial year 2022.

Lindsey Brace Martinez is also a Director of the Board of Pax World Funds acting as the Group's Representative on this Board. The Company paid her £65,052 for this service (2021: £55,318).

Annual bonus - Performance scorecard assessment

During financial year 2022 the board agreed objectives for the CEO in five categories. These are set out in the table below, which also includes a summary of the CEO's performance. The Remuneration Committee considered this performance when determining the Chief Executive's annual bonus for financial year 2022.

Performance highlights	CEO performance assessment
Group Strategy & Objectives The Company made significant progress in preparing for its next phase of growth and now has a detailed plan to guide this expansion. Despite challenging market conditions, the Company continued to receive positive net inflows of £2.9 billion, a strong performance compared to peers. The Company also successfully completed the integration of Pax World Management, a business based in the United States that Impax acquired in 2018.	Producing an Exceptional Contribution
Group Management The Company continued to pay close attention to the development of its culture. Headcount increased from 217 to 272 during financial year 2022 and the Company proved to be an attractive destination for recruits. Staff retention was 90%, which is very good by sector standards; and staff satisfaction was very high, as indicated by a strong engagement score. In addition, the Company completed a number of restructuring projects, including the adoption of a new Leadership Advisory Group and the strengthening of the Client Service & Business Development function.	Delivering to a High Bar
Financial Performance Revenue grew 23% to £175 million this year driven by positive net flows across the business offset in part by market falls. Operating profit margin fell moderately from 39.0% to 38.4% and adjusted profit before tax increased to £68.4m. The Company increased its headcount and resources in order to progress its business plan, but, with an eye to the nearer term financial results, calibrated this expansion in light of challenging market conditions and an uncertain economic outlook.	Delivering to a High Bar
Investment Management During the financial year, Impax's AUM fell by 4.1% to £35.7 billion. This was driven by positive net flows of £2.9 billion which were offset by a decline of £4.4 billion due to market movements, investment performance and the impact of foreign exchange movements. Longer-term performance of investment strategies remained strong with eight out of the ten largest strategies continuing to outperform benchmarks over three years.	Delivering to a High Bar
Group Investor Relations During financial year 2022, the Company's share price fell by 54% from £11.52 to £5.25; however, the valuation rating of the Company's shares remained in the top quartile of the peer group and analyst coverage of the Company remained positive.	Making Progress



Remuneration Committee Report continued

Payments to past Directors

No payments were made to past Directors during financial year 2022.

Payments for loss of office

There have been no payments made to Directors for loss of office during financial year 2022.

CEO PERFORMANCE OBJECTIVES FOR FINANCIAL YEAR 2023

Looking forward to financial year 2023, the Board recognises that the Company has a wealth of opportunities in an increasingly competitive space. As Impax grows, economic conditions and market sentiment will continue to shape our revenues, while increasing regulatory requirements and the necessity of a robust risk and compliance culture will inevitably add to costs. Faced with strong growth in the team, collaboration and inclusion will be vital in ensuring that Company's successful business development continues and that decisions are resilient and well understood.

The CEO will again be responsible for charting Impax's course through volatile markets, ensuring that the Company makes the most of the opportunities to launch new products and attract new clients, while assuring the service we give to our established customers. In planning the year ahead, the Board has considered a number of different market scenarios to understand the levers that the CEO may need to pull during the year to manage the business successfully.

We have summarised the CEO's objectives in a scorecard and will use relevant key performance indicators ("KPIs") to measure success. The table below shows the high level objectives and examples of the KPIs. These will be monitored as the year progresses and discussed at Board meetings, forming inputs to the assessment of the CEO's performance and use of discretion by the Remuneration Committee at the year end.

Scorecard	Illustrative KPIs	Weighting
Business & Functional Performance (70%)	Development of the business to realise the Company's potential	Assets under Management; new products and clients 20%
	Robust financial performance in challenging markets	Profitability/margins; headcount; investment in compliance, risk and systems 20%
	Servicing existing clients	Client satisfaction; investment outcomes in line with agreed processes; regretted client outflows; investment in client service 20%
	Improving communication with investors	Feedback from shareholders; share register diversification; share price rating vs peers 10%
Collaboration & Culture (30%)	Building a resilient, inclusive culture as the Company grows	Staff engagement; regretted staff turnover 30%

DIRECTORS' INTERESTS IN SHARES

The Directors' beneficial interests in the Company's ordinary share capital are disclosed on page 102.

SERVICE CONTRACTS

The Chief Executive is employed under a contract requiring one year's notice from either party. The Chair and Non-Executive Directors each receive payments under appointment letters which are terminable by three months' notice from either party.

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Chair and the Non-Executive Directors each receive a fee for their services. The fee is approved by the Board, mindful of the individual's time commitment and responsibilities and of current market rates for comparable organisations and appointments. The Non-Executive Directors and the Chair are reimbursed for their travelling and other minor expenses incurred. No Director participates in the decision in respect of their own fees. Non-Executive Directors do not receive performance-related compensation and are not provided with pension related benefits.

EXTERNAL ADVISERS

The Remuneration Committee had recourse to external advice from PwC in relation to employee compensation, remuneration practices, governance and regulatory requirements, McLagan in relation to external market benchmarking, and BDO LLP in relation to the Company's share plans.



Financial Statements

“Impax has reported strong growth in revenue and profits and is in good financial health.”

Charlie Ridge
Chief Financial Officer

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Independent Auditor’s Report | to the members of Impax Asset Management Group plc

1 OUR OPINION IS UNMODIFIED

We have audited the financial statements of Impax Asset Management Group plc (“the Company”) for the year ended 30 September 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, company statement of financial position, company statement of changes in equity, company statement of cash flows, and the related notes, including the accounting policies in notes 31 and 32.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 30 September 2022 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality:	£3,620k (2021: £2,040k)	
Group financial statements as a whole	5.0% of Group profit before tax (2021: 4.5% of Group profit before tax)	
Coverage	92% (2021: 91%) of Group profit before tax	
Key audit matters		vs 2021
Recurring risks	Revenue recognition	◀▶
	Recoverability of Parent Company’s investment in subsidiaries and non-current intercompany debtors	◀▶

2 KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key Audit Matters (KAM) are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as set out below (unchanged from 2021).

	The risk	Our response
<p>Revenue recognition – recurring management fee income</p> <p>(£172.3 million* of the £175.4 million revenue balance; 2021: £139.0 million)</p> <p>Refer to page 170 accounting policy and page 141 (financial disclosures).</p> <p><i>*US distribution fees and non-recurring dealing fees have been excluded from the KAM</i></p>	<p>Data capture and calculation error</p> <p>Revenue is the most significant item in the Consolidated Income Statement and represents an area that had the greatest effect on the overall group audit. Revenue largely comprises of recurring management income which results from the business activities of the Group. The two key components to management fee calculations are fee rates to be applied and the amount of assets under management. The following are identified as the key risks for recurring fee income:</p> <ul style="list-style-type: none"> • Risk in relation to fee rates: There is a risk that fee rates have not been entered appropriately into the fee calculation when new clients are on boarded or agreements are amended. • Risk in relation to assets under management (“AUM”): There is a risk that AUM data is not complete or/and accurate. • Risk in relation to calculation of management fee income: There is a risk that management fee income is incorrectly calculated. 	<p>We performed the tests below rather than seeking to rely on any of the Group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <p>Procedures in relation to fee rates:</p> <ul style="list-style-type: none"> • Test of details: We agreed a selection of fee rates used in the calculation to the original investment management agreements, fee letters or fund prospectuses outlining the latest effective fee rate. <p>Procedures in relation to AUM:</p> <ul style="list-style-type: none"> • Test of details: For a sample of AUM used in the calculation of revenue we obtained independent confirmation of the AUM from the third party custodian or administrator, where appropriate. <p>General procedures:</p> <ul style="list-style-type: none"> • Test of details: We independently recalculated 100% of all material recurring management fee transactions for in scope components with reference to the signed investment management agreement, fee letter or fund prospectuses and the AUM.



Independent Auditor's Report continued

	The risk	Our response
Recoverability of Parent Company's investment in subsidiaries and non-current intercompany debtors (£61.9 million; 2021: £58.9 million) Refer to page 182 (accounting policy) and page 182 (financial disclosures).	<p>Low risk, high value</p> <p>The carrying amount of the Parent Company's investments in subsidiaries and intercompany debtor represents 80% (2021: 76%) of the Parent Company total assets.</p> <p>The intercompany debtor (£13.8m) represents a loan to IAM US Holdco.</p> <p>Their recoverability is not considered to contain a high risk of significant misstatement or be subject to a significant judgement. However due to their materiality in the context of the Parent Company financial statements this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Test of details: Comparing the carrying amount of 100% of investments and intercompany debtors with the subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and therefore coverage exists of the debt owed, as well as assessing whether those subsidiaries have historically been profit making. • Comparing valuations: For investments where the carrying amount exceeded the net asset value of the company, comparing the carrying amount of the investment with the expected value of the business based on a value in use calculation.

3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £3,620k (2021: £2,040k), determined with reference to a benchmark of Group profit before tax of which it represents 5.0% (2021: 4.5%).

Materiality for the Parent Company financial statements as a whole was set at £776k (2021: £751k), determined with reference to a benchmark of the Parent Company total assets, of which it represents 1.03% (2021: 1.00%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £2,715k (2021: £1,530k) for the Group and £582k (2021: £563k) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £181k (2021: £102k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 22 (2021: 24) components, we subjected 4 (2021: 4) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated on the next page.

The remaining 8% (2021: 9%) of Group profit before tax, 6% (2021: 3%) of total Group assets and 1% (2021: 1%) of total Group revenue is represented by 18 (2021: 20) components, none of which individually represented more than 6% (2021: 6%) of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

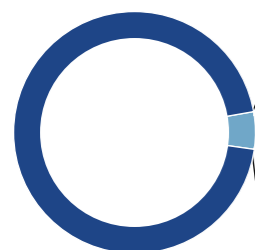
The audit of the components and the Parent Company was performed by the Group team. The component materiality ranged from £557k (2021: £229k) to £3,077k (2021: 1,428k) having regard to the mix of size and risk profile of the Group across the components.

The scope of the audit work performed was fully substantive as we did not place reliance upon the Group's internal control over financial reporting.

Independent Auditor's Report continued

Group profit before tax

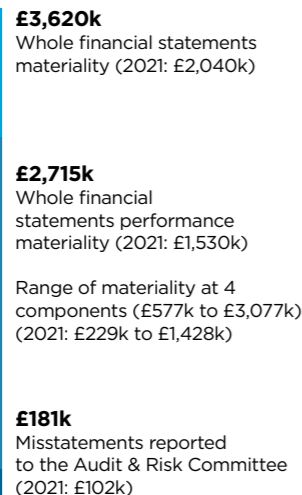
£72.5m (2021: £45.8m)



● Group PBT
● Group materiality

Group materiality

£3,620k (2021: £2,040k)



£3,620k
Whole financial statements materiality (2021: £2,040k)

£2,715k
Whole financial statements performance materiality (2021: £1,530k)

Range of materiality at 4 components (£577k to £3,077k) (2021: £229k to £1,428k)

£181k
Misstatements reported to the Audit & Risk Committee (2021: £102k)

4 GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

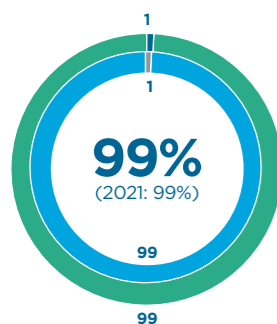
We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that was considered most likely to adversely affect the Group's and Company's available financial resources over this period was:

- The impact of adverse movements in the value of assets under management

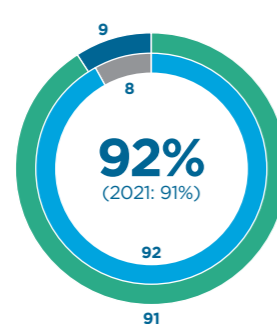
We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk against the level of available financial resources indicated by the Group's financial forecast.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risk and dependencies.

