25 YEARS | IMPAX Asset Management

Annual Report & Accounts

For the year ended 30 September 2023

Contents

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 the Impax Funds (formerly 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.

Our 2023 reporting suite

2023 Annual Report online
www.impaxam.com/investor-relations/reports-and-presentations/

2023 Impact Report
www.impaxam.com/investment-philosophy/impact-reporting/

Investor Relations
www.impaxam.com/investor-relations

Overview
Strategic Report
Governance
Financial Statements

IMPAX
Asset Management

Celebrating Impax's first 25 years

In the summer of 1998, Impax Asset Management was founded with the award of a mandate from the International Finance Corporation. 25 years on, the Company is one of the largest and most established investors focused on the transition to a more sustainable economy.

Explore some of our major milestones and our reflections on the opportunities that lie ahead on our 25th anniversary microsite.

View our film about
Reflections on the transition

Ian Simm, Founder and CEO, and Bruce Jenkyn-Jones, Chief Investment Officer, Listed Investments, discuss evolving opportunities and challenges for investors – and for Impax – as the transition to a more sustainable economy accelerates.

www.impaxam.com/impax25

Financial Highlights

£37.4bn
AUM[1]
2022: £35.7bn

£178.4m
Revenue
2022: £175.4m

27.6p
Dividend per share[4]
2022: 27.6p

£52.1m
Profit before tax
2022: £72.6m

£58.1m
Adjusted operating profit[2]
2022: £67.4m

£87.7m
Cash reserves[3]
2022: £107.0m

35.2p
Adjusted diluted earnings per share[2]
2022: 42.1p

£134.0m
Shareholders' equity
2022: £138.2m

Read more about Our Financial Highlights on page 20.

1 Assets under management and advice as at 30 September 2023. Assets under advice represent c. 3% of total AUM.

2 Adjusted operating profit and adjusted diluted earnings per share are Alternative Performance Measures. See page 209 for further information and note 4 of the financial statements for a reconciliation to the IFRS reported results. Diluted earnings per share calculated in accordance with IFRS is 29.8 pence.

3 Represents cash and cash equivalents, plus cash invested in money market funds, less cash held in research payment accounts. See page 209 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.

Business Highlights

4.8%
increase in AUM

90%
of clients report positive view of Impax

High client retention, despite challenging markets.

Strengthened our distribution capabilities, including in Japan, Latin America and North America.

Made good progress in developing and launching new products in listed equities.

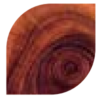
Additional investment to expand the Company's fixed income offering.

Increased operational resilience and improved efficiency, through investment in systems and infrastructure.

Launched Sustainability Centre to facilitate the scaling of resources in this key area.

Overall employee engagement score rose to 90%.

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.

25

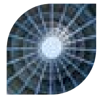
years of specialist investment experience

Partnership with global clients

We manage assets for some of the world's largest asset owners. We are committed to outstanding levels of client service with comprehensive and transparent reporting.

c.80%

clients from outside UK

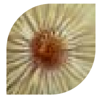


Diversified distribution network

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

£37.4bn

Assets under management



Large investment team

With more than 80 Investment team members in the US, Europe and Asia-Pacific, we offer solutions in listed equities, fixed income and private markets.

80+

Investment team members

Investing in the transition to a more sustainable economy

At Impax, every strategy is designed to intentionally allocate clients' capital towards those companies we expect to benefit as the global economy transitions to a more sustainable model.

Long-term trends in technology, consumer preferences, society and public policy are driving fundamental change.

These sustainability challenges and disruptive forces are creating transformations on the scale of the Industrial Revolution across all sectors of the global economy, including transportation, energy, healthcare, finance and agriculture.

We believe these trends will drive growth for companies that are well positioned to benefit from this transition.

Contributing to the development of a sustainable society

Sustainability is integral to our mission. We aspire to run our business in line with best practices of governance, we focus on equity, diversity and inclusion and aim to minimise our environmental footprint. We value our commitment to community partners who we support both financially and through volunteering opportunities.

Our Philosophy

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

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.

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.

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.

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.

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.

Where we operate

We have successful relationships with distribution partners in North America, Latin America, Europe and Asia-Pacific. We are growing our own specialist teams servicing institutional and intermediary clients.

LATIN AMERICA

btg pactual

Distribution partner

CANADA

Desjardins
FÉRIQUE
MACKENZIE Investments
NEI

Distribution partners

UNITED STATES

IMPAX Funds

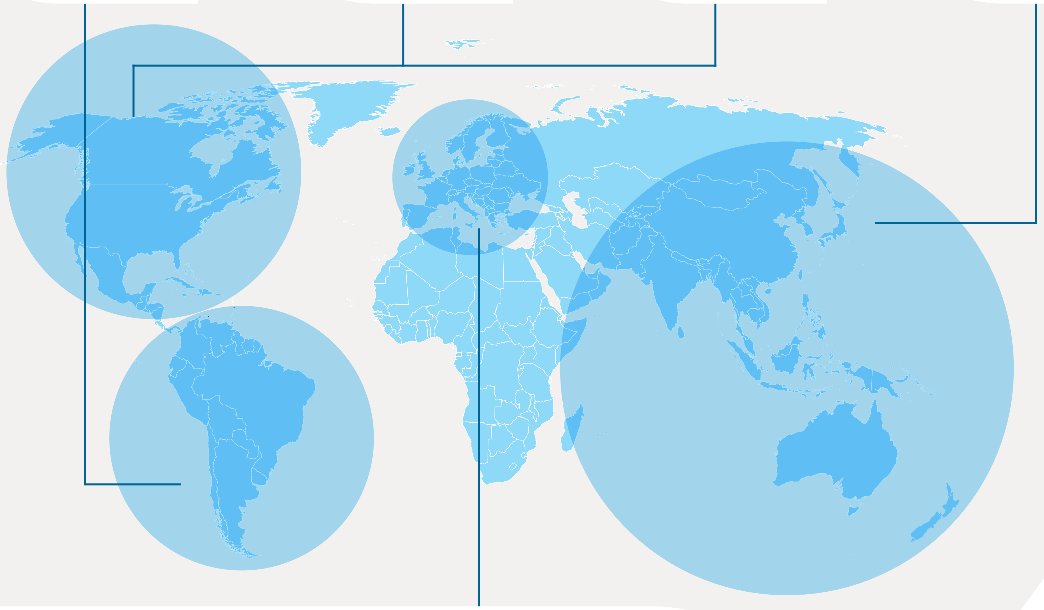
Impax Fund Vehicles[1]
Impax Commingled Vehicles

Impax branded

ASIA-PACIFIC

BNP PARIBAS ASSET MANAGEMENT
fidante

Distribution partners



EUROPE

asn impact investors
BNP PARIBAS ASSET MANAGEMENT
FORMUE PLEJE
LOMBARD ODIER
St. James's Place

Distribution partners

IMPAX Environmental Markets plc
IMPAX Funds Ireland
IMPAX New Energy

Distributed directly by Impax

1 Impax Funds are distributed by Foreside Financial Services, LLC. Foreside Financial Services, LLC is not affiliated with Impax Asset Management LLC.

Industry-wide recognition

We are committed to delivering superior, risk-adjusted returns while helping our clients invest in the transition to a more sustainable economy. This has been recognised through a range of industry awards.

Winner
Investment Manager of the Year
European Pensions Awards
2023

Winner
Responsible Investor of the Year
Reuters Responsible Investors
2023

Winner
Gender Equity Investment Award
Responsible Investor USA
2023

Winner
ESG Manager of the Year
Financial News, Excellence in Institutional Fund Management Awards
2022

Winner
Listed Equities Manager of the Year
Environmental Finance, Sustainable Investment Awards
2022

Winner
Best Sustainable Fund Management Group of the Year (AUM under £50bn)
Investment Week, Sustainable Investment Awards
2022

Winner
Best Asset Manager in Sustainable Investing
Morningstar Awards for Investing Excellence
2022

Winner
Active Manager of the Year
Pensions Age Awards
2022

Strategic Report

"I am highly encouraged that our client retention has been excellent."

Ian Simm
Chief Executive

Chief Executive's Report

"We continue to build strong, long-term relationships with clients."

BUSINESS UPDATE

Impax has delivered creditable results during a year that presented challenging investment conditions. Over the 12 months ending 30 September 2023 ("the Period"), the Company's assets under discretionary and advisory management ("AUM") increased by 4.8% to £37.4 billion, driven by investment returns and strong client retention.

4.8%
AUM increase

New office opened in Tokyo

Ian Simm
Chief Executive

Despite a challenging external environment for the asset management industry, the Company was able to expand revenue by £3.0 million to £178.4 million. Nevertheless, operating costs also rose as we invested in our distribution and investment capabilities, technology and operations to ensure that the business is resilient and scalable, and hence adjusted operating profit decreased to £58.1 million (2022: £67.4 million).

As set out below, we continue to build strong, long-term relationships with clients and to expand our new capabilities, such as in fixed income. Our long-term investment approach, which focuses on companies with robust business models that are well placed to benefit from the transition to a more sustainable economy, continues to appeal to a growing segment of the investment community, and, when market sentiment improves, we believe that the Company will be well positioned for further growth.

CHALLENGING EXTERNAL ENVIRONMENT

Global equities markets returned to positive territory over the Period, following a torrid prior Period for investors. While the headline performance of wider equities markets has been encouraging, continued challenges and upheavals in the macroeconomic environment have created a volatile investment backdrop, with higher inflation and interest rates impacting the real economy.

The public release of OpenAI's ChatGPT in November 2022 sparked huge public excitement about the potential for artificial intelligence. This was exemplified by the meteoric rise in the share price of chipmaker Nvidia, one of a narrow range of technology stocks that has contributed significantly to the rise in global equities indices over the Period.

In other areas of the economy sentiment has been more fragile, contributing to a cyclical derating of Impax's major investment portfolios. Smaller and mid-cap companies in particular have faced challenges in the form of the higher costs of borrowing and supply chain issues.

Additionally, post-pandemic inventory destocking has temporarily disrupted the demand for goods across several sectors that our investment strategies have long-term exposure to, including nutritional ingredients, life sciences tools and solar energy.

This uncertain backdrop and the impact of higher rates has led many investors to delay investment decisions, preferring to benefit from the positive returns currently available in cash.

Meanwhile, policy support has benefitted many of the companies held in our portfolios. In the US the Inflation Reduction Act and the CHIPS and Science Act have made available a combined US$420 billion via the provision of subsidies and tax breaks into clean energy deployment and manufacturing. The Infrastructure Investment and Jobs Act is set to provide a further US$550 billion over the next five years.

The US government's heavy skew towards encouraging domestic job creation and its success in attracting multinationals to direct their investment into the US, has led to equivalent climate-related initiatives, including the EU's Green Deal Industrial Plan and similar measures in China and India.