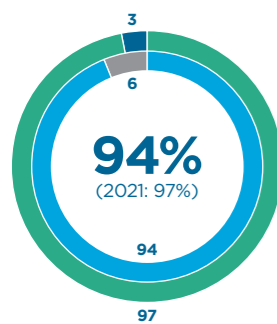
Group revenue



Group profit before tax



Group total assets



● Full scope for group audit purposes 2021
● Residual components 2021
● Full scope for group audit purposes 2022
● Residual components 2022

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable;

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5 FRAUD AND BREACHES OF LAWS AND REGULATIONS - ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify our risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Group Audit & Risk Committee, the Group's Compliance team and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud
- Reading Board minutes and attending Group Audit & Risk Committee meetings; and
- Considering remuneration incentive schemes and performance targets for management and directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited management judgement involved in the valuation and recognition of all material revenue streams.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included, but were not limited to, journals containing descriptions that were identified as high risk in our risk assessment procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.



Independent Auditor's Report continued

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the Group's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: AIM Rules, specific areas of regulatory capital and liquidity, conduct including Client Assets, money laundering, market abuse regulations, US Securities and Exchange Commission regulations and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We assessed the legality of the distributions in the period based on the level of distributable profits.

CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 104, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report continued

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel

(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London
29 November 2022

Consolidated Income Statement | For the year ended 30 September 2022

	Notes	2022 £000	2021 £000
Revenue	6	175,396	143,056
Operating costs	7	(110,213)	(95,622)
Finance income	10	7,950	286
Finance expense	11	(574)	(1,971)
Profit before taxation		72,559	45,749
Taxation	12	(13,077)	(5,504)
Profit after taxation		59,482	40,245
Earnings per share			
Basic	13	46.0p	31.5p
Diluted	13	44.7p	30.3p
Dividends per share			
Interim dividend paid and final dividend declared for the year	14	27.6	20.6p

Adjusted results are provided in Note 4.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2022

	2022 £000	2021 £000
Profit for the year	59,482	40,245
Change in value of cash flow hedges	-	137
Tax on change in value of cash flow hedges	-	(26)
Exchange differences on translation of foreign operations	2,685	(1,075)
Total other comprehensive income	2,685	(964)
Total comprehensive income for the year attributable to equity holders of the Parent	62,167	39,281

All amounts in other comprehensive income may be reclassified to income in the future.

The statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 136 to 175 form part of these financial statements.

**Consolidated Statement of Financial Position** | As at 30 September 2022

Company No: 03262305

	Notes	2022		2021	
		£000	£000	£000	£000
Assets					
Goodwill	15	13,932		11,816	
Intangible assets	16	18,340		17,473	
Property, plant and equipment	17	9,279		9,435	
Deferred tax assets	12	4,781		11,895	
Total non-current assets			46,332		50,619
Trade and other receivables	18	38,769		39,800	
Investments	19	7,255		7,564	
Current tax asset		176		134	
Cash invested in money market funds	21	58,687		38,066	
Cash and cash equivalents	21	52,232		36,172	
Total current assets			157,119		121,736
Total assets			203,451		172,355
Equity and liabilities					
Ordinary shares	24	1,326		1,326	
Share premium		9,291		9,291	
Merger reserve		1,533		1,533	
Exchange translation reserve		3,059		374	
Retained earnings		122,969		97,998	
Total equity			138,178		110,522

	Notes	2022		2021	
		£000	£000	£000	£000
Trade and other payables	22	53,624		50,107	
Lease liabilities	17	1,488		1,330	
Current tax liability		2,202		1,923	
Total current liabilities			57,314		53,360
Lease liabilities	17	7,590		8,102	
Deferred tax liability	12	369		371	
Total non-current liabilities			7,959		8,473
Total equity and liabilities			203,451		172,355

Authorised for issue and approved by the Board on 29 November 2022. The notes on pages 136 to 175 form part of these financial statements.

Ian R Simm
Chief Executive

**Consolidated Statement of Changes in Equity** | For the year ended 30 September 2022

	Note	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
1 October 2020		1,304	9,291	-	1,449	(111)	59,515	71,448
<i>Transactions with owners of the Company:</i>								
New shares issued		22	-	1,533	-	-	(20)	1,535
Dividends paid	14	-	-	-	-	-	(13,616)	(13,616)
Cash received on option exercises		-	-	-	-	-	597	597
Purchase of Impax NH shares		-	-	-	-	-	(2,239)	(2,239)
Tax credit on long-term incentive schemes		-	-	-	-	-	8,634	8,634
Share based payment charges	9	-	-	-	-	-	4,882	4,882
Total transactions with owners of the Company		22	9,291	1,533	-	-	(1,762)	(207)
Profit for the year		-	-	-	-	-	40,245	40,245
<i>Other comprehensive income:</i>								
Change in value of cash flow hedge		-	-	-	-	137	-	137
Tax on change in value of cash flow hedges		-	-	-	-	(26)	-	(26)
Exchange differences on translation of foreign operations		-	-	-	(1,075)	-	-	(1,075)
Total other comprehensive Income		-	-	-	(1,075)	111	-	(964)
30 September 2021		1,326	9,291	1,533	374	-	97,998	110,522

	Note	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
30 September 2021		1,326	9,291	1,533	374	-	97,998	110,522
<i>Transactions with owners of the Company:</i>								
Dividends paid	14	-	-	-	-	-	(28,665)	(28,665)
Cash received on option exercises		-	-	-	-	-	540	540
Tax charge on long-term incentive schemes		-	-	-	-	-	(3,756)	(3,756)
Share based payment charges	9	-	-	-	-	-	6,151	6,151
Acquisition of own shares		-	-	-	-	-	(8,781)	(8,781)
Total transactions with owners of the Company		-	-	-	-	-	(34,511)	(34,511)
Profit for the year		-	-	-	-	-	59,482	59,482
<i>Other comprehensive income:</i>								
Exchange differences on translation of foreign operations		-	-	-	2,685	-	-	2,685
Total other comprehensive Income		-	-	-	2,685	-	-	2,685
30 September 2022		1,326	9,291	1,533	3,059	-	122,969	138,178

The notes on pages 136 to 175 form part of these financial statements.

**Consolidated Cash Flow Statement** | For the year ended 30 September 2022

	Note	2022 £000	2021 £000
Operating activities			
Cash generated from operations	27	80,321	59,812
Corporation tax paid		(9,046)	(4,445)
Net cash generated from operating activities		71,275	55,367
Investing activities			
Net acquisition of property plant & equipment and intangible assets		(796)	(257)
Net redemptions/(investments) from unconsolidated Impax funds		355	(2,529)
Income from settlement of investment related hedges		69	(455)
Purchase of Impax NH shares		-	(704)
Investment income received		586	93
Increase in cash held in money market funds		(19,091)	(19,550)
Net cash used by investing activities		(18,877)	(23,402)
Financing activities			
Acquisition of non-controlling interest		(182)	(191)
Interest paid on bank borrowings		(141)	(129)
Payment of lease liabilities		(1,729)	(1,691)
Acquisition of own shares		(8,781)	-
Cash received on exercise of Impax staff share options		540	597
Dividends paid		(28,665)	(13,616)
Net cash used by financing activities		(38,958)	(15,030)
Net increase in cash and cash equivalents		13,440	16,935
Cash and cash equivalents at beginning of year		36,172	20,245
Effect of foreign exchange rate changes		2,620	(1,008)
Cash and cash equivalents at end of year	21	52,232	36,172

Cash and cash equivalents under IFRS does not include cash held in money market funds. The Group however considers its total cash reserves to include these amounts. Cash held in RPA accounts are not included in cash reserves (see note 21). There are no significant changes to liabilities arising from financing activities.

Movements on cash reserves are shown in the table below:

	At the beginning of the year £000	Cashflow £000	Foreign exchange £000	At the end of the year £000
Cash and cash equivalents	36,172	13,440	2,620	52,232
Cash invested in money market funds	38,066	19,091	1,530	58,687
Cash in RPAs	(4,089)	138	-	(3,951)
Total Group cash reserves	70,149	32,669	4,150	106,968



Notes to the Financial Statements | For the year ended 30 September 2022

1 REPORTING ENTITY

Impax Asset Management Group plc (the “Company”) is incorporated and domiciled in the UK and is listed on the Alternative Investment Market (“AIM”). These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The Company’s separate financial statements are shown on pages 176 to 190.

2 BASIS OF PREPARATION

These Group and Parent Company financial statements have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of certain investments and derivatives being measured at fair value.

Details of the significant accounting policies adopted by the Group are shown in note 31.

The financial statements are presented in sterling. All amounts have been rounded to the nearest thousand unless otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. Cash flow forecasts covering a period of 12 months from the date of approval of these financial statements indicate that, taking account of reasonably possible downside assumptions in relation to asset inflows, market performance and costs, the Group will have sufficient funds to meet its liabilities as they fall due and regulatory capital requirements for that period. The Group has sufficient cash balances and no debt and, at the Period-end market levels, is profitable. A significant part of the Group’s cost basis is variable as bonuses are linked to profitability. The Group can also preserve cash through dividend reduction and through issuance of shares to cover share option exercises/restricted share awards (rather than purchasing shares). Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements management has made estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Revisions to estimates are recognised prospectively.

The Group has not identified any significant judgements and estimates at the end of the reporting period. However the key areas that include judgement and/or estimates are set out in notes 15 and 16.

4 ADJUSTED PROFITS AND EARNINGS

The reported operating earnings, profit before tax and earnings per share are substantially affected by business combination affects and other items. The Directors have therefore decided to report an Adjusted operating profit, Adjusted profit before tax and Adjusted earnings per share which exclude these items in order to enable comparison with peers and provide consistent measures of performance over time. A reconciliation of the adjusted amounts to the IFRS reported amounts is shown below.

	Year ended 30 September 2022			
	Reported - IFRS £000	Adjustments		Adjusted £000
		Business combination effects £000	Other £000	
Revenue	175,396			175,396
Operating Costs	(110,213)			(107,980)
Amortisation of intangibles arising on acquisition		2,420		
Acquisition equity incentive scheme charges		1,340		
Mark to market credit on equity awards*			(1,527)	
Operating Profit	65,183	3,760	(1,527)	67,416
Finance income	7,950		(6,440)	1,510
Finance costs	(574)			(574)
Profit before taxation	72,559	3,760	(7,967)	68,352
Taxation	(13,077)			(12,293)
Credit re historical tax charges			(730)	
Tax charge on adjustments			1,514	
Profit after taxation	59,482	3,760	(7,183)	56,059
Diluted earnings per share	44.7	2.8	(5.4)	42.1

* The credit is offset by £3,756,000 of tax charges shown in the Statement of Changes in Equity.



Notes to the Financial Statements continued

4 ADJUSTED PROFITS AND EARNINGS CONTINUED

	Year ended 30 September 2021			
	Reported - IFRS £000	Adjustments		Adjusted (restated)** £000
		Business combination effects £000	Other £000	
Revenue	143,056			143,056
Operating costs	(95,622)			(87,272)
Amortisation of intangibles arising on acquisition		2,358		
Acquisition equity incentive scheme charges		1,649		
Contingent consideration adjustment		167		
Mark to market charge on equity awards*			4,176	
Operating Profit	47,434	4,174	4,176	55,784
Finance income	286		(89)	197
Finance costs	(1,971)		906	(1,065)
Profit before taxation	45,749	4,174	4,993	54,916
Taxation	(5,504)			(9,255)
Credit re historical tax charges			(2,803)	
Tax credit on adjustments			(948)	
Profit after taxation	40,245	4,174	1,242	45,661
Diluted earnings per share	30.3	3.2	0.9	34.4

* The charge is offset by £8,634,000 of tax credits shown in the statement of changes in equity.

** Adjusted profit before tax has been restated to add back unrealised foreign exchange losses of £906,000.

The diluted number of shares is the same as used for the IFRS calculation of earnings per share (see note 13).

Amortisation of intangibles

Management contracts, which are classified as intangible assets, were acquired as part of the acquisition of Impax NH and are amortised over their 11 year life. This charge is not linked to the operating performance of the Impax NH business so is excluded from adjusted profit.

Acquisition equity incentive scheme charges

Impax NH staff have been awarded share based payments in respect of the transaction. Charges in respect of these relate to the acquisition rather than the operating performance of the Group and are therefore excluded from adjusted profit.

Mark to market charge on equity incentive awards

The Group has in prior years and the current period awarded employees options over the Group's shares, some of which are either unvested or unexercised at the balance sheet date. The Group has also made awards of restricted shares ("RSS awards") which have not vested at the balance sheet date. Employers National Insurance Contributions ("NIC") are payable on the option awards when they are exercised and on the RSS awards when they vest, based on the valuation of the underlying shares at that point. The Group does however receive a corporation tax credit equal to the value of the awards at the date they are exercised (options) or vest (RSS awards). An accrual for the NIC is recognised based on the share price at the balance sheet date and changes in the accrual are recognised as a charge or credit within IFRS operating profit. Similarly, the corporation tax credit is accrued within equity based on the share price at the balance sheet date with changes in the credit recognised as a credit or charge to equity.

The charge to profit varies based on the Group's share price and is not linked to the operating performance of the Group. It is therefore eliminated when reporting adjusted profit.

Finance income and expense

Finance income for the Period has been adjusted for foreign exchange gains on intercompany loans and other unrealised foreign exchange gains and losses that are not linked to the performance of the Group. Prior year adjusted profit before tax has been restated to remove unrealised foreign exchange losses of £906,000 to aid comparability with the current Period.

Taxation

The IFRS tax charge in both the current and prior period included a credit in respect of the reversal of historical tax charges related to private equity income. This does not reflect the performance of the Group and is therefore excluded from adjusted profit.

Contingent consideration adjustment

Until the time it was settled, the Group was required to review and adjust its estimate of the contingent consideration payable in respect of the Impax NH acquisition. Adjustments were recorded through income but excluded from adjusted profit. These adjustments are not linked to the operating performance of the Impax NH business and are therefore eliminated from operating costs.



Notes to the Financial Statements continued

5 SEGMENTAL REPORTING

(a) Operating segments

The Group is managed on an integrated basis and there are no reportable segments.

Segment information is presented on the same basis as that provided for internal reporting purposes to the Group's chief operating decision maker, the Chief Executive.

(b) Geographical analysis

An analysis of revenue by the location of client is presented below:

	Revenue	
	2022 £000	2021 £000
UK	34,069	26,733
North America	61,890	50,608
France	12,261	12,680
Luxembourg	43,362	35,448
Ireland	13,175	9,412
Netherlands	3,012	3,359
Australia	2,796	1,523
Other	4,831	3,293
	175,396	143,056

The Group's non-current assets (property plant and equipment, goodwill and intangible assets) are located in the countries listed below:

	Non-current assets	
	2022 £000	2021 £000
UK	6,427	6,952
United States	34,907	31,594
Hong Kong	140	7
Ireland	77	171
	41,551	38,724

6 REVENUE

See accounting policy at note 31(D)

The Group's main source of revenue is investment management and advisory fees. The Group may also earn carried interest from its Private Equity funds. Management and advisory fees are generally based on an agreed percentage of the valuation of assets under management ("AUM") for Listed Equity and Fixed Income funds. For Private Equity funds they are generally based on an agreed percentage of commitments made to the fund by investors during the fund's investment period and thereafter on the cost price of investments made and not exited. Carried interest is earned from Private Equity funds if the cash returned to investors exceeds an agreed return.

The Group determines the investment management and advisory fees to be a single revenue stream as they are all determined through a consistent performance obligation. Should AUM reduce as result of equity market downturns or allocation of capital away from equity markets then the revenue would reduce.

None of the Group's funds individually represented more than 10% of Group revenue in the current or prior year.

Revenue includes £170,840,243 (2021: £140,236,441) from related parties.

7 OPERATING COSTS

The Group's largest operating cost is staff costs. Other significant costs include direct fund costs, IT and communication costs, premises costs (depreciation on office building leases, rates and service charge), amortisation of intangible assets, mark to market charges on share awards and professional fees.

See accounting policy at note 31(E) for leases and note 31(F) for placement fees.

	2022 £000	2021 £000
Staff costs (note 8)	81,766	66,215
Direct fund expenses	6,388	5,542
IT and communications	5,805	4,457
Depreciation and amortisation	4,257	4,057
Professional fees	4,006	3,321
Placing agent fees	1,783	1,774
Premises costs	1,333	1,015
Research costs	980	780
Mark to market (credit)/charge on share awards	(1,527)	4,176
Other costs	5,422	4,118
Sub-total	110,213	95,455
Contingent Consideration	-	167
Total	110,213	95,622

Operating costs include £1,183,000 (2021: £898,000) in respect of placing agent fees paid to related parties.



Notes to the Financial Statements continued

7 OPERATING COSTS CONTINUED

Other costs include £295,000 (2021: £291,000) paid to the Group's auditors which is analysed below:

	2022 £000	2021 £000
Audit of the Group's Parent Company and consolidated financial statements	91	75
Audit of subsidiary undertakings	124	130
Audit-related assurance services	80	86
	295	291

8 STAFF COSTS AND EMPLOYEES

Staff costs include salaries, a variable bonus, social security cost (principally UK NIC on salary, bonus and share awards), the cost of contributions made to employees' pension schemes and share-based payment charges. Further details of the Group's remuneration policies are provided in the Remuneration Committee Report. Share-based payment charges are offset against the total cash bonus pool paid to employees. NIC charges on share-based payments are accrued based on the share price at the balance sheet date and the proportion vested.

	2022 £000	2021 £000
Salaries and variable bonuses	62,393	51,510
Social security costs	6,356	5,181
Pensions	1,635	1,069
Share-based payment charge (see note 9)	6,152	4,882
Other staff costs	5,230	3,573
	81,766	66,215

See accounting policy for pensions in note 31(G)

The Group contributes to private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to these funds. Contributions totalling £105,000 (2021: £82,000) were payable to the funds at the year end and are included in trade and other payables.

Other staff costs include the cost of providing health and other insurances for staff, Non-Executive Directors' fees, contractor fees, recruitment fees and termination costs.

Directors and key management personnel

Details related to emoluments paid to Directors and Directors' rights to share awards are included in the Remuneration Committee Report under the "Directors' remuneration during the year" heading on page 114 and in the Directors' Report under the "Directors and their interests in shares" heading on page 102.

Key management personnel are related parties and are defined as members of the Board and/or the Executive Committee. The remuneration of key management personnel, including pension contributions, during the year was £14,525,298 with £2,239,493 of share-based payments (2021: £14,080,503 plus £1,024,156 of share-based payments). No Board members received pension contributions during the year (2021: nil).

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 240 (2021: 195).

	2022 No.	2021 No.
Portfolio Management	86	69
Private Equity	13	12
Client Service and Business Development	82	63
Group	59	51
	240	195



Notes to the Financial Statements continued

9 SHARE-BASED PAYMENT CHARGES

See accounting policy at note 31(H)

The total expense recognised for the year arising from share-based payment transactions was £6,151,000 (2021: £4,882,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS") and the Group's Employee Share Option Plans which are described below. Share based payment charges also arose in the prior year in respect of the Put and Call arrangement made with Impax NH management to acquire their shares in Impax NH. Details of all outstanding options are provided at the end of this note. The charges for each scheme are:

	2022 £000	2021 £000
RSS	5,231	3,636
LTOP	920	1,003
Put and Call	-	243
	6,151	4,882

Restricted Share Scheme

Restricted shares are awarded to some employees as part of their year end remuneration. These awards are made post year end but part of the charge is recorded in the Period based on an estimated value at the year end date. 413,750 restricted shares were granted during the Period under the 2021 plan. Awards may also be made to new employees and during the Period, 397,889 RSS awards were granted to employees joining under the 2022 plan ("RSS 2022A"). Post year end, the Board approved the grant of a further 763,000 restricted shares under the 2022 plan ("RSS 2022 Final"). Following grant, the shares are held by a nominee for employees, who are then immediately entitled to receive dividends. After a period of three years' continuous employment, the employees will receive unfettered access to one third of the shares, after four years a further third and after five years the final third. The employees are not required to make any payment for the shares on grant or when the restrictions lapse other than personal taxes.

In the prior period, 912,084 restricted shares were also granted to employees of Impax NH following the acquisition of the remaining shares held by management in that business ("2021 RSS NH"). These have the same conditions as described above except that unfettered access is gained to all of the shares after a period of 3 years.

Full details of the awards granted during the year along with their valuation and the inputs used in the valuation are described in the tables below. The valuation was determined using the Black-Scholes-Merton model with an adjustment to reflect that dividends are received during the vesting period.

	2022 RSS Final (estimated)	2022		2021	
		2022 RSS A	2021 RSS	2020 RSS	2021 RSS NH
Awards originally granted	763,000	397,889	413,750	356,500	912,084
Weighted average award value	£7.45	£7.32	£13.82	£7.10	£4.78
Weighted average share price on grant	£7.58	£7.32	£13.94	£7.26	£5.02
Weighted average expected volatility	35.0%	34.6%	34.0%	32.4%	32.4%
Weighted average award life on grant	5.2 years	2.6 years	5.2 years	5.3 years	3.2 years
Weighted average expected dividend yield	3.9%	3.0%	1.5%	1.2%	1.2%
Weighted average risk free interest rate	4.3%	1.6%	1.0%	0.0%	0.0%

The expected volatility was determined by reviewing the historical volatility of the Company and that of comparator companies. The expected dividend rate is determined using the Company share price and most recent full year dividend to grant date.

The fair value of the 2022 RSS Final awards has initially been estimated using the average share price over the period of five days preceding the final Remuneration Committee and other inputs as at this date.

Restricted shares outstanding	
Outstanding at 1 October 2021	3,322,833
Granted during the year	811,639
Vested during the year	(1,616,286)
Forfeited during the year	(24,180)
Outstanding at 30 September 2022	2,494,006



Notes to the Financial Statements continued

9 SHARE-BASED PAYMENT CHARGES CONTINUED

Employee share option plans

Options are awarded to some employees as part of their year end remuneration.

Options granted in 2017

Awards were granted to employees under the Company's Employee Share Option Plan ("ESOP"). The strike price of these options was set at a 10% premium to the average market price of the Company's shares for the five business days following the announcement of the results for the preceding financial year. The 2017 options did not have performance conditions but did have a time vesting condition such that they vested subject to continued employment on 31 December 2020.

The valuation was determined using the Black-Scholes-Merton model.

Options granted between 2018 and 2021

Awards have been granted to employees under the Company's Long Term Option Plan ("LTOP"). The strike prices of these options were £1 (2018 and 2019), £3 (2020) and £9 (2021). These options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on five years following grant. Vested shares are restricted from being sold until after a further five year period (other than to settle any resulting tax liability).

Post year end the Board approved the grant of 60,000 options under the 2022 plan with a £7.50 strike price and with the other conditions the same as the 2018-2021 plans.

The valuation was determined using the binomial model. Full details of the awards granted during the year along with their valuation and the inputs used in the valuation are described in the table below.

Share options are equity settled.

	2022 LTOP (estimated)	2022 2021 LTOP	2021 2020 LTOP
Awards originally granted	60,000	339,575	610,000
Exercise price	£7.50	£9.00	£3.00
Weighted average award value	£1.87	£4.87	£3.47
Weighted average share price on grant	£7.58	£13.90	£7.26
Weighted average expected volatility	35.0%	34.2%	32.4%
Weighted average award life on grant	6 years	6 years	6 years
Weighted average expected dividend yield	3.9%	1.5%	1.2%
Weighted average risk free interest rate	4.3%	0.8%	0.0%

The expected volatility was determined by reviewing the historical volatility of the Company and that of comparator companies. The expected dividend rate is determined using the Company share price and most recent full year dividend to grant date.

The fair value of the 2022 LTOP awards has initially been estimated as at the time of preparing the accounts.

Options outstanding

An analysis of the outstanding options arising from the Company's option plans is provided below:

	Number	Weighted average exercise price p
Options outstanding at 1 October 2021	2,660,000	176.0
Options granted	339,575	900.0
Options exercised	(300,000)	180.2
Options outstanding at 30 September 2022	2,699,575	266.6
Options exercisable at 30 September 2022	700,000	180.2

The weighted average remaining contractual life, including the exercise period, was 6.0 years.

10 FINANCE INCOME

	2022 £000	2021 £000
Fair value gains	148	161
Interest income	520	36
Other investment income	33	89
Foreign exchange gains	7,249	-
	7,950	286

Fair value gains represent those arising on the revaluation of listed and unlisted investments held by the Group (see note 19) and any gains or losses arising on related hedge instruments held by the Group.

The fair value gain comprises realised gains of £102,000 and unrealised losses of £46,000 (2021: £487,000 of realised losses and £648,000 of unrealised gains). Foreign exchange gains mainly arise on the retranslation of cash and intercompany loans held in USD.