Chief Executive's Report continued

In the UK the government's decision after the Period to wind back key net-zero policies was disappointing. While it brings the UK in line with other countries (for example, the shift to 2035 from 2030 for the ban of the sale of new petrol and diesel cars), the announcement inevitably sends a negative signal about the UK government's commitment to investing in the transition to a low-carbon economy. The direct impact of this announcement on Impax is limited. 78% of the Company's AUM is from outside the UK and approximately 93% of our investment assets are outside the UK.

INVESTMENT PERFORMANCE

During the Period, the performance of MSCI ACWI, the benchmark index for many of our listed equities strategies, was driven particularly by strong returns from certain US-listed large-cap stocks, particularly the 'mega-cap' technology stocks referred to above.

Many of our strategies, particularly in our thematic listed equities Environmental Markets range, have a lower exposure to this sector, so while our strategies on the whole saw positive absolute returns, the market cap and sector bias meant that the majority underperformed their respective benchmarks during the 12-month Period.

Longer term, nine out of twelve of our active strategies, accounting for a combined 86% of AUM have outperformed their benchmarks over the five years to 30 September 2023, with three out of thirteen outperforming over three years.

A detailed insight into our investment performance is included on pages 30-41.

NET FLOWS

The Company experienced modest net outflows of £92 million over the Period, demonstrating the benefits of our increasingly diversified distribution strategy and product range and the strength of our existing client relationships.

Redemptions from our Environmental Markets strategies were largely offset by inflows into our Sustainability Lens strategies.

Amid challenging market conditions, our Environmental Markets strategies saw total net outflows of £1.7 billion. A high portion of the outflows came via redemptions from our distribution partners, including from BNP Paribas Asset Management ("BNPP AM"), our most significant channel for this range of thematic strategies. Overall, the proportion of Impax's annual revenues from the BNPP AM range of SICAV mutual funds fell to 28%, compared to 30% in the previous financial year.

MOVEMENTS IN THE COMPANY'S AUM FOR THE FULL YEAR ENDED 30 SEPTEMBER 2023

	Listed equities £m	Fixed income £m	Private markets £m	Total firm £m
Total AUM at 30 September 2022	**33,801**	**1,354**	**521**	**35,676**
Net flows	(144)	2	49	(92)
Market movement, FX and performance	1,896	(73)	(6)	1,816
Total AUM at 30 September 2023	**35,552**	**1,283**	**564**	**37,399**

Overall, our Sustainability Lens strategies saw net inflows of £1.6bn over the Period. Global Opportunities consolidated its position as our largest strategy at £9.2bn, with net inflows of £1.0bn, including a large contribution from UK-based St James's Place, and via Formuepleje in Denmark and Desjardins in Canada. The US Large Cap strategy registered net inflows of £700 million, supported by subscriptions via Lombard Odier and a significant segregated mandate from a Japanese pension fund, awarded in October 2022.

CLIENT SERVICE AND BUSINESS DEVELOPMENT

We continued to expand our international footprint, strengthening our own direct distribution capabilities and consolidating our partner relationships. Highlights included expanding our distribution resources in Japan, Australia, the Nordics, Latin America, the US and Canada.

Meanwhile we are focused on providing an outstanding service to our clients. During the Period we engaged a third-party organisation to carry out our first client survey, with 90% of clients reporting a positive view of Impax.

In March we opened a new office in Japan, following our selection by the Tokyo Metropolitan Government to receive a Green Finance Subsidy. We have hired a senior Country Head to lead our growth in Japan, which has a sophisticated asset owner community with a considerable interest in the investable opportunities relating to the transition to a more sustainable economy, and where Impax has managed client money since 2008.

In Australia, after the Period end, we launched a second fund targeting the wholesale market in collaboration with our local distributor, Fidante Partners.

In June 2023 we signed a distribution agreement to bring our services to clients in Latin America. São Paolo-based BTG Pactual, Latin America's largest investment bank, will distribute our range of Irish-domiciled UCITS funds, marking the first time that we have actively targeted clients in this region.

In the US, we increased the availability of the Impax mutual fund range on several of the largest wealth management platforms and are now able to offer the investment strategies underlying these funds both as collective investment trusts ("CITs") and separately managed accounts ("SMAs"). After the end of the Period, we engaged a client-introducing representative in Canada, a market where we have enjoyed considerable success for over a decade with support from our US offices.

Our team investing in privately held companies operating in the renewable power sector has continued to raise capital for our fourth fund, which at final close in January 2024 will be Impax's largest private markets fund to date. During the Period the team made nine new investments from this fund across five technologies, including solar PV, energy efficiency and decentralised generation, and completed two exits from the portfolio of our third fund.

Chief Executive's Report continued

PRODUCT DEVELOPMENT

Over the Period we made good progress in developing and launching new products, continuing to both diversify our range and provide additional solutions in line with the needs of our clients.

We have identified a particular opportunity within fixed income. Since these markets are earlier in their adoption of sustainability considerations than listed equities, we believe that Impax is well placed to develop additional strategies beyond our current offerings in US Investment Grade and US High Yield. We have recently hired four professionals into our Fixed Income team, and, last month, completed the recruitment of an experienced executive to head up our investment work and business development in this asset class. In addition, we are reviewing opportunities to source additional fixed income capabilities, and will provide an update in due course.

"We are reviewing opportunities to source additional fixed income capabilities."

Within Listed Equities, we launched a new Sustainable Infrastructure product in October 2022, and we plan shortly to add our US Environmental Leaders strategy to our Ireland-based UCITS range and will soon launch a strategy targeting Social themes.

We plan to launch a Global Emerging Markets listed equities strategy using our Sustainability Lens during 2024.

IMPAX SUSTAINABILITY CENTRE

Since the late 1990s, Impax has built up expertise across a range of topics and activities linked to investing in the transition to a more sustainable economy, for example long-term market assessment, engagement with investee companies, impact reporting and policy advocacy.

In order to ensure that our resources in these areas add even greater value to our clients, are efficiently managed, accessible to others and scalable, we recently launched the Impax Sustainability Centre, which brings together our Sustainability & Stewardship and Policy & Advocacy teams.

As an example of the synergies from this initiative, we have recently started combining company engagement and our policy advocacy activities, seeking to shape company practices through regulatory or policy change and focusing our activities on four pillars: climate, nature, people and governance.

We have continued to advance our proprietary impact reporting. This includes introducing a new metric this year for quantifying the positive impacts associated with investee companies that supply consumers with healthy and nutritious food. We are also developing metrics related to social impact and biodiversity.

We continue to provide research and insights to our clients and partners. This year we supported a report by researchers from Imperial College London to identify corporate activity that has delivered positive outcomes for companies and nature, and we produced a three-part series of articles examining the US energy transition.

CLIMATE AND THE COMMUNITY

We are pleased again this year to include a report that describes how we manage climate risks and opportunities (pages 64-87). In the next few months we plan to publish a separate Taskforce for Climate-related Financial Disclosures ("TCFD") Report for the calendar year 2023, including information about our strategic approach and risk management in this area.

We also significantly expanded our community activity during 2023, focusing on charities in education and skills development for the green economy. During the Period we developed new community partnerships with Country Trust and Groundwork UK, and launched the Pax Scholarship programme supporting students in New Hampshire. Our colleagues once again voted that food scarcity should be our 'Community Cause of the Year' and engaged in a wide range of volunteering and fundraising activities in their local communities.

ATTRACTING AND DEVELOPING OUR TALENT

In our employee engagement survey this year, 97% of our colleagues told us that they feel closely aligned to Impax's mission, culture and values, with its clear focus on sustainable development.

Our overall engagement score, which reflects employee's satisfaction and commitment, rose 1 point to 90%, with Impax once again being rated as a '5-star employer' by WorkBuzz, the survey organiser. At 10%, our staff turnover remains low relative to peers.

Over the Period we sharply reduced our headcount expansion, up 10% (compared to 26% in 2022),[1] and, mindful of market conditions, have already slowed this further in the new financial year.

As described on page 28, we rolled out a new remuneration framework across the Company and now provide clearer guidance and consistency around how we assess performance through scorecards and performance evaluation in appraisals.

Having made good progress against our equity, diversity and inclusion ("E,D&I") strategy in recent years, we have refined our E,D&I goals and will be monitoring our progress around this area as part of our performance appraisal system.

SYSTEMS, INFRASTRUCTURE AND COST EFFICIENCY

To increase our operational resilience as the business expands, we have continued to invest selectively in systems, infrastructure, risk management and compliance capabilities.

During the Period we moved our customer relationship management system to Salesforce in order to establish a scalable platform for client relations. We have also extended our data management capabilities and automated some processes within the middle office. Finally, we implemented a new HR system to support recruitment, talent development and performance evaluation and to assist in the management of personal data.

Given the sustained bearish sentiment in equities, we have been particularly focused on the effectiveness of our operations, examining each area of our work and launching a wide range of initiatives to improve efficiency. As well as supporting Impax's current profitability, we believe that this work will help significantly in positioning the Company for scalable growth over the medium term.

1 Full-time equivalent.

Chief Executive's Report continued

AWARDS AND INDUSTRY RECOGNITION

Impax continues to be recognised for our leadership within the investment management industry. During the Period we were named 'Investment Manager of the Year', by European Pensions Awards; 'Listed Equities Manager of the Year', in the Environmental Finance Sustainable Investment Awards; and 'ESG Manager of the Year', by Financial News. We also received a Morningstar ESG Commitment Level of 'Leader', the highest ranking for the 108 asset managers evaluated this year. Impax was one of four to maintain this Level on each of the three occasions this survey has been run.

After the end of the Period, we were named as 'Responsible Investor of the Year', in the Reuters Responsible Business Awards and 'Boutique Manager of the Year' by Financial News.

JOE KEEFE

In January 2024, Joe Keefe will retire as President of Impax North America, to be succeeded by Ed Farrington, who will also retain his position as our Head of Distribution for North America. Joe has headed our US-based team since the acquisition of Pax World Management in 2018 and previously led that business since 2005. We have all benefited from Joe's expertise and his passion, kindness and good nature will be much missed.

OUTLOOK: 25 YEARS ON

This year we have been celebrating 25 years since I founded Impax Asset Management. The Company and the markets in which we invest have certainly come a long way in that time. For example, in 1998, the largest wind turbines generated 1MW (vs 16MW today), the price of solar panels was the equivalent of around US$7 per watt (versus around US$0.16 per watt today), and the most common electric vehicles were golf buggies!

Ever since we received our first mandate from the World Bank, Impax has argued consistently that, on a finite planet with an expanding population seeking ever higher standards of living, the transition to a more sustainable economy is practically inevitable. It is our conviction that this transition will continue to provide excellent investment opportunities for red-blooded capitalists and ethically motivated investors alike.

Our belief in this investment thesis is stronger than ever and, with valuations increasingly attractive, our investment teams have identified several compelling themes that we believe will play out over the medium to long term. For example, our recent launch of the new Social thematic strategy underlines the opportunities that we have identified in addressing challenges facing global society, including access to basic needs, financial inclusion and healthcare innovation.

Meanwhile the increasing de-coupling of the global economy presents opportunities for certain companies as those sectors that are identified by national governments as strategic are reshored, but also the potential for heightened risk, for example through business inefficiency.

As highlighted earlier, artificial intelligence ("AI") has attracted excitement and valid concerns in equal measure. Many of our strategies' holdings are already deploying AI to help deliver efficiencies in the context of a more sustainable global economy, an area in which we see considerable potential for the technology.

> **"Our belief in our investment thesis is stronger than ever."**

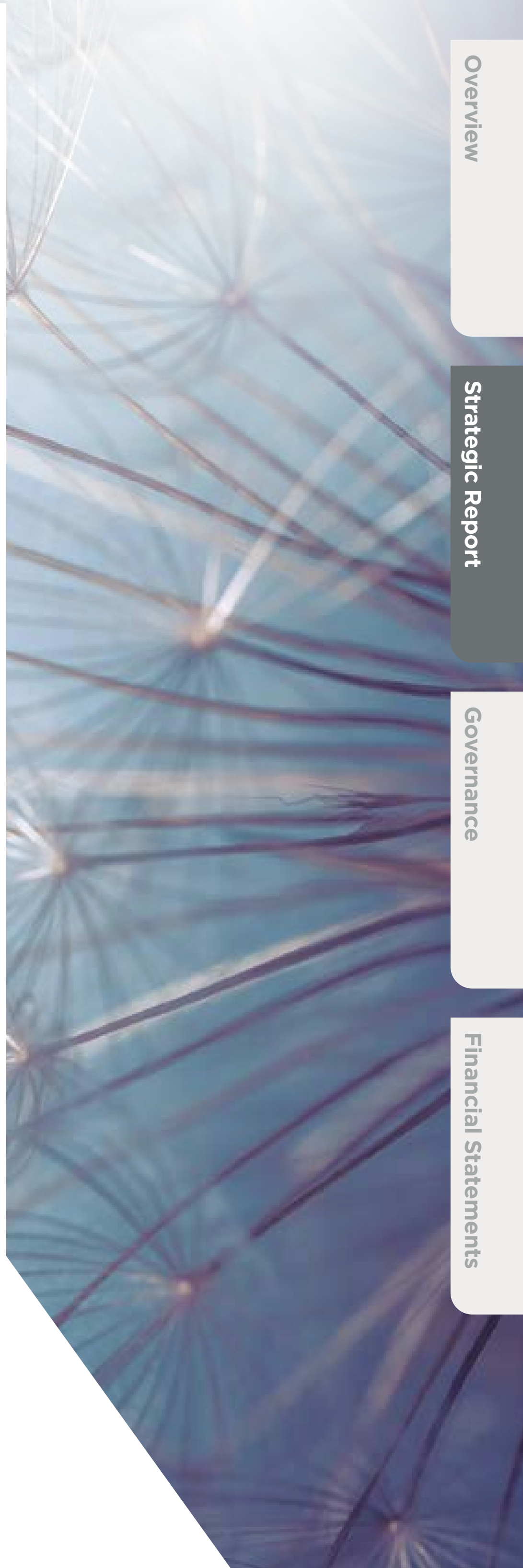
September 2023 saw the publication of the recommendations from the Taskforce on Nature-related Financial Disclosures ("TNFD"). Impax has long considered nature within our Environmental Markets strategies and we expect to assess the risks and opportunities related to biodiversity loss over the coming months, including through the work of the Impax Sustainability Centre.

Finally, in its first 'Synthesis Report' in nine years, in March 2023 the Intergovernmental Panel on Climate Change ("IPCC") said that there is a more than a 50% chance that global temperature rise will reach or surpass 1.5˚C between 2021 and 2040. The need for accelerated investment in climate solutions and addressing physical climate risks has never been more acute, presenting considerable opportunities for investors. With a 25-year heritage of specialising in investing in climate solutions, Impax is ideally placed to support asset owners as they decide on how best to allocate to this meta-trend reshaping society.

Notwithstanding the headwinds that we have experienced during 2023, I am highly encouraged that our client retention has been excellent. Meanwhile, we continue to develop new investment capabilities while enhancing our operating model to ensure that the business is efficient and scalable, and, as a result, we believe we're well positioned to continue to deliver value for all stakeholders.

Ian Simm
Chief Executive

28 November 2023



Key Performance Indicators

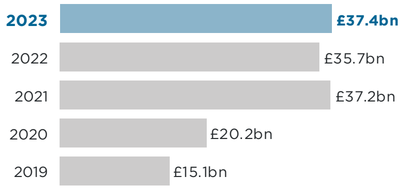
We use a number of key performance indicators (“KPIs”) to measure our financial performance.

AUM[1]

£37.4bn

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 net subscriptions, client retention and investment performance. It also provides a good lead indicator of revenue and profitability.

2023: AUM was up by 4.8% to £37.4 billion.

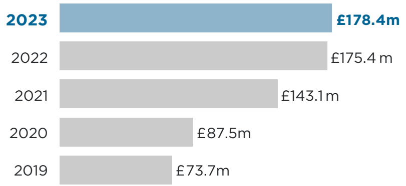


Revenue

£178.4m

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

2023: Revenue grew by 1.7% to £178.4 million.

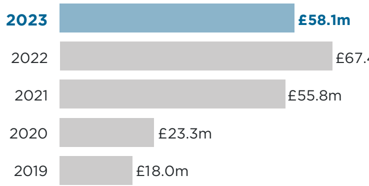


Adjusted operating profit[2]

£58.1m

Adjusted operating profit reflects the performance of our core business. It takes into account investments in our infrastructure to support longer term growth and how we reward and retain our staff.

2023: Adjusted operating profit fell by 13.8% to £58.1 million.

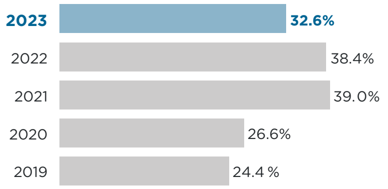


Adjusted operating margin[2]

32.6%

Adjusted operating margin is a profitability ratio that shows how much profit we make in relation to our total revenue and has been impacted by the investment in our infrastructure in the Period.

2023: Adjusted operating margin was down to 32.6%.

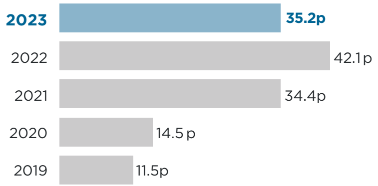


Adjusted diluted earnings per share[2]

35.2p

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.

2023: Adjusted diluted EPS fell to 35.2 pence.

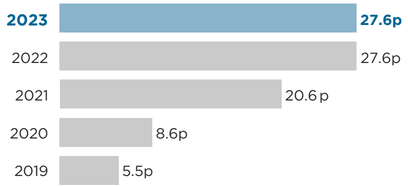


Dividend[3]

27.6p

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 the total dividend per share to 27.6 pence. This represents a flat total dividend relative to the 2022 payout.

2023: Total dividend kept flat at 27.6p.



1 Assets under management and advice as at 30 September 2023. Assets under advice represent c. 3% of total AUM.
2 This is an Alternative Performance Measure – see page 209 for definition and calculation.
3 Proposed.

Financial Review

"We have maintained a strong financial position in challenging markets whilst building a scalable business ready for future growth."

I am pleased to present our results for the year which, in a time of challenging market conditions, demonstrate the resilient nature of the Company which has allowed for continued investment in our growth strategy.

£178.4m
Revenue earned during the Period.

£87.7m
of Cash Reserves.

Karen Cockburn
Chief Financial Officer

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 of 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.

Further information on the adjustments made and on the other alternative performance measures reported is provided on page 209. A reconciliation of the International Financial Reporting Standards ("IFRS") and adjusted numbers is provided in note 4 of the financial statements.

REVENUE

Revenue for the Period increased by £3.0 million to £178.4 million (2022: £175.4 million) as a result of the growth in AUM driven by £1.8 billion of market movements and investment performance during the Period.

At the end of the Period, the weighted average run rate revenue margin was 45 basis points (2022: 46 basis points) on the £37.4 billion of AUM. Our run-rate revenue[1], also based on the Period end AUM, rose to £168.8 million (2022: £166.2 million).

FINANCIAL HIGHLIGHTS FOR FINANCIAL YEAR 2023 VERSUS FINANCIAL YEAR 2022

	2023	2022
AUM[1]	**£37.4bn**	£35.7bn
Revenue	**£178.4m**	£175.4m
Adjusted operating costs	**£120.3m**	£108.0m
Adjusted operating profit[2]	**£58.1m**	£67.4m
Adjusted profit before tax[2]	**£60.0m**	£68.4m
Adjusted diluted earnings per share[2]	**35.2p**	42.1p
Cash reserves[2]	**£87.7m**	£107.0m
Seed investments	**£13.3m**	£7.3m
Dividend per share[3]	**4.7p interim + 22.9p final**	4.7p interim + 22.9p final

	2023	2022
IFRS operating profit	**£54.2m**	£65.2m
IFRS profit before tax	**£52.1m**	£72.6m
IFRS diluted earnings per share	**29.8p**	44.7p

1 Assets under management and advice as of 30 September 2023.
2 This is an Alternative Performance Measure – see page 209 for definition and calculation.
3 Proposed.

OPERATING COSTS

Adjusted operating costs increased to £120.3 million (2022: £108.0 million) as we continued to invest strategically in the business to support our long-term growth ambitions. Being mindful of the challenging market conditions and economic uncertainty that remains, we have focused our investment in the areas of people, technology and operations that will ensure we build a scalable and resilient business that is well prepared for future growth.

These costs also reflect a full year of costs from hires made in FY2022.

IFRS operating costs include additional charges and credits, principally the amortisation of intangible assets and equity incentive scheme charges arising on the acquisition of Impax NH as well as national insurance charges and credits on share options and restricted shares which is payable based on the share price when an option is exercised or restricted shares vest.

1 This is an Alternative Performance Measure – see page 209 for definition and calculation.

Financial Review continued

PROFITS AND OPERATING MARGINS

Adjusted operating profit decreased to £58.1 million (2022: £67.4 million) owing to the increased operating costs discussed above offset in part by the increase in revenue. As a result, adjusted operating profit margin reduced to 32.6% (2022: 38.4%). Run-rate adjusted operating profit at the end of the Period was £51.9 million (2022: £54.3 million) and run-rate adjusted operating margin at the end of the Period was 30.8% (2022: 32.6%).

Adjusted profit before tax of £60.0 million (2022: £68.4 million) and adjusted diluted earnings per share of 35.2 pence (2022: 42.1 pence) include net finance income of £1.9 million (£0.9 million).