Notes to the Financial Statements continued

11 FINANCE EXPENSE

See accounting policy at note 31(J)

	2022 £000	2021 £000
Interest on lease liabilities	433	468
Finance costs on bank loans	141	85
Foreign exchange losses	-	1,418
	574	1,971

Commitment fees are payable on the revolving credit facility which the Group retains (see note 23). Foreign exchange losses in the prior year mainly arose on the retranslation of intercompany loans.

12 TAXATION

See accounting policy at note 31(K)

The Group is subject to taxation in the countries in which it operates (the UK, the US, Hong Kong and Ireland) at the rates applicable in those countries. The total tax charge includes taxes payable for the reporting period (current tax) and also charges relating to taxes that will be payable in future years due to income or expenses being recognised in different periods for tax and accounting periods (deferred tax).

(a) Analysis of charge for the year

	2022 £000	2021 £000
Current tax expense:		
UK corporation tax	13,400	5,960
Foreign taxes	472	235
Adjustment in respect of prior years	(1,606)	73
Total current tax	12,266	6,268
Deferred tax expense/(credit):		
Charge for the year	133	2,104
Adjustment in respect of prior years	678	(2,868)
Total deferred tax	811	(764)
Total income tax expense	13,077	5,504

Net tax charges of £3,756,000 (deferred tax charges of £6,739,000 net of current tax credits of £2,983,000) are also recorded in equity in respect of tax deductions on share awards arising due to the share price decrease (2021: credits of £8,634,000). Tax credits of £26,000 on cash flow hedges were reclassified from equity to the income statement in 2021 on maturity of the hedges.

A tax credit of £713,000 was recorded in 2021 in respect of prior year tax losses that previously had not been recognised.

The current tax adjustment in respect of prior years in the Period arises as a result of tax that was expected to be payable on private equity income as well as the finalisation of intra-group recharges.

The deferred tax adjustment in respect of prior years in the Period arises from the finalisation of intra-group recharges.

The deferred tax adjustment in respect of prior years in the prior period mainly reflects reductions in the tax expected to be payable on private equity income, recorded in prior years, as a result of transactions which took place in the year.

An increase in the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted in the Finance Act 2021. This rate increase has been taken into account in the calculation of the Group's UK deferred tax assets and liabilities as at 30 September 2022, to the extent that they are expected to reverse after the rate increase comes into effect.

(b) Factors affecting the tax charge for the year

The UK tax rate for the year is 19%. The tax assessment for the period is lower than this rate (2021: lower).

The differences are explained below:

	2022 £000	2021 £000
Profit before tax	72,559	45,749
Tax charge at 19% (2021: 19%)	13,786	8,692
Effects of:		
Non-taxable income	(506)	(18)
Non-deductible expenses and charges	617	316
Adjustment in respect of historical tax charges	(928)	(2,795)
Effect of higher tax rates in foreign jurisdictions	31	22
Tax losses not recognised	77	-
Recognition of prior year tax losses	-	(713)
Total income tax expense	13,077	5,504



Notes to the Financial Statements continued

12 TAXATION CONTINUED

(c) Deferred tax

The deferred tax asset/(liability) included in the Consolidated Statement of Financial Position is as follows:

	Share-based payment scheme £000	Other assets £000	Total assets £000	Income not yet taxable £000	Other liabilities £000	Total liabilities £000
As at 1 October 2020	5,202	291	5,493	(3,130)	(210)	(3,340)
Credit to equity	8,634	(26)	8,608	-	-	-
Exchange differences on consolidation	-	-	(1)	-	-	-
Credit/(charge) to the income statement	(3,243)	1,038	(2,205)	2,969	-	2,969
As at 30 September 2021	10,593	1,303	11,895	(161)	(210)	(371)
Credit/(charge) to equity	(7,848)	1,109	(6,739)	-	-	-
Exchange differences on consolidation	311	127	438	-	-	-
Credit/(charge) to the income statement	267	(1,081)	(813)	161	(159)	2
As at 30 September 2022	3,323	1,458	4,781	-	(369)	(369)

Other assets include carried forward losses of £611,000 as at 30 September 2022 (2021: £681,000). The tax credit on other assets recognised directly in equity of £1,109,000 relates to the increase in carried forward tax losses arising from share-based payment schemes that vested during the period.

13 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company (the "Earnings") by the weighted average number of ordinary shares outstanding during the year, less the weighted average number of Own Shares held. Own Shares are held in Employee Benefit Trusts ("EBTs").

Diluted EPS includes an adjustment to reflect the dilutive impact of share awards.

	Earnings for the year £000	Shares 000's	Earnings per share
2022			
Basic	59,482	129,409	46.0p
Diluted	59,482	133,168	44.7p
2021			
Basic	40,245	127,644	31.5p
Diluted	40,245	132,669	30.3p

The weighted average number of shares is calculated as shown in the table below:

	2022 £000	2021 £000
Weighted average issued share capital	132,597	131,772
Less Own Shares held not allocated to vested ESOP options	(3,188)	(4,128)
Weighted average number of ordinary shares used in the calculation of basic EPS	129,409	127,644
Additional dilutive shares regarding share schemes	4,860	5,983
Adjustment to reflect option exercise proceeds and future service from employees receiving share awards	(1,101)	(958)
Weighted average number of ordinary shares used in the calculation of diluted EPS	133,168	132,669



Notes to the Financial Statements continued

14 DIVIDENDS

Dividends are recognised as a reduction in equity in the period in which they are paid or in the case of final dividends when they are approved by shareholders. The reduction in equity in the year therefore comprises the prior year final dividend and the current year interim dividend.

Dividends declared/proposed in respect of the year

	2022 pence	2021 pence
Interim dividend declared per share	4.7	3.6
Final dividend proposed per share	22.9	17.0
Total	27.6	20.6

The proposed final dividend of 22.9p will be submitted for formal approval at the Annual General Meeting to be held on 16 March 2023. Based on the number of shares in issue at the date of this report, and excluding own shares held, the total amount payable for the final dividend would be £30,188,130.

Dividends paid in the year

	2022 £000	2021 £000
Prior year final dividend – 17.0p, 6.8p	22,475	8,871
Interim dividend – 4.7p, 3.6p	6,190	4,745
	28,665	13,616

15 GOODWILL

See accounting policy at note 31(L)

The goodwill balance within the Group at 30 September 2022 arose from the acquisition of Impax Capital Limited on 18 June 2001 and the acquisition of Impax NH in January 2018.

	Goodwill £000
Cost	
At 1 October 2020	12,306
Foreign exchange	(490)
At 1 October 2021	11,816
Foreign exchange	2,116
At 30 September 2022	13,932

Impax NH consists of only one cash-generating unit (“CGU”). Goodwill is allocated between CGUs at 30 September 2022 as follows – £12,303,000 to Impax NH and £1,629,000 to the Listed Equity and Private Equity CGUs.

The Group has determined the recoverable amount of its CGUs at the Period-end by calculating their value in use using a discounted cash flow model over a period of 10 years. The cash flow forecasts were derived taking into account the budget for the year ended 30 September 2023, which was approved by the Directors in September 2022. The discount rate was derived from the Group’s weighted average cost of capital and takes into account the weighted average cost of capital of other market participants.

The goodwill on the Listed Equity and Private Equity CGUs arose over 15 years ago and the business has grown significantly in size and profitability since that date. There is accordingly significant headroom before an impairment is required. The main assumptions used to calculate the cash flows in the impairment test for these CGUs were that assets under management would continue at current levels and margins would continue at current levels, that fund performance for the Listed Equity business would be 5% per year (2021: 5%) and a discount rate of 12.5% (2021: 12.5%). There has been no impairment of goodwill related to these segments to date and there would have to be significant asset outflows over a sustained period before any impairment was required. If the discount rate increased by 3% there would no impairment and if fund performance reduced to zero there would be no impairment (2021: 3% increase in discount rate, no impairment).

The impairment test for the Impax NH CGU showed no impairment (2021: no impairment) was required and used the following key assumptions, based on historical performance – average fund inflows of US\$0.38 billion (2021: US\$0.38 billion), fund performance of 5% (2021: 5%), an average operating margin of 17% (2021: 17%) and a discount rate of 12.5% (2021: 12.5%). The following plausible changes in assumptions would individually not give rise to an impairment: a consistent 10% decrease in inflows (2021: 10% decrease); a 100 basis point annual reduction in performance each year (2021: 100 basis point reduction); a 1% annual reduction in operating margin (2021: 1% reduction), a 1% increase in discount rate (2021: 1% increase).



Notes to the Financial Statements continued

16 INTANGIBLE ASSETS

See accounting policy at note 31(M)

Intangible assets mainly represents the value of the management contracts acquired as part of the acquisition of Impax NH.

	Management contracts £000	Software £000	Total £000
Cost			
As at 1 October 2020	27,707	529	28,236
Foreign exchange	(1,266)	-	(1,266)
As at 30 September 2021	26,441	529	26,970
Additions	-	81	81
Disposals	-	(309)	(309)
Foreign exchange	5,469	-	5,469
As at 30 September 2022	31,910	301	32,211
Accumulated amortisation			
As at 1 October 2020	6,907	458	7,365
Charge for the year	2,358	51	2,409
Foreign exchange	(277)	-	(277)
As at 30 September 2021	8,988	509	9,497
Charge for the year	2,459	26	2,485
Disposals	-	(310)	(310)
Foreign exchange	2,199	-	2,199
As at 30 September 2022	13,646	225	13,871
Net book value			
As at 30 September 2022	18,264	76	18,340
As at 30 September 2021	17,453	20	17,473
As at 30 September 2020	20,800	71	20,871

The management contracts were acquired with the acquisition of Impax NH in January 2018 and are amortised over an 11 year life.

Asset inflows, operating margin and discounted cost of capital are all the same or in excess of the assumptions when the management contracts were first valued. As such, there are no indicators of impairment.

17 PROPERTY, PLANT AND EQUIPMENT

See accounting policy at note 31(N)

Property, plant and equipment mainly represents the costs of fitting out the Group's leased London (leasehold improvements), office furniture and computers (fixtures, fitting and equipment) and the capitalised value of the Group's leases on its office buildings (right of use assets).

	Right of use assets £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 October 2020	10,555	2,093	1,847	14,495
Additions	194	0	257	451
Disposals	-	(19)	-	(19)
Foreign exchange	(222)	-	(14)	(236)
As at 30 September 2021	10,527	2,074	2,090	14,691
Additions	139	274	441	854
Disposals	-	(6)	(22)	(28)
Foreign exchange	951	1	105	1,057
As at 30 September 2022	11,617	2,343	2,614	16,574
Accumulated depreciation				
As at 1 October 2020	1,240	1,118	1,280	3,638
Charge for the year	1,236	145	267	1,648
Disposals	-	(10)	-	(10)
Foreign exchange	(14)	-	(6)	(20)
As at 30 September 2021	2,462	1,253	1,541	5,256
Charge for the year	1,273	181	318	1,772
Disposals	-	(6)	(22)	(28)
Foreign exchange	235	1	59	295
As at 30 September 2022	3,970	1,429	1,896	7,295
Net book value				
As at 30 September 2022	7,647	914	718	9,279
At 30 September 2021	8,065	821	549	9,435
As at 30 September 2020	9,315	975	567	10,857



Notes to the Financial Statements continued

17 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Lease arrangements

Property, plant and equipment includes right-of-use assets in relation to operating leases for the Group's office buildings.

The carrying value of the Group's right of use assets, associated lease liabilities and the movements during the period are set out below.

	Right of use asset £m	Lease liabilities £m
At 1 October 2021	8,065	9,432
New leases	139	139
Lease payments	-	(1,729)
Interest expense	-	433
Depreciation charge	(1,273)	-
Foreign exchange movement	716	803
At 30 September 2022	7,647	9,078
	Current	1,488
	Non current	7,590
		9,078

The contractual maturities on the undiscounted minimum lease payments under lease liabilities are provided below:

	2022 £000	2021 £000
Within one year	2,937	1,694
Between 1 and 5 years	6,339	6,452
Later than 5 years	2,447	3,110
Total undiscounted lease liabilities	11,723	11,256

The Company's London office lease has an extension option of a further five years from June 2027, subject to a rent review, which is not included in the above numbers on the basis that it is not yet reasonably certain that it will be exercised.

18 TRADE AND OTHER RECEIVABLES

See accounting policy at note 31(O)

	2022 £000	2021 £000
Trade receivables	10,196	8,679
Other receivables	1,205	1,717
Prepayments and accrued income	27,368	29,404
	38,769	39,800

Accrued income relates to accrued management fees and arises where invoices are raised in arrears.