IFRS operating profit for the Period decreased to £54.2 million (2022: £65.2 million) reflecting the increased operating costs. IFRS profit before tax of £52.1 million (2022: £72.6m) includes foreign exchange losses of £4.0 million (2022: foreign exchange gains of £6.4 million) on the retranslation of monetary assets held in foreign currencies that are not linked to the operating performance of the Group. £1.2 million of this loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve. IFRS diluted earnings per share decreased to 29.8 pence (2022: 44.7 pence).

TAX

The effective tax rate has increased due to an increase in the main corporation tax rate in the UK from 19% to 25% from 1 April 2023. As such, a blended rate of 22% has been applied for the Period (2022: 19%).

FINANCIAL MANAGEMENT

The Company continues to be a strongly cash generative business with high levels of cash and no debt. At the Period end the Company held £87.7 million of cash resources (2022: £107.0 million). The decrease of £19.3 million from 2022 is mainly attributable to further seed investments and share purchases made during the Period.

During the Period, we made seed investments, net of redemptions, of £5.3 million in our listed equity and private equity funds (2022: net redemptions of £0.3 million) and at the Period end these investments were valued at £13.3 million (2022: £7.3 million).

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 Trusts ("EBTs") (subject to the trustees' discretion), using funding provided by the Company.

During the Period, the EBT purchased 2.1 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 4.3 million shares, 2.7 million of which were held for Restricted Share awards leaving up to 1.6 million available for option exercises and future share awards. There were 2.0 million options outstanding at the Period end, of which none were exercisable.

DIVIDENDS

The Company paid an interim dividend of 4.7 pence per share in July 2023. Our dividend policy is to pay, in normal circumstances, an annual dividend between 55% and 80% of adjusted profit after tax. As described above, despite uncertain markets, business performance was stable during the Period and the Company remains in good financial health. The Board has therefore decided to recommend a final dividend of 22.9 pence (2022: 22.9 pence) taking the total dividend for 2023 to 27.6 pence (2022: 27.6 pence). The total dividend for the year represents 78% of our adjusted profit.

This dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 12 March 2024. If approved, the dividend will be paid on or around 22 March 2024. The record date for the payment of the proposed dividend will be 9 February 2024 and the ex-dividend date will be 8 February 2024.

The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 23 February 2024. 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 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). The Directors therefore have a reasonable expectation that the Group has adequate resources to remain in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Karen Cockburn
Chief Financial Officer

28 November 2023

Our Strategic Priorities

We made significant progress against our eight strategic priorities over the Period. Here we provide a snapshot of some of the highlights:

Deliver superior, risk-adjusted investment returns

The Period presented challenging investment conditions, with Investment performance mixed for our actively managed strategies.

While many of our active strategies saw positive absolute returns, for the 12-month Period three out of 14 were ahead of their respective benchmarks.

Longer term, nine out of 12 of our larger strategies, accounting for a combined 86% of AUM have outperformed their benchmarks over the five years to 30 September 2023, with three out of 13 outperforming over three years.

86%

of AUM has outperformed over five years

Widen and deepen distribution channels

Highlights included expanding our distribution resources in Japan, North America, Australia, the Nordics and Latin America.

We opened a new office in Japan, following our selection by the Tokyo Metropolitan Government to receive a Green Finance Subsidy.

We signed a distribution agreement with BTG Pactual to target clients in Latin America.

In the US, we increased the availability of the Impax mutual fund range on several of the largest wealth management platforms and are now able to offer the investment strategies underlying these funds both as collective investment trusts ("CITs") and separately managed accounts ("SMAs").

After the end of the Period, we engaged a client-introducing representative in Canada, a market where we have enjoyed considerable success for over a decade with support from our US offices.

Optimise existing and selectively launch new strategies

Within Listed Equities, we launched a new Sustainable Infrastructure (active) strategy in October 2022.

After the Period end, we plan shortly to add our US Environmental Leaders strategy to our Ireland-based UCITS range and will soon launch a strategy targeting Social themes.

We developed and plan to launch a Global Emerging Markets listed equities strategy using our Sustainability Lens in 2024.

We have identified a particular opportunity within fixed income. We have recently hired four professionals into our Fixed Income team, and, after the Period end, recruited an experienced executive to head up our investment work and business development in this asset class. We are reviewing opportunities to source additional fixed income capabilities, and will provide an update in due course.

Enhance client experience beyond investment returns

We have continued to advance our proprietary impact reporting. This includes introducing a new metric this year for quantifying the positive impacts associated with investee companies that supply consumers with healthy and nutritious food. We are also developing metrics related to social impact and biodiversity.

We engaged a third-party organisation to carry out our first client survey, with 90% of clients reporting a positive view of Impax.

After the Period end we launched the Impax Sustainability Centre, which brings together our Sustainability & Stewardship and Policy & Advocacy teams to focus the Company's extensive resources in this area.

90%

of clients report a positive view of Impax

Our Strategic Priorities continued

Attract and develop an outstanding team

Our overall engagement score, which reflects employee's satisfaction and commitment, rose one point to 90%, with Impax once again being rated as a '5-star employer' by WorkBuzz, the survey organiser.

At 10%, our staff turnover remains low relative to peers.

We rolled out a new remuneration framework across the Company and now provide clearer guidance and consistency around how we assess performance through scorecards and performance evaluation in appraisals.

We have refined our E,D&I goals for end of 2027 and will be monitoring our progress around this area as part of our performance appraisal system.

At year end, 47% of employees are women, close to our 2025 target of 48-52%; 25% of employees are minority ethnic. 54% of promotions and 49% of new hires during the Period were women. 23% of promotions and 25% of new hires were minority ethnic.

Increase operational scalability and efficiency

We significantly moderated the expansion of our headcount, up 10% (compared to 26% in 2022), and, mindful of market conditions, have already slowed this further in the new financial year.

We moved our customer relationship management system to Salesforce in order to establish a scalable platform for client relations.

We extended our data management capabilities and automated some processes within the middle office.

We implemented a new HR system to support recruitment, talent development and performance evaluation and to assist in the management of personal data.

Given the sustained bearish sentiment in equities, we have been particularly focused on the efficiency and effectiveness of our cost base, examining each area of our work and launching a wide range of initiatives to improve efficiencies.

As well as supporting Impax's current profitability, we believe that this work will help significantly in positioning the Company for scalable growth over the medium term.

Build insights and advocacy around transition to a more sustainable economy

We have recently started combining company engagement and our policy advocacy activities, seeking to shape company practices through regulatory or policy change and focusing our activities on four pillars: climate, nature, people and governance.

We also continue to provide research and insights to our clients and partners. This year we supported a report by researchers from Imperial College London to identify corporate activity that has delivered positive outcomes for companies and nature, and we produced a three-part series of articles examining the US energy transition.

We have significantly expanded our community activity during 2023, focusing on charities in education and skills development for the green economy, donating £504,933 (2022: £287,382).

Deliver excellent financials and sustainable stakeholder value

Revenue for the Period increased by £3.0 million to £178.4 million.

AUM up by 4.8% to £37.4 billion: £1.8 billion of market movements and investment performance and offset in part by £92 million of net outflows.

We have strategically invested in the business to support our growth ambitions which has seen our adjusted operating profits fall by 13.8% to £58.1 million.

Adjusted operating margin was down to 32.6%.

Adjusted diluted EPS fell to 35.2 pence.

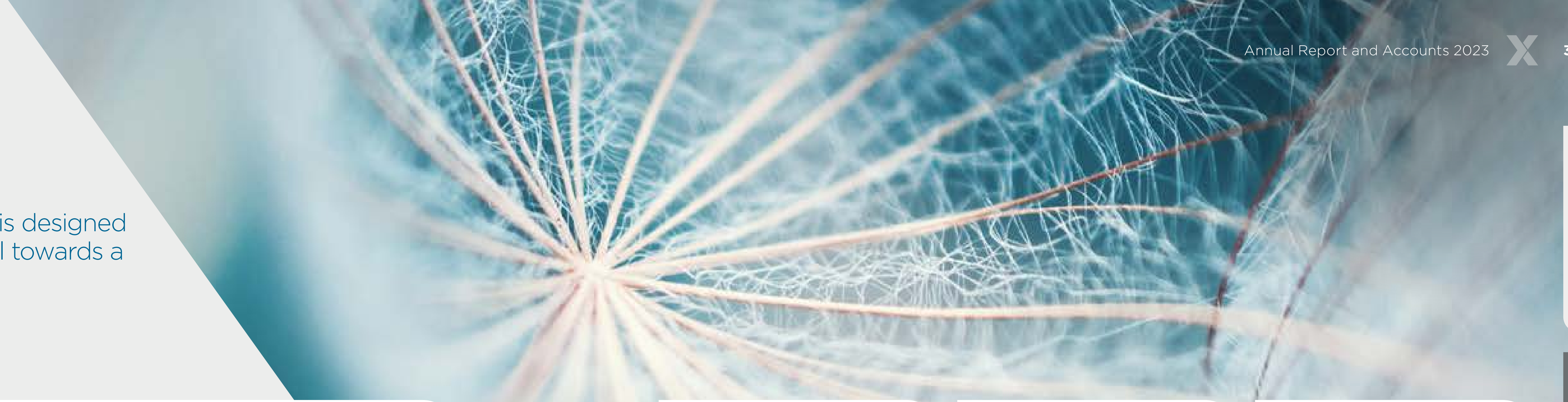
Total dividend for the Period flat compared to 2022.

£178.4m

of revenue for the Period increased by £3.0 million

Our Investment Strategies and Performance

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



Environmental Markets

Our strong conviction is that population dynamics, resource scarcity, inadequate infrastructure and environmental constraints will create high investment opportunities.

ACTIVE EQUITIES

Specialists
2002

Leaders
2008

Asian Environmental
2009

Water
2009

Sustainable Food
2012

Climate
2018

US Environmental Leaders
2019

Sustainability Lens

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

ACTIVE EQUITIES

Global Opportunities
2015

US Large Cap
2016

US Small Cap
2008

Asian Opportunities
2021

SYSTEMATIC EQUITIES

US Sustainable Economy
1997

International Sustainable Economy
2011

FIXED INCOME

Core Bond
2015

High Yield
1999

Sustainable Infrastructure

As one of the longest established fund managers in the large and rapidly growing renewable energy sector, we manage strategies that follow an industrially-focused value-add strategy, investing in renewable power generation and related assets.

PRIVATE MARKETS

New Energy
2005

SYSTEMATIC EQUITIES

Sustainable Infrastructure (Systematic)
2021

ACTIVE EQUITIES

Sustainable Infrastructure (Active)
2022

Gender Lens

As a pioneer in gender lens investing, we invest in the highest-rated companies in the world for advancing women through gender-diverse boards, senior leadership teams and other policies and practices.

SYSTEMATIC EQUITIES

Global Women's Leadership
2006

Multi-Asset

A risk-focused asset allocation strategy offering a diversified portfolio of Impax strategies invested in the transition to a more sustainable economy.

SUSTAINABLE ALLOCATION

Sustainable Allocation
1971

Our Investment Strategies and Performance continued

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 Investments, who has been at Impax for over two decades. This team manages active strategies within Environmental Markets, Gender Lens and Sustainability Lens and Sustainable Infrastructure. Members of the team also manage Impax's Systematic Equities strategies.

Fixed income

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

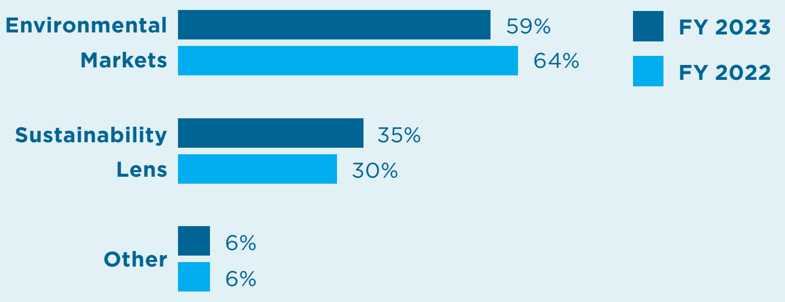
Private markets

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 strategy

In the pie chart above, the blues represent Environmental Markets and the oranges Sustainability Lens.

AUM by range



Environmental Markets strategies

Our thematic Environmental Markets strategies invest in companies that address long-term macroeconomic themes including growing populations, increasing 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 34, our Environmental Markets strategies, with the exception of Water, underperformed their respective benchmarks during the Period.

While the overall performance of global equities has been positive, continued challenges and upheavals in the macroeconomic environment have created a volatile investment backdrop, with higher inflation and interest rates impacting the real economy. Rising interest rates – themselves a response by central banks to concerns about inflationary pressure – have the effect of lowering the value that investors place today on prospective future cash flows. Many of the smaller and mid-cap stocks held in these strategies have also faced challenges in the form of higher costs of borrowing and supply chain issues. Additionally, post-pandemic inventory destocking has temporarily suppressed demand for goods across several sectors that these strategies have long-term exposure to, including nutritional ingredients, life sciences tools and solar energy.

Against this backdrop, we are closely monitoring the quality of Company earnings to ensure long-term drivers of growth remain intact. Overall, we expect the long-term earnings growth of sustainable and environmental markets to outperform the broader market.

Our Investment Strategies and Performance continued

Environmental Markets strategies continued

In challenging market conditions, net outflows across our Environmental Markets strategies totalled £1.7bn. A high portion of net outflows came via redemptions from our distribution partners, including BNPP Asset Management.

Despite net outflows of £1.1bn, our Leaders strategy - which invests in companies developing innovative solutions to resource challenges in environmental markets – remains our largest Environmental Markets strategy by AUM (£6.7bn). Leaders continues to have outperformed the MSCI ACWI index over the five-year period ending 30 September 2023, as has Specialists. Specialists 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.

We continued to attract net inflows during the Period into two of our Environmental Markets strategies: Climate (£124 million) and Water (£35 million). The latter, which invests in companies across the water value chain, has outperformed over one, three and five years ending 30 September 2023.

Percentage returns for one, three and five years for environmental markets strategies versus benchmark[1] (GBP)

	AUM	1YR	3YR	5YR
Leaders[3]	£6.7 billion	9.0%	20.1%	49.8%
Water	£6.1 billion	11.1%	35.5%	65.2%
Specialists	£3.1 billion	-0.6%	20.8%	50.3%
Climate	£2.8 billion	1.0%	16.1%	53.5%
Sustainable Food	£1.0 billion	1.1%	10.2%	21.7%
MSCI ACWI Index[2]		**10.5%**	**29.4%**	**46.1%**

	AUM	1YR	3YR	5YR
Asian Environmental	£1.3 billion	-1.2%	2.3%	30.9%
MSCI Asia Composite Index[2]		**4.7%**	**3.8%**	**15.1%**
US Environmental Leaders	£290 million	9.3%	36.7%	n/a
MSCI USA Index[2]		**10.7%**	**37.3%**	**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 2023. 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 monthly.
3 A hybrid account is not included in the Total AUM of this strategy and the AUM of this account is £784 million. 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.

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.

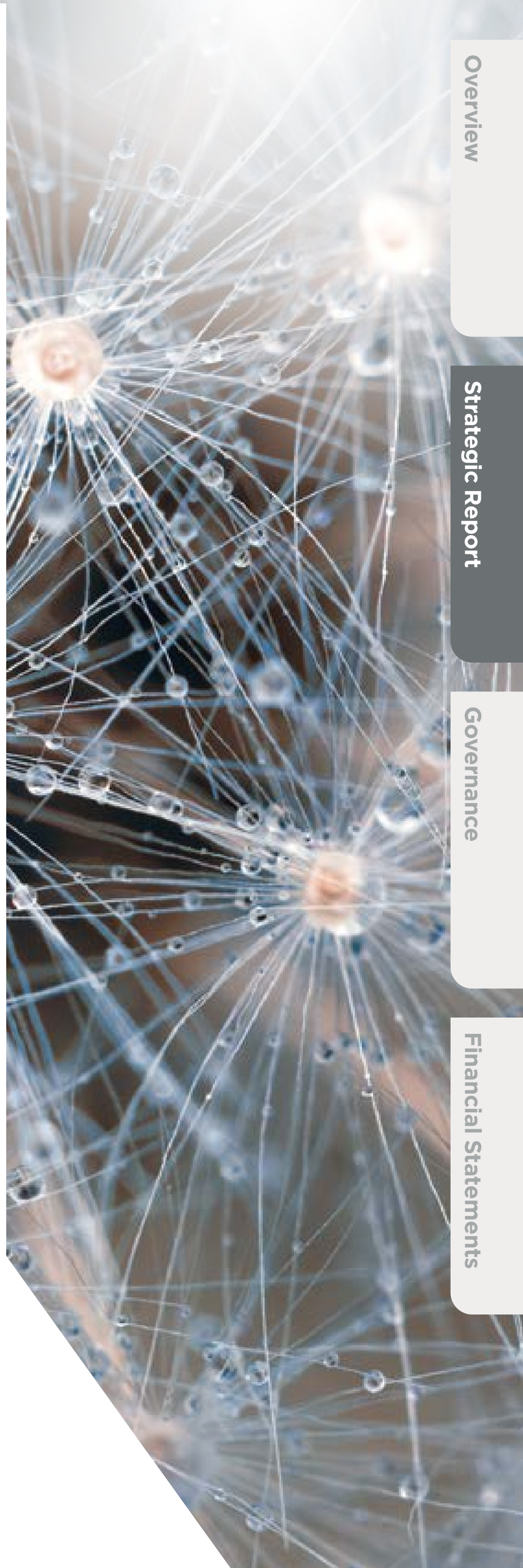
Listed equities

Our Sustainability Lens listed equities strategies proved relatively more resilient during the Period, in terms of both relative investment performance and net client flows.

Global Opportunities, launched in January 2015, is our largest strategy by AUM (£9.2 billion). Although it slightly underperformed over one and three-year periods, it has outperformed the MSCI ACWI index by 18.6 percentage points over the five-year period ending 30 September 2023. Net inflows during the Period totalled £1.0 billion, including a large contribution from UK-based St James's Place, which has selected the strategy for its Sustainable and Responsible Equity Fund since 2018. The US Large Cap strategy, which invests in US stocks within the Sustainability Lens universe, has also continued to grow. With inflows led by a significant mandate from a Japanese pension fund, the strategy's AUM reached £1.9 billion at the end of the Period.

Fixed income

Impax's fixed income strategies also use the Sustainability Lens to identify higher opportunity and lower risk sub-sectors in their investment universes.
Our largest fixed income strategy by AUM, Core Bond, 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.



Our Investment Strategies and Performance continued

Sustainability Lens strategies continued

'Responsible' investment: a problematic term

All of Impax's investment strategies intentionally align to the transition to a more sustainable economy.

Regulators across the world are attempting to classify which investments should be defined as 'sustainable', 'impact' 'responsible' or 'green'. We believe that all these terms can be problematic and are interpreted by market participants in very different ways.

Using the EU's Sustainable Finance Disclosure Regulation ("SFDR") as a guide, 60.7%* of Impax's assets under management have been classified by Impax as 'sustainable investments', in accordance with the SFDR definition. This includes our listed equities thematic Environmental Markets strategies and our New Energy strategy.

All our funds marketed into Europe for which an Impax entity acts as the sponsor and management company, have been classified by Impax as either Article 8 or 9 under the SFDR.

* As at 30 September 2023.

Percentage returns for one, three and five years for sustainability lens strategies versus benchmark[1] (GBP)

	AUM	1YR	3YR	5YR
Global Opportunities	£9.2 billion	10.0%	27.5%	64.7%
MSCI ACWI[2]		**10.5%**	**29.4%**	**46.1%**
US Large Cap	£1.9 billion	5.0%	37.6%	75.6%
S&P 500[3]		**11.2%**	**41.6%**	**71.4%**
US Small Cap	£519 million	1.3%	45.3%	35.6%
Russell 2000[4]		**-0.4%**	**30.4%**	**20.3%**
High Yield Bond	£512 million	-0.3%	6.3%	22.8%
ICE BoFA US Cash Pay High Yield Constrained (BB-B)[5]		**0.2%**	**10.0%**	**23.5%**
Core Bond	£693 million	-7.5%	-8.1%	9.5%
Bloomberg Barclays US Aggregate[6]		**-8.0%**	**-9.8%**	**7.4%**

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.

Systematic equities

Our US Sustainable Economy and International Sustainable Economy strategies, whose combined AUM totalled £1.1bn at the end of the Period, are both informed by the Sustainability Lens. The systematic process uses filters and analytical insights to optimise portfolio exposure to higher-opportunity sub-sectors and companies, and minimise exposure to risks, as the transition to a more sustainable economy continues.

The largest of these two strategies by AUM (£837 million), International Sustainable Economy, which invests in non-US developed market stocks, received net inflows of £98 million.

1 All data in GBP as at 30 September 2023. 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 index is total net return (net dividend reinvested).
3 S&P 500 Index is an unmanaged index of large capitalisation common stocks.
4 The Russell 2000 Index is an unmanaged index and measures the performance of the small-cap segment of the US 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.
5 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%.
6 Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are US domestic, taxable and dollar denominated. The index covers the US 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 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

Gender Lens

We manage one of the leading gender-focused strategies in North America, investing in companies that advance gender diversity and equity.

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 promoting and advancing gender diversity. To construct the index, our dedicated Gender Analytics team rates companies on multiple criteria of gender leadership.

The AUM of our Global Women's Leadership strategy stood at £654 million at the end of the Period, following net outflows of £65 million. The Impax Global Women's Leadership strategy underperformed the MSCI World Index during the Period.