An analysis of the aging of trade receivables is provided below:

	2022 £000	2021 £000
0-30 days	9,069	6,865
Past due but not impaired:		
31-60 days	382	1,052
61-90 days	557	762
Over 90 days	188	-
	10,196	8,679

At the date of this report, substantially all of the trade receivables above have been received. As at 30 September 2022, the assessed provision under the IFRS 9 expected loss model for trade receivables and prepayments and accrued income was immaterial (2021: immaterial).

£32,954,000 of trade and other receivables and accrued income were due from related parties (2021: £34,685,000).



Notes to the Financial Statements continued

19 CURRENT ASSET INVESTMENTS

See accounting policy at note 31(P)

The Group makes seed investments into its own Listed Equity funds and also invests in its Private Equity funds. Where the funds are consolidated the underlying investments are shown in the table below. Investments made in unconsolidated funds are also included. Further details of when funds are consolidated are described in note 31(A).

	Total £000
At 1 October 2020	4,387
Additions	2,832
Fair value movements	648
Repayments/disposals	(303)
At 30 September 2021	7,564
Additions	256
Fair value movements	46
Repayments/disposals	(611)
At 30 September 2022	7,255

The investments include £3,534,000 in related parties of the Group (2021: £3,474,000).

Hierarchical classification of investments

The hierarchical classification of the investments as considered by IFRS 13 Financial Instruments: Disclosures is shown below:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 1 October 2021	4,090	-	3,474	7,564
Additions	-	-	256	256
Fair value movements	(369)	-	415	46
Repayments/disposals	-	-	(611)	(611)
At 30 September 2022	3,721	-	3,534	7,255

There were no movements between any of the levels in the Period.

The level 3 investments are in the Group's Private Equity funds. The net asset value of these funds as reported in the NAV statements represents the fair value at the end of the reporting period and as such a range of unobservable inputs is not reported. If the NAV of those funds changed by +/- 10% then the valuation of those investments would change by +/- £353,000.

Market risk and investment hedges

See accounting policy for derivatives at note 31(Q)

Investments made are subject to market risk. Where appropriate the Group has attempted to hedge against the risk of market falls by the use of derivative contracts. The derivative contracts consist of short positions against a global equity index and are arranged through BNP Paribas, a related party. Any outstanding amounts on the short positions are settled daily.

20 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

See accounting policy at note 31(A) and note 31(X)

The Group's interest in structured entities is reflected in the Group's AUM. The Group is exposed to movements in AUM of structured entities through potential loss of fee income as a result of client withdrawals or market falls. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the Strategic Report. Considering the potential for changes in AUM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

At 30 September 2022, AUM managed within unconsolidated structured entities was £35.68 billion (2021: £37.21 billion) and within consolidated structured entities was £nil (2021: £nil).

£175,396,000 (2021: £143,056,000) in revenue was earned from unconsolidated structured entities.

The total exposure to unconsolidated structured entities in the Statement of Financial Position is shown in the table below:

	2022 £000	2021 £000
Management fees receivable (including accrued income)	35,069	36,356
Investments	3,534	3,474
	38,603	39,830

The main risk the Group faces from its interest in unconsolidated structured entities are decreases in the value of seed capital investments. Details on this are provided in note 28.



Notes to the Financial Statements continued

21 CASH AND CASH EQUIVALENTS AND CASH INVESTED IN MONEY MARKET FUNDS

See accounting policy for cash at note 31(R)

Cash and cash equivalents under IFRS does not include cash invested in money market funds which is exposed to market variability. However the Group considers its total cash reserves to include these amounts. Cash held by consolidated funds is not considered to be available to the Group so it is not included in cash reserves. Cash held in Research Payment Accounts (“RPAs”) is collected from funds managed by the Group and can only be used towards the cost of researching stocks. A liability of an equal amount is included in trade and other payables. This cash is also excluded from cash reserves. A reconciliation is shown below:

	2022 £000	2021 £000
Cash and cash equivalents	52,232	36,172
Cash invested in money market funds	58,687	38,066
Less: cash held in RPAs	(3,951)	(4,089)
Cash reserves	106,968	70,149

The Group is exposed to interest rate risk on the above balances as interest income fluctuates according to the prevailing interest rates. The average interest rate on the cash balances during the year was 0.6% (2021: 0.05%). Given current interest rate levels a sensitivity rate of 1% is considered appropriate. A 1% increase in interest rates would have increased Group profit after tax by £885,000. An equal change in the opposite direction would have decreased profit after tax by £501,000.

The credit risk regarding cash balances of the operating entities of the Group is spread by holding parts of the balance with RBS International, Lloyds Bank, Citizens Financial Group (all with Standard & Poor’s credit rating A-2), Santander (A-1) and the Bank of New Hampshire (unrated) and the remainder in money market funds managed by BlackRock (with a Standard & Poor’s credit rating of AAA) and Goldman Sachs (with a Standard & Poor’s credit rating of A-1).

Cash invested in money market funds is classified as Level 1 on the fair value hierarchy.

22 TRADE AND OTHER PAYABLES

See accounting policy at note 31(S)

	2022 £000	2021 £000
Trade payables	1,078	852
Taxation and other social security	1,981	5,160
Other payables	4,738	4,655
Accruals	45,827	39,440
	53,624	50,107

The most significant accrual at the year end relates to variable staff remuneration.

23 LOANS

See accounting policy at note 31(T)

The Group retains a US\$13 million revolving credit facility (“RCF”) with RBS International which expires in January 2023. No amounts were drawn down or repaid in the current Period or in the prior year.

24 ORDINARY SHARES

See accounting policy at note 31(U)

	2022 No of shares/000s	2021 No of shares/000s	2022 £000	2021 £000
Issued and fully paid				
At 1 October and 30 September	132,597	132,597	1,326	1,326

Ordinary shares have a par value of £0.01 per share. Each ordinary share carries the right to attend and vote at general meetings of the Company. Holders of these shares are entitled to dividends as declared from time to time. On 16 February 2021, 2,000,000 new shares were issued to the Impax Asset Management Group plc Employee Benefit Trust 2012 (the “EBT”) and a further 181,467 shares were issued to management of Impax NH as part of the consideration for the acquisition of that business that occurred in 2018.



Notes to the Financial Statements continued

25 OWN SHARES

See accounting policy at note 31(V)

	No of Shares	£000
At 1 October 2020	5,186,867	7,210
Issuance of shares to EBT 2012	2,000,000	-
Satisfaction of option exercises and RSS vesting	(3,083,472)	(3,093)
At 30 September 2021	4,103,395	4,117
Purchase of shares by EBT 2012	1,078,000	8,781
Satisfaction of option exercises and RSS vesting	(1,916,286)	(4,770)
At 30 September 2022	3,265,109	8,128

The EBT holds shares for RSS awards until they vest or to satisfy share option exercises. Included within Own Shares are 2,494,006 shares held in a nominee account in respect of the RSS as described in note 9. During the Period, the EBT purchased 1,078,000 ordinary shares.

26 FINANCIAL COMMITMENTS

At 30 September 2022 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €57,499 into Impax New Energy Investors II LP (2021: €113,000); this amount could be called on in the period to 22 March 2023;
- €1,276,000 into Impax New Energy Investors III LP (2021: €1,567,000); this amount could be called on in the period to 31 December 2026; and
- €1,446,977 into Impax New Energy Investors IV LP (2021: €449,616); this amount is called on in the period to 31 October 2031.

27 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

This note should be read in conjunction with the consolidated cashflow statement. It provides a reconciliation to show how profit before tax, which is based on accounting rules, translates to cashflows.

	2022 £000	2021 £000
Profit before taxation	72,559	45,749
Adjustments for income statement non-cash charges/income:		
Depreciation of property plant and equipment and amortisation of intangible assets	4,257	4,057
Finance income	(7,950)	(286)
Finance expense	574	1,971
Share-based payment charges	6,151	4,882
Adjustment for statement of financial position movements:		
Decrease/(increase) in trade and other receivables	1,031	(19,021)
Increase in trade and other payables	3,699	22,460
Cash generated from operations	80,321	59,812

28 FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. There are systems of controls in place to create an acceptable balance between the potential cost should such a risk occur and the cost of managing those risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Group's exposure to financial risks and describes the methods used by management to control such risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle their financial and contractual obligations to the Group, as and when they fall due. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Group's primary exposure to credit risk relates to its cash and cash equivalents and cash in money market funds and long-term deposits that are placed with regulated financial institutions (see note 21). The Group is also exposed to credit risk on trade receivables, representing investment management fees due. An analysis of the aging of these is provided in note 18.

The Group makes no provision for credit loss as all receivable counterparties are funds managed by the Group. All funds have sufficient resources to satisfy their position.



Notes to the Financial Statements continued

28 FINANCIAL RISK MANAGEMENT CONTINUED

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. For the UK-based business, a significant amount of the Group's income is denominated in Euros and US dollars whilst the majority of expenses are in Sterling. For the US-based business, all income and all expenditure is in US dollars. Assets in the US along with the goodwill and intangible assets arising on its acquisition are denominated in US dollars.

The strategy for the UK-based business for the year ended 30 September 2022 has been to convert income earned in currencies other than US dollars and Sterling back to Sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. During the year the Group had forward rate foreign currency contracts to sell Euro and buy Sterling. These have been designated as cash flow hedges against Euro income and were recognised in profit in January, April and July 2022. There were no outstanding forward rate foreign currency contracts as at 30 September 2022.

The Group's exposure to foreign exchange rate risk, including that arising from consolidated funds, at 30 September 2022 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	3,534	3,721	-
Trade and other receivables	14,397	5,823	3,359
Cash and cash equivalents	2,495	29,862	3,005
	20,426	39,406	6,364
Liabilities			
Trade and other payables	530	2,873	1,190
	530	2,873	1,190
Net exposure	19,896	36,533	5,174

The Group's exposure to foreign exchange rate risk at 30 September 2021 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	3,472	4,091	-
Trade and other receivables	16,875	6,696	3,125
Cash and cash equivalents	1,382	11,736	1,544
	21,729	22,523	4,669
Liabilities			
Trade and other payables	160	7,329	90
	160	7,329	90
Net exposure	21,569	15,194	4,579

The following table demonstrates the estimated impact on Group post-tax profit and net assets caused by a 5 per cent variance in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit will either increase or (decrease) as shown.

	Post-tax profit	
	2022 £000	2021 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	(1,480)	(612)
GBP weakens against the USD, down 5%	1,480	612
GBP strengthens against the EUR, up 5%	(806)	(868)
GBP weakens against the EUR, down 5%	806	868

Liquidity risk and regulatory capital requirements

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at a cost. The Group monitors its liquidity risk using cash flow forecasts taking into account the commitments made to its private equity funds (see note 26) and the cash required to meet the Group's investment plans and its regulatory capital requirements. At 30 September 2022, the Group had cash and cash equivalents and cash in money market funds and long-term deposit accounts of £110,919,000. This is £57,295,000 in excess of trade and other payables. The Group in addition had other current assets of £46,200,000.

On a consolidated group basis the Group has capital of £71 million, a surplus of £48 million against our internally determined capital requirement of £23 million.



Notes to the Financial Statements continued

28 FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its loans and interest-bearing assets, specifically cash balances that earn interest at a floating rate.

Market risk

The significant holdings that are exposed to equity market price risk are the Group's investments in its managed funds. See note 19 for further information.

Fair values of financial assets and liabilities

The Directors consider there to be no difference between the carrying value of the Group's financial assets and liabilities and their fair value.

Financial instruments by category

The carrying value of the financial instruments of the Group is shown below:

	Financial assets measured at FVPTL £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total net assets £000
30 September 2022					
Goodwill and intangibles assets	-	-	-	32,272	32,272
Property, plant and equipment	-	-	-	9,279	9,279
Deferred tax assets	-	-	-	4,781	4,781
Trade and other receivables	-	11,401	11,401	27,368	38,769
Investments	7,255	-	7,255	-	7,255
Current tax asset	-	-	-	176	176
Cash invested in money market funds	58,687	-	58,687	-	58,687
Cash and cash equivalents	-	52,232	52,232	-	52,232
Trade and other payables	-	(5,816)	(5,816)	(47,808)	(53,624)
Lease liabilities	-	(9,078)	(9,078)	-	(9,078)
Deferred tax liabilities	-	-	-	(369)	(369)
Current tax liability	-	-	-	(2,202)	2,202
Total	65,942	48,739	114,681	23,497	138,178

	Financial assets measured at FVPTL £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instrument	Total net assets £000
30 September 2021					
Goodwill and intangibles assets	-	-	-	29,289	29,289
Property, plant and equipment	-	-	-	9,435	9,435
Deferred tax assets	-	-	-	11,895	11,895
Trade and other receivables	-	10,396	10,396	29,404	39,800
Investments	7,564	-	7,564	-	7,564
Current tax asset	-	-	-	134	134
Cash invested in money market funds	38,066	-	38,066	-	38,066
Cash and cash equivalents	-	36,172	36,172	-	36,172
Trade and other payables	-	(5,507)	(5,507)	(44,600)	(50,107)
Lease liabilities	-	(9,432)	(9,432)	-	(9,432)
Deferred tax liabilities	-	-	-	(371)	(371)
Current tax liability	-	-	-	(1,923)	(1,923)
Total financial assets	45,630	31,629	77,259	33,263	110,522

* FVPTL = Fair value through profit and loss.

29 RELATED PARTY TRANSACTIONS

Private equity funds managed by the Group, entities controlled by these funds and the Global Resource Optimization Fund LP and Impax Global Opportunities Fund LP are related parties of the Group by virtue of subsidiaries being the General Partners to these funds. The Group earns management fees from these entities.

BNP Paribas Asset Management Holding is a related party of the Group by virtue of owning a 13.8% equity holding as well as having a representative on the Board of Directors. The Group sub-manages certain funds for BNP for which it earns fees.

Other funds managed by subsidiaries of the Group are also related parties by virtue of its management contracts.

Fees earned from the above related parties have been disclosed in note 6 and amounts receivable are disclosed in note 18. The Group also invests in certain funds that it manages which is disclosed in note 19.

A loan facility is provided to an executive for the sole purpose of investment in a fund managed by the Group. The loan is provided at an interest rate of LIBOR plus 2% per annum on amounts drawn, calculated on a daily basis. Interest of €3,062 was accrued on the loan during the year. The balance on the loan is €104,301 at the reporting date (2021: €76,536).



Notes to the Financial Statements continued

30 NEW ACCOUNTING STANDARDS

New standards, interpretations and amendments adopted during the year

There were no new standards adopted during the year.

New Standards and Interpretations not yet adopted

There were no Standards or Interpretations that were in issue and required to be adopted by the Group as at the date of authorisation of these consolidated financial statements. No Standards or Interpretations have been issued that are expected to have a material impact on the Group's financial statements.

31 ACCOUNTING POLICIES

(A) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intra-Group transactions and balances are eliminated in full on consolidation.

Subsidiaries are those entities, including investment funds, over which the Group has control. The Group is deemed to have control if it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity.

The entities included in the consolidation may vary year on year due to restructuring of the Group (including acquisition and disposals) and the level of investments made in investment funds (see below).

Subsidiaries are accounted for using the acquisition method of accounting whereby the Group's results include the results of the acquired business from the date of acquisition until the date of disposal.

The Company includes certain assets and liabilities of the EBT 2004 and EBT 2012 (together the "EBTs") within its statement of financial position. In the event of the winding up of the Company, neither the shareholders nor the creditors would be entitled to the assets of the EBTs.

Investment funds and structured entities

The Group acts as a fund manager to investment funds that are considered to be structured entities under IFRS. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group has interests in structured entities as a result of the management of these investment funds.

Where the Group holds a direct interest in an investment fund it manages, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not. Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, carried interest and expected management fees (including performance fees).

The Group concludes that it acts as a principal when the power it has over the fund is deemed to be exercised for self-benefit, considering the level of aggregate economic exposure in the fund and the assessed strength of third-party investors' kick-out rights. The Group concludes that it acts as an agent when the power it has over the fund is deemed to be exercised for the benefit of third-party investors. The Group concludes that it has control and, therefore, will consolidate a fund as if it were a subsidiary where the Group acts as a principal. If the Group concludes that it does not have control over the fund, the Group accounts for its interest in the fund as a financial asset.

In cases where investment funds are consolidated, the third-party interest is recorded as a financial liability. The consolidation has no net effect on the income statement. The treatment continues until the Group loses control as defined by IFRS.

Details of funds that are recorded as a financial asset are provided in note 20.

(B) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 15). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service. Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

In instances where the non-controlling interests holds an option enabling it to require the Group to purchase its interests the Group uses the present access method. A liability is recognised for the estimated cost of acquiring the non-controlling interest and charged to equity. Subsequent changes in the value of the liability are recognised through equity.



Notes to the Financial Statements continued

31 ACCOUNTING POLICIES CONTINUED

(C) Foreign currency

(i) Functional and presentational currency

The financial information of each of the Group's entities are initially recorded in the currency of the primary economic environment in which the entity operates (the "functional currency"). This is mainly Sterling but for some entities it is the Euro and the US dollar. The consolidated financial statements are presented in Sterling which is both the Company's functional and presentational currency as well as the currency in which the majority of the Group's revenue streams, assets and liabilities are recorded.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Foreign currency gains or losses resulting from the settlement of such transactions and their translation at year end rates are recorded in the income statement.

(iii) Consolidation

On consolidation, the results and financial position of all Group entities that have a functional currency different from Sterling (the "presentational currency") are translated into Sterling as follows:

- assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- income and expenses are translated at the date of the transaction or at average exchange rate for the year; and
- any resulting exchange differences are recognised as a separate component of the statement of comprehensive income.

(D) Revenue

Management fee revenue is recognised as the service is provided and it is probable that the fee will be received. Where fees are calculated and billed in arrears amounts are accrued and estimated based on the statement of financial position date.

Revenue also includes transaction based fees. These fees are recorded as income as the service is provided and the receipt of income is almost certain.

Performance fees arising upon the achievement of the specified targets are recognised when the fees are confirmed as receivable.

(E) Leases

The Group's lease arrangements primarily consist of operating leases relating to office space. The Group initially records a lease liability in the Group's Consolidated Statement of Financial Position reflecting the present value of the future contractual cash flows to be made over the lease term, discounted using the Group's incremental borrowing rate. A right-of-use (ROU) asset is also recorded at the value of the lease liability plus any directly related costs and estimated dilapidation expenses and is presented within property, plant and equipment (see note 17). Interest is accrued on the lease liability using the effective interest rate method to give a constant rate of return over the life of the lease whilst the balance is reduced as lease payments are made. The ROU asset is depreciated over the life of the lease as the benefit of the lease is consumed. The Group considers whether the lease term should include options to extend or cancel the lease. Relevant factors that could create an economic incentive to exercise the option are considered and the option is included if it is reasonably certain to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects the likelihood that it will exercise (or not exercise) the option.

(F) Placement fees

Placement fees incurred that are directly attributable to securing an investment management contract are deferred and amortised over the investment period of the related fund. Such charges are included in other costs in note 7 - Operating costs.

(G) Pensions

Pension contributions made to defined contribution schemes by the Group are charged to the consolidated income statement as they become payable.

(H) Share-based payments

The fair value of employee services received in exchange for the grant of restricted shares or share options is recognised as an expense. The fair value of the shares and share options awarded is determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting (termed the "grant date"). The expense is charged over the period starting when the employee commenced the relevant services (termed the "service commencement date") to the vesting date. In instances where the grant date occurs after the date of signing these financial statements the fair value is initially estimated at the time of preparing the accounts.

Award holders of restricted share awards are entitled to receive non-forfeitable dividends over the vesting period. These non-forfeitable dividends are included in the fair value and therefore the cost in relation to these dividends is charged to the Consolidated Income Statement.

(I) Investment income

Interest income is accrued on a time basis by reference to the principal outstanding and the interest rate applicable. Other investment income is recognised when the right to receive payment is established.



Notes to the Financial Statements continued

31 ACCOUNTING POLICIES CONTINUED

(J) Interest expense

Interest expense is recognised using the effective interest method.

(K) Taxation

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits may differ from “profit before tax” as reported in the income statement due to timing differences of when expenditure or income are included or due to disallowing certain expenditure or income. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date. In the United Kingdom tax deductions are available in respect of the award of the Company’s shares. In instances where the tax deduction is greater than the associated share-based payment charge due to differences in the Company’s share price that amount is recognised in equity.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that their recoverability is uncertain.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date and regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(L) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that its value might be impaired.

Where the cost of acquisition includes contingent consideration this is initially estimated and discounted. The unwinding of the discount is recorded through other financial expense in the income statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(M) Intangible assets

Intangible assets are stated at cost (fair value for assets acquired via a business combination) less accumulated depreciation and any accumulated impairment losses.

Amortisation is provided on a straight-line basis over the estimated useful lives shown below:

Management contracts	11 years
Other items	three – five years.

(N) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful lives shown below:

Leasehold improvements	life of the lease
Fixtures, fittings and equipment	three years.

(O) TRADE AND OTHER RECEIVABLES

Trade and other receivables, including accrued income, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for estimated credit losses. The Group has not had credit losses in the past, any estimated credit losses would take into account the nature of any dispute and the financial resources of the client. Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expenses are recognised in the Consolidated Income Statement.

(P) CURRENT ASSET INVESTMENTS

Current asset investments are categorised as financial assets at fair value through profit or loss. All gains or losses together with transaction costs are recognised in the income statement. The fair value of the listed investments which are traded in active markets are based on quoted market prices at the statement of financial position date. The appropriate quoted price for investments held is the current bid price.

The fair value of interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds are deemed to be to be level 2.

The fair value of the unlisted investments (deemed to be Level 3, see note 19) which are not traded in an active market is determined by using alternative valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. When determining the inputs into the valuation techniques used, priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants on the measurement date.



Notes to the Financial Statements continued

31 ACCOUNTING POLICIES CONTINUED

(Q) Derivatives

The Group uses foreign exchange contracts as a hedge against foreign exchange risk on future income denominated in foreign currencies. At the statement of financial position date these derivative contracts are recorded at their fair value (disclosed as derivative asset or liability) on the statement of financial position. In instances where the hedge accounting criteria is met, changes in the fair value are recorded in other comprehensive income. The amounts recognised in other comprehensive income are reclassified to income when the hedged item (such as the relevant foreign exchange income) is recorded.

The Group also uses futures contracts to hedge the market risk on seed investments made. These are also recorded at their fair value in the statement of financial position with any changes recorded in the income statement as part of fair value gains and losses.

(R) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity period of three months or less.

(S) Trade and other payables

Trade and other payables are initially recognised at cost and subsequently remeasured at amortised cost using the effective interest rate method. Accruals are based on the latest information and therefore require a degree of estimation.

(T) Loans

Loans are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost.

(U) Ordinary shares

Ordinary shares issued by the Group are recorded at the proceeds received, net of direct issue costs.

(V) Own Shares

Company Shares held by the Group's Employee Benefit Trusts are deducted from shareholder's funds and classified as Own Shares.

(W) Impairment of assets

At the statement of financial position date, the Group reviews the carrying amount of assets to determine whether there is any indication that those assets have suffered an impairment loss or if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses relating to goodwill are not reversed.

(X) Interests in unconsolidated structured entities

The Group classifies the following investment funds and accounts as unconsolidated structured entities:

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant, and, in relation to segregated mandates and certain pooled funds, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result the Group concludes that it acts as an agent for third-party investors.
- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20 per cent (i.e. the threshold established by the Group for determining agent versus principal classification). Here, the Group concludes that it is an agent for third-party investors and therefore accounts for its beneficial interest in the fund as a financial asset. The disclosure of the AUM in respect of consolidated and unconsolidated structured entities is provided in note 20.



Company Statement of Financial Position | As at 30 September 2022

Company No: 03262305

	Notes	2022		2021	
		£000	£000	£000	£000
Assets					
Intangible assets	33	76		-	
Property, plant and equipment	34	4,723		5,301	
Investments	35	48,098		42,699	
Deferred tax assets	39	-		1,581	
Trade and other receivables	36	13,819		16,264	
Total non-current assets			66,716		65,845
Trade and other receivables	36	2,462		3,850	
Investments	37	7,255		7,564	
Cash invested in money market funds		14		50	
Cash and cash equivalents		1,179		750	
Total current assets			10,910		12,214
Total assets			77,626		78,059
Equity and Liabilities					
Ordinary shares	24	1,326		1,326	
Share premium		9,291		9,291	
Merger reserve		1,533		1,533	
Retained earnings		50,041		38,876	
Total equity			62,191		51,026

	Notes	2022		2021	
		£000	£000	£000	£000
Trade and other payables	38	10,248		21,825	
Current tax liability		835		32	
Deferred tax liability		32		-	
Lease liabilities		891		856	
Total current liabilities			12,006		22,713
Lease liabilities	34	3,429		4,320	
Total non-current liabilities			3,429		4,320
Total equity and liabilities			77,626		78,059

Authorised for issue and approved by the Board on 29 November 2022. The notes on pages 180 to 190 form part of these financial statements.