Over the long term, the portfolio's commitment to companies that exhibit gender leadership has been additive, however this tilt has seen more volatility in 2023. During the Period, the financial markets mixed perspective on stocks that demonstrate high conviction gender leadership companies (gender leaders), as determined by the Impax Gender Score, was a headwind to performance. The lowest rated gender leadership companies (gender laggards), as determined Impax Gender Score, outperformed the World Index, and the portfolio's avoidance of a handful of the lowest rated gender leadership companies had a large impact on performance.

Global Social Leaders strategy

After the Period, we will shortly launch a new investment strategy that focuses on trends shaping society as the transition to a more sustainable economy continues. The Global Social Leaders portfolio will be defined using the Impax Social Taxonomy, a proprietary framework that has been developed over recent years.

Our taxonomy classifies companies that we believe are benefitting from long-term societal secular trends under three pillars. The first – meeting basic needs – captures companies providing the products and services that are necessities for our safety and wellbeing. The second – broadening economic participation – captures companies enabling education, employment and financial security. The third – improving quality of life – captures companies supporting health, happiness and prosperity.

Multi-Asset

Our Multi-Asset strategy offers investors exposure to the breadth of Impax's investment approaches.

The Sustainable Allocation strategy, whose AUM stood at £1.7 billion at the end of the Period, seeks to 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 strategy experienced a small net outflow of £71 million over the Period.

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 five years the Fund sits within the top 30% of this group.

Sustainable Infrastructure strategies

Our Sustainable Infrastructure strategies focus on infrastructure that will drive the transition to a more sustainable economy.

Private Markets strategies

The PE/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 January 2024 our fourth fund in the New Energy Fund Series, NEF IV, is due to hold its final close and will become Impax's largest private markets fund to date. NEF IV has made excellent progress on deployment having made nine investments, with a further two in exclusivity. NEF IV has made investments in seven countries across five technologies. Examples include a solar and energy efficiency investment in Italy and a decentralised generation investment in Germany which includes rooftop solar, battery storage and smart meters, to provide just two examples.

The strategy's third fund, NEF III, made two successful exits in Spain during the period selling 76MW in total from our solar portfolio. These exits collectively returned a weighted average project IRR of 17.0% and project money multiple of 1.31 to investors.[1] Furthermore, NEF III is preparing to make three significant exits in the next 12 months including our French and German wind and solar platforms and our small-scale hydro platform in Norway.

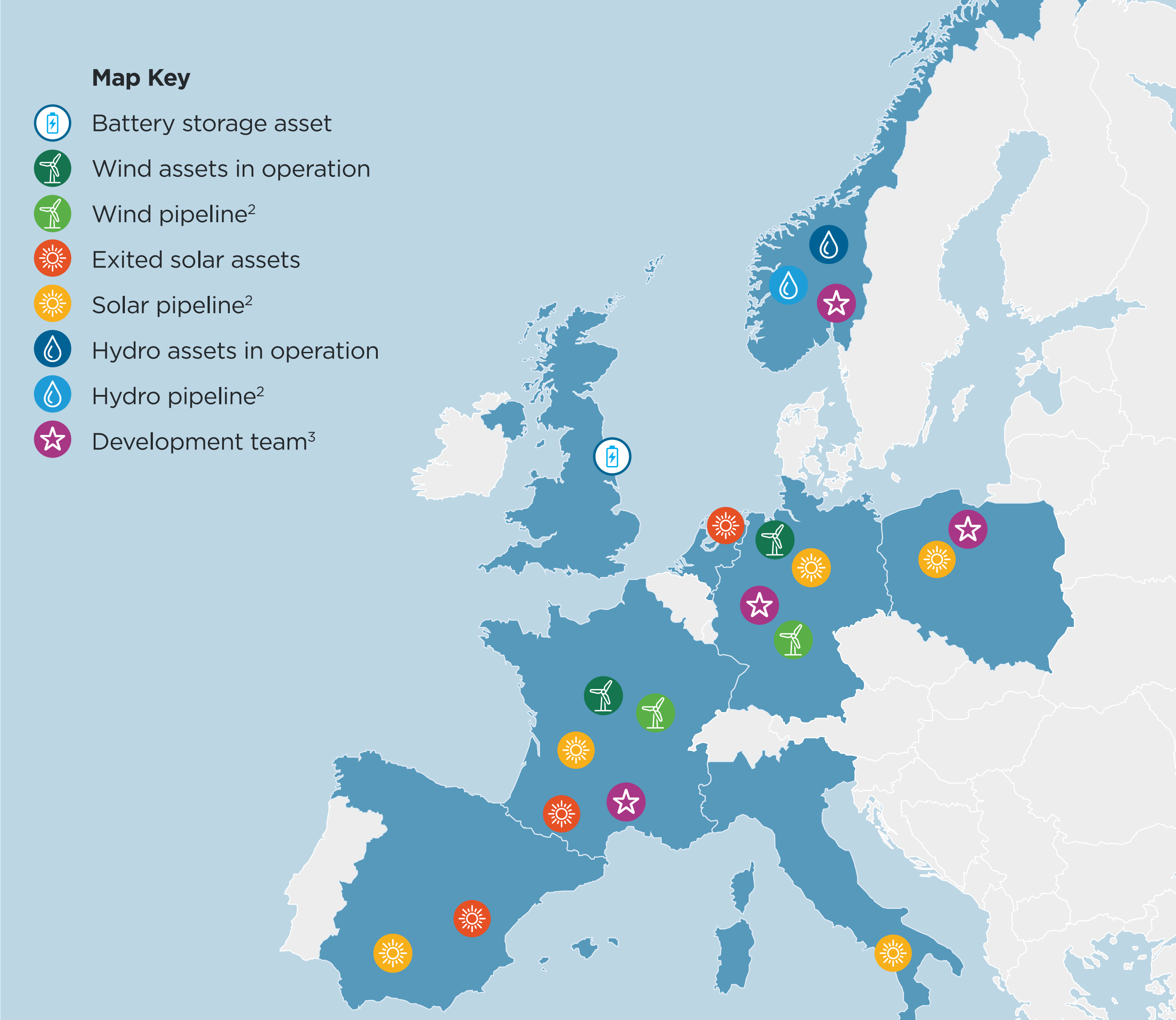
Listed equities strategies

Within Listed Equities, we launched the Sustainable Infrastructure (active) strategy in October 2022 after identifying that decarbonisation, resource scarcity and pollution, ageing infrastructure, urbanisation, digitalisation, and an ageing population are driving the requirement for significant investment in sustainable infrastructure solutions.

1 Past performance does not predict future returns. Figures refer to the past and that past performance is not a reliable indicator of future results.

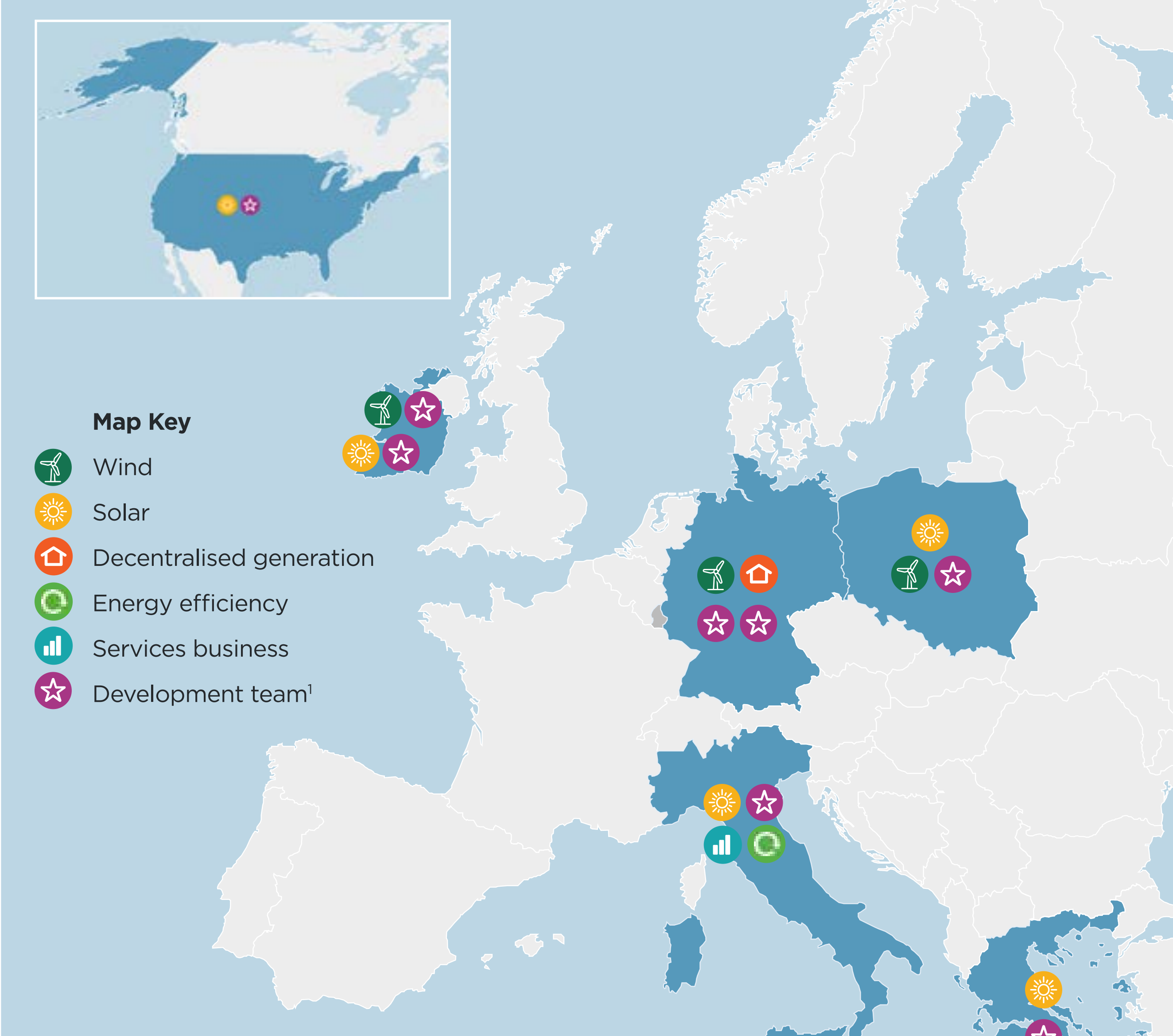
Our Investment Strategies and Performance continued

Impax New Energy Investors III portfolio[1]



1 As at 30 September 2023.
2 'Pipeline' encompasses ready-to-build ("RTB"), late-stage development and permitted assets as well as the wider pipelines of our existing development platforms.
3 "Development team" refers to development partners that Impax funds either own or with whom they have established a joint venture.

Impax New Energy Investors IV portfolio[1]



1 As at 30 September 2023.
2 "Development team" refers to development partners that Impax funds either own or with whom they have established a joint venture.

Beyond Financial Returns

At Impax, every strategy is designed to intentionally allocate clients' capital towards those companies which are expected to benefit as the global economy transitions to a more sustainable model.