Ian R Simm
Chief Executive



Company Statement of Changes in Equity | For the year ended 30 September 2022

Note	Share capital £'000	Share premium £'000	Merger Reserve £'000	Retained earnings £'000	Total £'000
1 October 2020	1,304	9,291	-	40,423	51,018
Profit for the year	-	-	-	5,250	5,250
<i>Transactions with owners</i>					
New shares issued	22	-	1,533	(20)	1,535
Dividends paid	14	-	-	(13,616)	(13,616)
Tax credit on long-term incentive schemes	-	-	-	1,539	1,539
Cash received on option exercises	-	-	-	597	597
Share based payment charges	-	-	-	4,703	4,703
Total transactions with owners	22	-	1,533	(6,797)	(5,242)
30 September 2021	1,326	9,291	1,533	38,876	51,026
Profit for the year	-	-	-	42,736	42,736
<i>Transactions with owners</i>					
Dividends paid	14	-	-	(28,665)	(28,665)
Tax charge on long-term incentive schemes	-	-	-	(816)	(816)
Cash received on option exercises	-	-	-	540	540
Share based payment charges	-	-	-	6,151	6,151
Acquisition of own shares	-	-	-	(8,781)	(8,781)
Total transactions with owners	-	-	-	(31,571)	(31,571)
30 September 2022	1,326	9,291	1,533	50,041	62,191

The notes on pages 180 to 190 form part of these financial statements.

Company Statement of Cash Flows | For the year ended 30 September 2022

	2022 £000	2021 £000
Cash (used by)/generated from operations	(3,558)	3,259
Corporation tax	(41)	(47)
Net cash (used by)/generated from operations	(3,599)	3,212
Investing activities:		
Dividend received	38,135	2,190
Investments in new subsidiaries	(11)	(770)
Proceeds on sale of investments/(new investments)	355	(2,529)
Settlement of investment related hedges	69	(455)
Interest received	4,154	646
Decrease in cash invested in money market funds	36	9,113
Purchase of intangible assets	(81)	-
Purchase of property, plant & equipment	(522)	(166)
Net cash generated from investing activities	42,135	8,029
Financing activities:		
Interest paid on bank borrowings	(141)	(84)
Payment of lease liabilities	(1,060)	(1,058)
Dividends paid	(28,665)	(13,616)
Acquisition of own shares	(8,781)	-
Cash received on exercise of Impax share options	540	597
Net cash used in financing activities	(38,107)	(14,161)
Net increase/(decrease) in cash and cash equivalents	429	(2,920)
Cash and cash equivalents at beginning of year	750	3,670
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at end of year	1,179	750



Notes to the Company Financial Statements

32 SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. The principal accounting policies adopted are the same as those set out in the Group's financial statements disclosures. In addition note 35 sets out the accounting policy in respect of investments in subsidiary undertakings.

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's net profit for the year amounted to £42,736,000 (2021: £5,250,000).

33 INTANGIBLE ASSETS

	Software £000	Total £000
Cost		
As at 1 October 2020 and 30 September 2021	-	-
Additions	81	81
As at 30 September 2022	81	81
Accumulated amortisation		
As at 1 October 2020 and 30 September 2021	-	-
Charge for the year	5	5
As at 30 September 2022	5	5
Net book value		
As at 30 September 2022	76	76
As at 30 September 2021	-	-
As at 30 September 2020	-	-

34 PROPERTY PLANT AND EQUIPMENT

	Right of use asset £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 October 2020	5,582	2,061	1,411	9,054
Additions	-	-	166	166
As at 30 September 2021	5,582	2,061	1,577	9,220
Additions	-	257	265	522
As at 30 September 2022	5,582	2,318	1,842	9,742
Depreciation				
As at 1 October 2020	722	1,096	1,054	2,872
Charge for the year	719	144	184	1,047
As at 30 September 2021	1,441	1,240	1,238	3,919
Charge for the year	721	177	202	1,100
As at 30 September 2022	2,162	1,417	1,440	5,019
Net book value				
As at 30 September 2022	3,420	901	402	4,723
As at 30 September 2021	4,141	821	339	5,301
As at 1 October 2020	4,860	965	357	6,182

The carrying value of the Group's right of use assets, associated lease liabilities and the movements during the period are set out below.

	Right of use asset £m	Lease liabilities £m
At 1 October 2021	4,141	5,176
Lease payments	-	(1,060)
Interest expense	-	204
Depreciation charge	(721)	-
At 30 September 2022	3,420	4,320
	Current	891
	Non current	3,429



Notes to the Company Financial Statements continued

34 PROPERTY PLANT AND EQUIPMENT CONTINUED

The contractual maturities on the undiscounted minimum lease payments under lease liabilities are provided below:

	2022 £000	2021 £000
Within one year	1,059	1,059
Between 1 and 5 years	3,706	4,235
Later than 5 years	-	529
Total undiscounted lease liabilities	4,765	5,823

35 NON-CURRENT INVESTMENTS

Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment which is assessed based on the underlying net assets.

	Total £000
At 1 October 2020	36,465
Additions	770
Capital contribution	5,464
At 30 September 2021	42,699
Additions	11
Capital contribution	5,388
At 30 September 2022	48,098

The subsidiary undertakings are:

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax Asset Management Limited*	UK	100%	Fund management
Impax Asset Management (AIFM) Limited*	UK	100%	Fund management
Impax Asset Management LLC***	USA	100%	Fund management
INEI I GP (UK) LLP	UK	100%	General partner to private equity fund
INEI II GP (UK) LLP	UK	100%	General partner to private equity fund
INEI III GP (UK) LLP	UK	100%	General partner to private equity fund
Impax Carried Interest Partner (GP) Limited	UK	100%	General partner to private equity fund

	Country of incorporation	Proportion of ordinary capital held	Nature of business
Impax Carried Interest Partner II (GP) Limited	UK	100%	General partner to private equity fund
Impax Global Resource Optimization Fund (GP) Limited	UK	100%	General partner to listed equity fund
Impax US Holding Limited	UK	100%	Holding company
Impax New Energy Investors (GP) Limited	UK	100%	Holding company
Impax New Energy Investors II (GP) Limited	UK	100%	Holding company
Impax Capital Limited	UK	100%	Dormant
Impax New Energy Investors Management SARL	Luxembourg	100%	General partner to private equity fund
Kern USA Inc.	USA	100%	Holding company for US assets
Impax Asset Management (Hong Kong) Ltd**	Hong Kong	100%	Fund management
Impax Asset Management (US) LLC	USA	100%	Fund management
Impax Asset Management Ireland Limited****	Ireland	100%	Fund management
INEI III Team Co-Investment LP	UK	80%	Investment Partnership
IAM US Holdco, Inc.	USA	100%	Holding company
Impax Global Opportunities (GP) Limited	UK	100%	General partner to listed equity fund
INEI IV Team Co-investment LP	Luxembourg	69.7%	Investment Partnership
INEI IV GP S.a.r.l.	Luxembourg	100%	General partner to private equity fund

* FCA regulated.

** Hong Kong SFC regulated.

*** SEC regulated.

**** CBI regulated.

Companies incorporated in the UK are registered at 30 Panton Street, London. The entity incorporated in Hong Kong has the address Unit 15, 16/F, Nexus Building, 41 Connaught Road, Hong Kong. Impax New Energy Investors Management SARL has the address 15 Boulevard F. W. Raiffeisen - L-2411 Luxembourg, BP 2501, L-1025 Luxembourg. Impax Asset Management LLC has the address 30 Penhallow St, Suite 400, Portsmouth, NH 03801. Impax Asset Management (US) LLC has the address 1209 Orange Street, Delaware, USA and IAM US Holdco, Inc. has the address 251 Little Falls Drive, New Castle County, Delaware, USA. INEI IV GP S.a.r.l. has the address 42-44 Avenue de la Gare, Luxembourg, 1610.

Charges relating to options or other share awards over the Company's shares granted to employees of subsidiary undertakings are accounted for in the subsidiary undertaking. In the Company financial statements the capital contribution in respect of this charge has been recognised as an increase in the investment in subsidiaries.



Notes to the Company Financial Statements continued

35 NON-CURRENT INVESTMENTS CONTINUED

Investments in subsidiary undertakings are divided between interest in shares and capital contributions as follows:

	2022 £000	2021 £000
Interest in shares	21,019	21,008
Capital contribution	27,079	21,691
	48,098	42,699

36 TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Current:		
Trade receivables	116	-
Amounts owed by Group undertakings	11	1,872
Other receivables	1,079	999
Prepayments and accrued income	1,256	979
	2,462	3,850
Non-current:		
Amounts owed by Group undertakings	13,819	16,264
	13,819	16,264

As at 30 September 2022, the assessed provision under the IFRS 9 expected loss model for trade and other receivables was immaterial (2021: immaterial).

37 CURRENT ASSET INVESTMENTS

	Investments £000
At 1 October 2020	4,387
Additions	2,832
Fair value movements	648
Repayments/disposals	(303)
At 30 September 2021	7,564
Additions	256
Fair value movements	46
Repayments/disposals	(611)
At 30 September 2022	7,255

38 TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Trade payables	402	374
Amounts owed to Group undertakings	1,748	12,806
Taxation and other social security	229	819
Other payables	223	99
Accruals	7,646	7,727
	10,248	21,825

39 DEFERRED TAX

The deferred tax asset included in the Company Statement of Financial Position is as follows:

	Accelerated capital allowances £000	Other temporary differences £000	Share-based payment scheme £000	Total £000
As at 30 September 2020	(82)	(127)	820	611
Credit/(charge) to the income statement	-	-	970	970
As at 30 September 2021	(82)	(127)	1,790	1,581
Charge to equity	-	-	(1,413)	(1,413)
Credit/(charge) to the income statement	-	(160)	(40)	(200)
As at 30 September 2022	(82)	(287)	337	(32)

40 FINANCIAL COMMITMENTS

At 30 September 2022 the Company has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €57,499 (2021: €113,000) into Impax New Energy Investors II LP; this amount could be called on in the period to 22 March 2023;
- €1,276,000 into Impax New Energy Investors III LP (2021: €1,567,000); this amount could be called on in the period to 31 December 2026; and
- €1,446,977 into Impax New Energy Investors IV LP (2021: €449,616); this amount is called on in the period to 31 October 2031.



Notes to the Company Financial Statements continued

41 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2022 £000	2021 £000
Operating activities:		
Profit before taxation	44,376	5,822
<i>Adjustments for:</i>		
Depreciation of property, plant & equipment	1,105	1,047
Finance income	(42,403)	(3,029)
Finance expense	345	1,361
Share-based payment	627	458
<i>Adjustments for statement of financial positions movements:</i>		
Decrease/(increase) in trade and other receivables	3,952	(456)
Decrease in trade and other payables	(11,560)	(1,944)
Cash (used in)/generated from operations	(3,558)	3,259

42 FINANCIAL RISK MANAGEMENT

The risk management processes of the Company are aligned to those of the Group as a whole. The Company's specific risk exposures are explained below.

Credit risk

The Company's primary exposure to credit risk relates to cash and deposits that are placed with regulated financial institutions and amounts due from subsidiaries.

At the statement of financial position date, the credit risk regarding cash and cash equivalent balances of the asset management business was spread by holding part of the balance with RBS (Standard & Poor's credit rating A-2) and the remainder in a money market funds managed by BlackRock (with a Standard & Poor's credit rating of AAA) and Goldman Sachs with a Standard & Poor's credit rating of A-1. The risk of default is considered minimal.

Foreign exchange risk

The amount of the Company's expenses denominated in foreign currencies is minimal.

The Company activities are principally conducted in Sterling, Euro, and US dollars. Foreign exchange risk arises from income received in these currencies together with a limited amount of exposure to costs payable.