Our impact reporting is a concrete demonstration of this intention. Since 2015, we have continued to evolve and refine our impact reporting to align with emerging best practice including reporting standards where available.

Each year we also report on our stewardship and advocacy activities – two of the key levers that we can pull to influence change and help address the systemic risks facing our investee companies and the real economy.

Stewardship at Impax means being actively engaged, not activist investors. We proactively engage with the companies held across Impax portfolios and strategies, often over many years, encouraging them to adopt best practices, improve disclosures and address concerns raised. As a long-term partner, we help ensure companies are attuned to the risks of unsustainable growth and opportunities presented by the transition to a more sustainable economy. Effective engagement plays a key role in developing a comprehensive understanding of the character and quality of our investee companies – something of critical importance to the Impax investment process.

Impax is a proud signatory to the UK Stewardship Code, which sets high stewardship standards for those investing money on behalf of savers and pensioners, and those that support them. As a successful applicant again in 2023, we demonstrated our commitment to its principles.

Impax's Policy Advocacy work is focused on shaping the markets and supporting the development and creation of public policy which will accelerate the transition to a more sustainable economy. Where appropriate, we are planning to increasingly combine policy advocacy with company engagement to accelerate positive outcomes in the real economy, so-called systematic engagement, as described in our recent Stewardship & Advocacy report.

In response to client demand and our desire to demonstrate the authenticity of our investment activities, Impax clients receive a tailored 'Beyond Financial Returns' ("BFR") report each year. This provides a comprehensive overview of the stewardship, sustainability and impact outcomes for their specific portfolio of investments managed by Impax. Each year we seek to improve reporting by continuing to increase transparency and to be sure we reflect the latest industry guidance, consistent with our firm level reporting.

After Period end, we launched the Impax Sustainability Centre, which brings together our Sustainability & Stewardship and Policy & Advocacy teams into a single centre of excellence, effective from 1 October 2023.

The Sustainability Centre will act as a central point of expertise on sustainability issues within Impax. It will advise and support both internal teams and external stakeholders, including our clients, on four principal areas:

- Investment sustainability and stewardship
- Advocacy and outreach
- Thought leadership
- Beyond Financial Returns

IMPACT

We believe that our impact reporting is a concrete demonstration that our investment strategies are aligned to companies that are both benefitting from, and enabling the transition to, a more sustainable economy. Full details are available in our Impact Report 2023.

We continue to advance our proprietary impact reporting through the development of new metrics and the refinement of our methodology to ensure it is robust. The metrics we report relate to the environmental and social impact associated with the products and services of our investee companies.

One of our areas of focus this year has been sustainable food production. Resource-intensive food production can have vast negative environmental impacts, but the sector plays a vital role in feeding a growing global population. We are pleased to have introduced a new metric for quantifying the positive impacts associated with investee companies that supply consumers with healthy and nutritious food, from alternative proteins to fruit and vegetables.

Work is ongoing to enhance our reporting of social impact using meaningful metrics that align with the Impax Social Taxonomy, a proprietary framework that has been developed to classify companies that we believe are enabling social inclusion and development, and where positive outcomes or impacts can be measured. One example is quantifying the number of patients whose quality of life has been improved by innovative healthcare products. Another is the number of individuals connected digitally by companies whose services broaden economic participation. In parallel, we are also developing a clearer understanding of the biodiversity-related impacts of our investee companies.

Since 2015, Impax has been measuring the environmental impacts associated with the activities of companies held in our portfolios, including emissions and avoided emissions. Reporting on companies' emissions and emissions avoidance remains a key area of focus within our impact measurement and reporting, as emissions avoidance is relevant for many different types of environmental solutions and is a very important real-economy metric assessing the acceleration of the transition to a low-carbon economy. Historically, we also reported a net GHG emissions and avoidance metric for each strategy. We now favour reporting gross GHG metrics – emissions and avoidance separately. This approach aligns with the emerging consensus and guidance that Scope 1, 2 and 3 GHG emissions should be separated from avoided emissions in reporting. Please see our Climate section on pages 64-87 for more information.

Additional environmental impact metrics reported include renewable energy generated, water treated, saved or provided, materials recovered, and waste treated. On page 44, we report on the water treated, saved or provided, and the materials recovered, and waste treated through portfolio companies' activities, for each of our Environmental Markets strategies, based on US$10 million invested for one year.

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 the reporting of GHG emissions. We continue to make the case for stronger reporting of environmental and social impacts through our engagement with companies, regulators and standards-setting bodies. 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 of portfolio companies in 2022
Based on US$10 million invested, companies held in Impax strategies contributed to:

	Total materials recovered/ waste treated	Total renewable electricity generated	Total water provided, saved or treated
Asian Environmental[20] (Recovered/ treated; Generated; Provided, saved or treated)	80 tonnes	2,770 MWh	190 megalitres
	Equivalent to 300 households' waste output for a year	Equivalent to 1,330 households' electricity consumption for a year	Equivalent to 1,390 households' water consumption for a year
Climate	950 tonnes	1,820 MWh	600 megalitres
	470 households	170 households	1,450 households
Leaders	1,360 tonnes	530 MWh	200 megalitres
	670 households	50 households	480 households
Specialists	240 tonnes	1,280 MWh	200 megalitres
	120 households	120 households	480 households
Sustainable Food	420 tonnes	50 MWh	600 megalitres
	210 households	0 households	1,450 households

There can be no assurance that impact results in the future will be comparable to the results presented herein.

Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2022. Please refer to our Impact Report 2023 for details including sources for the household equivalencies data used in our calculations.
20 Asian household equivalencies. UK household equivalencies are used for other strategies (refer to our Impact Report 2023 for details).

Environmental impact of portfolio companies in 2022 (continued)
Based on US$10 million invested, companies held in Impax strategies contributed to:

	Total materials recovered/ waste treated	Total renewable electricity generated	Total water provided, saved or treated
US Environmental Leaders (Recovered/ treated; Generated; Provided, saved or treated)	710 tonnes	170 MWh	70 megalitres
	Equivalent to 350 households' waste output for a year	Equivalent to 20 households' electricity consumption for a year	Equivalent to 170 households' water consumption for a year
Water	1,290 tonnes	340 MWh	2,960 megalitres
	630 households	30 households	7,140 households
New Energy		24,380 MWh	
		2,290 households	
Sustainable Infrastructure (Active)	1,180 tonnes	1,610 MWh	1,060 megalitres
	580 households	150 households	2,560 households

There can be no assurance that impact results in the future will be comparable to the results presented herein.

Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2022. Please refer to our Impact Report 2023 for details including sources for the household equivalencies data used in our calculations.
20 Asian household equivalencies. UK household equivalencies are used for other strategies (refer to our Impact Report 2023 for details).

Beyond Financial Returns continued

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals ("SDGs") encompass 17 sets of targets to be met by the world's economies by 2030.[1] The SDGs have been increasingly adopted by investors as a tool for evaluating funds' positive outcomes and exposure.

The nature of Impax's investment philosophy results in meaningful alignment to the SDGs as a by-product of the investment process. Page 47 summarises portfolio company exposure to the UN SDGs by strategy, as at the end of 2022.

Impax's investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Instead, we use the SDG framework to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise. We evaluate alignment with this framework by identifying the proportion of portfolio companies' activities that contribute to the achievement of the SDGs – not simply doing no harm.

1 For further information, please visit www.un.org/sustainabledevelopment/sustainable-development-goals

Stewardship and advocacy

Through our stewardship and advocacy activities, we work to help address environmental and social challenges, and manage risks arising from them.

Targeting real-economy impact

As an investor focused on the transition to a more sustainable global economy, Impax devotes significant energy and resources to its relationships with investee companies, peers and policymakers. Full details are available in our Stewardship and Advocacy Report 2023.

Impax believes that significant, real-world impact can be achieved through disciplined and well-structured stewardship and advocacy efforts. For stewardship, this means utilising fundamental underlying analysis, prioritising the right companies for outreach, preparing for engagement meetings, following up and escalating where progress is not achieved.

To accelerate the removal of barriers to progress, we are increasingly combining company engagement and policy advocacy, seeking to shape regulatory or policy change in what we call 'systematic engagement'.

We have developed a stewardship and advocacy framework summarised below to illustrate how the resources, activities and approaches we use in our work can achieve positive outcomes and ultimately real-world impact.

As well as engaging directly with investee companies and using our shareholder votes, stewardship also entails focusing on engagement themes where we work with other investors and organisations to amplify our influence. The framework also outlines the critical elements of our advocacy work, ranging from collective action alongside peers and direct intervention on policy, to leadership roles where we look to drive change by steering industry groups and engaging in thought leadership activities. 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.

Portfolio company revenue alignment to the UN SDGs by strategy

Strategy	Alignment
Asian Environmental	60%
Climate	74%
Leaders	53%
Specialists	80%
Sustainable Food	57%
US Environmental Leaders	48%
Water	67%
Asian Opportunities	67%
Global Opportunities	54%
US Large Cap	26%
US Small Cap	36%
Core Plus Bond	40%
New Energy	100%
Sustainable Infrastructure (Active)	49%

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 2022. Figures are based on Impax internal data. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure within the Environmental Markets strategies, as well as the Sustainability Lens strategies with emerging market exposure. Actual holdings and therefore impact data may vary and should not be relied upon.

Beyond Financial Returns continued

Pursuing real-world outcomes and impact through stewardship and advocacy activities

	ACTIVITIES	OUTPUTS	OUTCOMES (examples)	IMPACT (examples)
STEWARDSHIP	COMPANY-SPECIFIC ENGAGEMENT	Company outreach, followed by meetings to encourage improvements as per set objectives	New company GHG reduction target	Reduced company GHG emissions
STEWARDSHIP	EXERCISING SHAREHOLDER RIGHTS	Proxy voting and follow-on company engagements, filing or co-filing shareholder resolutions	Independent racial equity audit to assess company practices on equity, diversity and inclusion (E,D&I)	Improved company E,D&I processes and practices
STEWARDSHIP	THEMATIC, COLLABORATIVE ENGAGEMENT	Industry, sectoral collaborative engagements, amplifying our influence in priority areas	Food retailers set new product-level targets for sustainable proteins	Larger proportion of food retailers' product portfolio in sustainable proteins
STEWARDSHIP / ADVOCACY	SYSTEMATIC ENGAGEMENT	Combined company and policy outreach on structural market barriers to the transition	Engaging with S&P 500 companies and petitioning the SEC on geolocation data reporting	Better reporting enabling effective analysis of physical climate risks
ADVOCACY	OVERCOMING INVESTMENT BARRIERS	Collaborating with policymakers on solutions to barriers to investment in net-zero transition	Contributing to Energy Transitions Commission report on streamlining permitting and planning for wind and solar	Deployment of renewables at the speed and scale required to meet climate goals
ADVOCACY	GREENING THE FINANCIAL SYSTEM	Helping regulators design fit-for-purpose financial regulation	Led development of Climate Financial Risk Forum Climate Disclosure Dashboard, referenced in UK Financial Conduct Authority guidance	More informative disclosures on climate-related risks
ADVOCACY	ESTABLISHING GLOBAL FRAMEWORKS	Encouraging collective action to address market failures	Agreement by Food and Agriculture Organisation to develop net-zero roadmaps for global food system in response to FAIRR investor letter	Removal of key barrier to inclusion of targets for agriculture sector in national climate strategies

PILLARS OF STEWARDSHIP AND ADVOCACY

In 2022, we remained focused on climate, people and corporate governance in our stewardship and advocacy activities. Given our increasing focus on biodiversity and nature in 2022, we adopted this as a standalone pillar for our activities into 2023.