The Company's exposure to foreign exchange rate risk at 30 September 2022 was:

	EUR/ GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	3,534	3,721	-
Trade and other receivables	125	13,887	-
Cash and cash equivalents	1	314	-
	3,660	17,922	-
Liabilities			
Trade and other payables	3	35	-
	3	35	-
Net exposure	3,657	17,887	-

The Company's exposure to foreign currency exchange rate risk at 30 September 2021 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	3,472	4,091	-
Trade and other receivables	275	18,732	-
Cash and cash equivalents	45	71	-
	3,792	22,894	-
Liabilities			
Trade and other payables	3	894	-
	3	894	-
Net exposure	3,789	22,000	-



Notes to the Company Financial Statements continued

42 FINANCIAL RISK MANAGEMENT CONTINUED

The following table demonstrate the estimated impact on Group post-tax profit and net assets and Company post-tax profit and net assets caused by a 5 per cent movement in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit either increases or (decreases).

	Post-tax profit	
	2022 £000	2021 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	(724)	(891)
GBP weakens against the USD, down 5%	724	891
GBP strengthens against the EUR, up 5%	(148)	153
GBP weakens against the EUR, down 5%	148	(153)

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at cost. The Company can request to borrow cash through intra-Group loans to maintain sufficient liquidity.

Interest rate risk

At the reporting date the Company's cash and cash equivalents and cash invested in money market funds of £1,193,000 (2021: £800,000) were its only financial instruments subject to variable interest rate risk. The impact of a 1% increase or decrease in interest rate on the post-tax profit is not material to the Company.

Market pricing risk

The Company has made investments in its own managed funds and the value of these investments are subject to equity market risk.

Financial instruments by category

The Directors consider there to be no difference between the carrying value of the Group's financial assets and liabilities and their fair value.

	Financial assets measured at FVPTL £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
30 September 2022					
Property, plant and equipment	-	-	-	4,723	4,723
Non-current investments	-	-	-	48,098	48,098
Deferred tax assets	-	-	-	-	-
Trade and other receivables	-	15,025	15,025	1,256	16,281
Investments	7,255	-	7,255	-	7,255
Cash invested in money market funds	14	-	14	-	14
Cash and cash equivalents	-	1,179	1,179	-	1,179
Current tax liability	-	-	-	(835)	(835)
Trade and other payables	-	(2,373)	(2,373)	(7,875)	(10,248)
Lease liabilities	-	(4,320)	(4,320)	-	(4,320)
Total	7,269	9,511	16,780	45,367	62,147

	Financial assets measured at FVPTL £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
30 September 2021					
Property, plant and equipment	-	-	-	5,301	5,301
Non-current investments	-	-	-	42,699	42,699
Deferred tax assets	-	-	-	1,581	1,581
Trade and other receivables	-	19,135	19,135	979	20,114
Investments	7,564	-	7,564	-	7,564
Cash invested in money market funds	50	-	50	-	50
Cash and cash equivalents	-	750	750	-	750
Current tax liability	-	-	-	(32)	(32)
Trade and other payables	-	(13,279)	(13,279)	(8,546)	(21,825)
Lease liabilities	-	(5,176)	(5,176)	-	(5,176)
Total	7,614	1,430	9,044	41,982	51,026

* FVPTL = Fair value through profit and loss.



Notes to the Company Financial Statements continued

42 FINANCIAL RISK MANAGEMENT CONTINUED

The hierarchical classification of current investments measured at fair value are as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 1 October 2021	4,090	-	3,474	7,564
Additions	-	-	256	256
Fair value	(369)	-	415	46
Disposals	-	-	(611)	(611)
At 30 September 2022	3,721	-	3,534	7,255

There were no movements between any of the levels in the year (2021: £nil).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Impax Asset Management Group plc (the "Company") will be held at the offices of the Company, 7th floor, 30 Panton Street, London SW1Y 4AJ at 11.30 am on 16 March 2023 for the following purposes:

AS ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

- To receive and adopt the Company's annual accounts for the financial year ended 30 September 2022 together with the Directors' report and the auditor's report on those accounts.
- To receive and approve the Directors' Remuneration Report, which is set out on pages 108 to 117 of the Annual Report and Accounts for the year ended 30 September 2022. The vote is advisory and the directors' entitlement to remuneration is not conditional on the resolution being passed.
- To re-elect Sally Bridgeland as a Director.
- To re-elect Ian R Simm as a Director.
- To re-elect Arnaud de Servigny as a Director.
- To elect Annette E Wilson as a Director.
- To re-elect Lindsey Brace Martinez as a Director.
- To re-elect William Simon O'Regan as a Director.
- To reappoint KPMG LLP as auditor of the Company.
- To authorise the Directors to fix the remuneration of the auditor.
- To declare a final dividend in respect of the financial year ended 30 September 2022 of 22.9 pence per Ordinary Share payable to the holders of Ordinary Shares on the register of members at the close of business on 10 February 2023.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, resolution 12 of which will be proposed as an ordinary resolution and resolutions 13, 14 and 15 of which will be proposed as special resolutions:

- THAT, in substitution for any subsisting authorities to the extent unused, the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
 - up to an aggregate nominal amount of £441,988 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below in excess of £441,988) and



Notice of Annual General Meeting continued

- (b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £883,977 (such amount to be reduced by the nominal amount of any shares allotted or rights granted pursuant to the authority in paragraph (a) above) in connection with an offer by way of a rights issue:
- (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,
- but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to Treasury Shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, close of business on 16 June 2024) except that the Company may at any time before such expiry make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

13. THAT, subject to the passing of resolution 12 above dealing with the authority to allot pursuant to section 551 of the Companies Act 2006 (the "Act"), the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 12 above or by way of a sale of Treasury Shares, as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:
- (a) the allotment or sale of equity securities, either in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities, subject only to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with any Treasury Shares, fractional entitlements or legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and
 - (b) the allotment or sale (otherwise than pursuant to resolution 13(a)) of equity securities or sale of Treasury Shares up to an aggregate nominal value of £66,298,

the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 16 June 2024), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

14. THAT, subject to the passing of resolution 12 above, the Directors of the Company be and are hereby empowered in addition to any authority granted under resolution 13(b) to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as Treasury Shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:
- (a) limited to the allotment of equity securities or sale of Treasury Shares up to a nominal amount of £66,298 and
 - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 16 June 2024), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

15. THAT the Company be and is generally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1 pence each provided that:
- (a) the maximum aggregate number of Ordinary Shares that may be purchased is 13,259,655;
 - (b) the minimum price which may be paid for each Ordinary Share is 1 pence;
 - (c) the maximum price which may be paid for each Ordinary Share is not more than 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange for the five business days immediately preceding the day of purchase; and
 - (d) unless previously renewed, varied or revoked, the authority conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Zack Wilson
Company Secretary

16 December 2022



Notice of Annual General Meeting continued

Notes:

- 1 You can vote:
 - by logging on to www.signalshares.com and following the instructions; or
 - you may request a hard copy form of proxy directly from the registrars, Link Group on tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid please ensure that you have recorded proxy details with Link Group by 11.30 a.m. on 14 March 2023.
- 2 Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his or her stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. Completion and return of a form of proxy or CREST Proxy Instruction (as described in note 5) will not preclude a member from attending and voting in person at the meeting should he or she so decide. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- 3 To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power of authority) must be deposited at the offices of Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by 11.30 a.m. on 14 March 2023. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the notes to the form of proxy. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 4 To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered in the Register of Members at close of business on 14 March 2023 (or, in the event of any adjournment, close of business on the date which is two days before the time of the adjourned meeting).
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company’s agent, Link Group (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

- 6 As at 10 December 2022 (being the last practicable date prior to the publication of this notice) the total number of Ordinary Shares in the Company in issue was 132,596,554 and the Company held no Shares in treasury. The total number of voting rights on that date was therefore 132,596,554.
- 7 Members have a right under section 319A of the Companies Act 2006 to require the Company to answer any question raised by a member at the annual general meeting, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company’s website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.
- 8 A copy of this notice of annual general meeting and other information required by section 311A of the Companies Act 2006, can be found at www.impaxam.com.

Memberships

Impax is a member of many organisations where we work collaboratively, in many cases with peers, to support the expansion of sustainable finance. Here is a selection of our current memberships.

- Asian Corporate Governance Association (ACGA)
- Carbon Disclosure Project (CDP)
- Ceres
- Climate Financial Risk Forum (CFRF)
- Confederation of British Industry (CBI)
- Council of Institutional Investors (CII)
- Defined Contribution Institutional Investment Association
- Energy Transitions Commission (ETC)
- FAIRR
- Financing a Just Transition Alliance
- Finance Sector Deforestation Action
- The Forum for Sustainable and Responsible Investment (US SIF)
- Global Impact Investing Network (GIIN)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- Investor Environmental Health Network (IEHN)
- Long-term Investors in People’s Health Initiative (LIPH)
- Natural Capital Investment Alliance (NCIA)
- Net Zero Asset Managers Initiative (NZAM)
- NH Businesses for Social Responsibility
- Plastic Solutions Investor Alliance (As You Sow)
- Powering Past Coalition Alliance
- Principles for Responsible Investment (PRI)
- Race at Work
- ShareAction Investor Decarbonization Initiative
- Shareholder Rights Group
- Sustainable Investment Institute
- Taskforce on Climate-related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Thirty Percent Coalition
- UK Stewardship Code
- UK Sustainable Investment and Finance Association (UKSIF)
- Women in Finance



Alternative Performance Measures

The Group uses the following Alternative Performance Measures (“APMs”).

ADJUSTED OPERATING PROFIT, ADJUSTED PROFIT BEFORE TAX AND ADJUSTED PROFIT AFTER TAX

These APMs exclude the impact of the following items:

- amortisation of intangible assets which arose on the acquisition of Impax NH;
- charges in respect of equity incentive scheme related to the acquisition of Impax NH;
- mark-to-market charges in respect of National Insurance payable on share awards;
- fair value movements in contingent consideration payable on the acquisition of Impax NH;
- foreign exchange gains and losses on the retranslation of intercompany loans and other unrealised foreign exchange gains and losses;
- significant tax credits related to the prior year.

These performance measures are reported as they facilitate comparison with prior periods and provide an appropriate comparison with our peers. Excluding amortisation of intangible assets arising from acquisitions is consistent with peers and therefore aids comparability. It also aids comparison to businesses which have grown organically, and do not have such charges. Fair value movements on contingent consideration are excluded as they are one-off items and not representative of the operating performance of the Group. Mark to market charges in respect of National Insurance are excluded as they arise due only to changes in the share price and therefore do not reflect the operating performance of the Group. Foreign exchange gains and losses on the retranslation of intercompany loans and other unrealised foreign exchange gains and losses are excluded as they are not linked to the performance of the Group.

A reconciliation to the relevant IFRS terms is provided in note 4 of the financial statements.

ADJUSTED OPERATING MARGIN

This is calculated as the ratio of adjusted operating profit to revenue. This number is reported as it gives a good indication of the underlying profitability of the company and how this has changed year on year.

ADJUSTED EARNINGS PER SHARE AND ADJUSTED EARNINGS PER SHARE

This is calculated as the adjusted profit after tax divided by the diluted number of shares used in the calculation of IFRS diluted earnings per share.

This is used to present a measure of profitability per share in line with adjusted profits.

A reconciliation to IFRS diluted earnings per share is shown in note 4 of the financial statements.

RUN RATE REVENUE AND RUN RATE ADJUSTED OPERATING PROFIT

Run rate revenue is the revenue that the Group would report if the AUM for the year remained static at that shown at 30 September and fee rates were those at 30 September. Run rate revenue margin is the ratio of run rate revenue to AUM.

Run rate adjusted operating profit is the run rate revenue less adjusted operating costs for the month of September extrapolated for 12 months. Adjustments are made to exclude any one-off items.

Run rate numbers are reported as they give a good indication of the current profitability of the Group.

CASH RESERVES

Cash reserves is the sum of cash and cash equivalents and cash held in money market accounts or fixed term deposit accounts less cash held in research payment accounts and cash held by consolidated funds. The calculation of cash reserves is shown in note 21 to the financial statements.

Cash reserves are reported as they give a good indication of the total cash resources available to the Group.



Officers & Advisers

DIRECTORS

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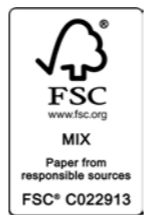
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¹ Appointed 28 June 2022.

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