- Climate (transition risks, physical climate risks, greening the financial system)
- Nature (biodiversity, deforestation, water quality)
- People (human capital, equity, diversity and inclusion)
- Governance (board structure, executive compensation, shareholder rights)

Engagement outcomes in 2022

160 engagement dialogues in 2022

43% had 'positive' outcomes[1]

11% achieved 'milestones'

13% had 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.

ENGAGEMENT

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 our investee companies, including material environmental, social and governance (ESG) issues as well as areas of potential improvement. We believe it is in the interests of our investors 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.

Our engagement work takes the following forms:

- Company engagement
- Proxy voting
- Shareholder resolutions
- Thematic engagement
- Collaborative engagement
- Systematic engagement

Each year we engage with a significant percentage of the companies held in our equities and fixed income investment portfolios. We have chosen to formally distinguish between 'outreach activities', where we make a request of a company without a response, and 'engagement dialogues' where we have a back and forth with decision makers.

Proxy voting summary for 2022

Shareholder proposals have grown more sophisticated over recent years and general investor interest in proxy voting has increased significantly, a trend we believe will continue.

Impax's approach to shareholder proposals continues to be recognised. We ranked first in ShareAction's 'Voting Matters Report' for consistently voting in favour of key environmental and social shareholder proposals in 2020, 2021 and 2022[3]. Our voting decisions follow the Impax Proxy Voting Guidelines, bringing consistency and transparency to our approach.

Beyond Financial Returns continued

CLIMATE

Climate-related risks and opportunities are likely to be significant drivers of investment performance across the global economy for decades to come. Climate risks are systemic for all companies, so both transition and physical climate risks are important topics of our stewardship and advocacy activities. You can find more information in our Climate section on page 64.

NATURE

As a specialist investor in the transition to a more sustainable economy, Impax has long paid attention to nature and the risks associated with biodiversity loss, deforestation and the degradation of ecosystems. Yet there remains limited information about how companies are addressing these risks.

ENGAGEMENT

We take a multi-pronged approach to our nature-related engagement activity. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has identified five direct drivers of biodiversity loss which provide a framework for our engagement activity most relevant to specific investee companies (below).

We are currently prioritising companies that are earlier in the process of understanding their nature-related risks and encouraging these companies to undertake robust assessments of their nature-related dependencies and impacts. We are also encouraging companies to publicly disclose geolocation data to enable relevant risk assessments in line with our approach to improving location-specific physical climate risk assessment.

ADVOCACY

Finance Sector Deforestation Action ("FSDA")

Impax became a founding member of FSDA at its launch at COP26. As part of the implementation of our commitments under FSDA during 2022, Impax developed and published our Impax Policy on Nature, Biodiversity, and Deforestation, worked with other signatories to engage priority companies, and joined the Investor Policy Dialogue on Deforestation consumer countries workstream.

Business for Nature

Impax supported Business for Nature in developing its position on the priorities for the COP15 global biodiversity summit in late 2022. These included adopting a clear and simple mission to halt and reverse biodiversity loss by 2030, making corporate assessment and disclosure of impacts and dependencies on nature mandatory and strengthening specific targets on the reform of environmentally harmful subsidies.

Taskforce on Nature-related Financial Disclosures ("TNFD")

Throughout 2022, Impax continued to contribute to the work of the TNFD Forum including speaking at the launch of the TNFD Consultation Group of the UK convened by the Green Finance Institute. We are currently pilot testing the beta version of the TNFD Framework and in May 2023 we hosted an asset manager roundtable to exchange views on the Framework and inform consultation responses on its recommendations.

PEOPLE

The importance of diversity and corporate culture to long-term company performance and risk management is increasingly being recognised. We engage with investee companies on the diversity of their senior management teams, boards of directors and workforces, as well as their equity, diversity and inclusion processes and disclosures, talent recruitment and retention, and health and wellness policies. Please see our E,D&I section for more information on page 55.

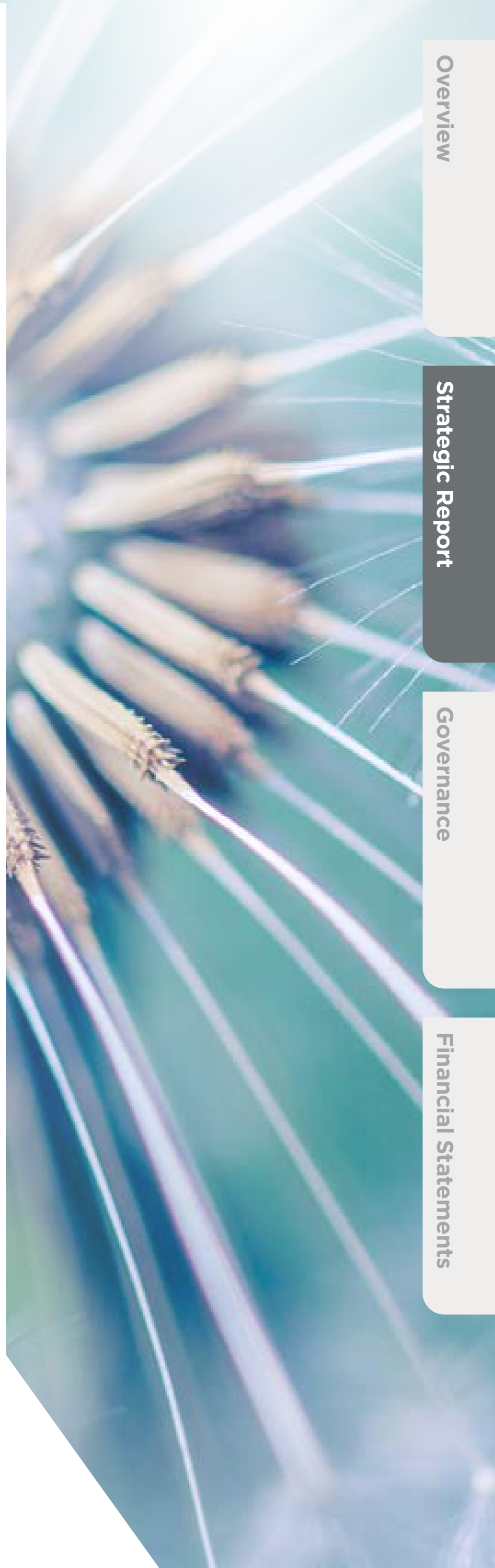
In 2022, we engaged with and monitored companies particularly exposed to the complex global challenges that followed the pandemic – including labour shortages, healthcare crises and limited access to family and dependent care. This not only helped us understand how companies are managing risks, but also signalled that we appreciate the importance of these complex issues and highlighted the value of transparency, especially in times of crisis.

GOVERNANCE

Effective corporate governance is key to companies navigating the opportunities and risks arising from the transition to a more sustainable economy. We expect high standards of corporate governance from our investee companies and engage to improve their governance structures where we believe performance could improve. We view accountability, oversight, efficiency, alignment, transparency and responsibility as the main pillars of good corporate governance.

Principles of sound corporate governance:

- Creating sustainable, long-term value for stakeholders
- Protecting shareholder rights
- Maintaining high-integrity corporate behaviour
- Ensuring an independent and efficient board structure
- Aligning corporate incentive structures and remuneration with long-term interests of shareholders
- Disclosing accurate, timely and transparent financial and corporate governance information
- Ensuring strong environmental and social performance and disclosures



Our People

The HR team focused on providing robust support and scalable processes and systems as our high-performing team continues to grow.

Our priorities during the Period included enhancing our training and development programmes; embedding a new approach to performance evaluation, supported by the introduction of a new HR information system; and initiatives to engage with colleagues to further enhance our culture.

MODERATED GROWTH

We significantly moderated the rate of our headcount growth, building our team to 300 at the end of the Period, up 10% (compared to an increase of 26% in 2022). We were pleased to open our Tokyo office in March, welcoming two new colleagues in Japan. During the Period we had an employee turnover of 10%, relatively low compared to many of our peers, while 17% of the team celebrated a promotion. 54% of these promotions were women and 23% minority ethnic.

Employee Engagement survey

In our 2023 annual engagement survey, we are pleased with an increased engagement score of 90%, up one point from 2022 and eight points ahead of the industry benchmark, based on a 94% response rate.

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

"Proud to work for Impax"

96%

(10 points ahead of benchmark)

"I am motivated to do my best work"

94%

(8 points ahead of benchmark)

"I would recommend Impax as a great place to work"

89%

(8 points ahead of benchmark)

"I feel I am treated with fairness and respect by the people I work with"

94%

"I understand Impax's mission, culture and values"

97%

(5 points above the benchmark)

DEVELOPMENT: EQUIPPING OUR PEOPLE FOR SUCCESS

We expanded our provision of development opportunities for our people. In 2023 we introduced a new development tool provided by LinkedIn Learning, giving access to a wide range of learning resources.

We also continued a targeted approach to development by segmenting offerings by groups. We introduced a 'High-Performance Coaching' workshop series for leaders and delivered our 'Emerging Managers Programme', where a cohort of 22 learned the building blocks of leading others. We also held in-person training programmes for all of our managers on 'Making Great Conversations Happen' to support our new approach to appraisals.

We ran presentation skills training for our Distribution team and launched a new series to debate the themes and technologies driving the sustainable transition, hosted by our colleague, Charlie Donovan, a Professor of Finance and Economics at the University of Washington.

Early careers: Global Internship Programme

As part of our continuing focus on building a pipeline of future talent, we welcomed 18 paid interns, working across a range of disciplines and on real business research projects. We were pleased to provide ongoing opportunities to four interns at the end of the scheme. We continued our participation in the 10,000 Black Interns programme.

IMPAX VALUES AWARDS

In September 2023 we ran our first global Impax Values Awards. Providing a way to recognise and celebrate colleagues' success, the Awards are designed to cement Impax's culture and bring colleagues together as we grow. Employees nominated their colleagues for five categories – one for each of our values, with the Executive Committee deciding on the winners. Members of the Impax Board joined colleagues at the ceremony to present the awards.

THE BIRTHDAY FESTIVAL: CELEBRATING SUCCESS

The team celebrated Impax's 25th anniversary in September with the Impax Birthday Festival, with a wide range of activities to celebrate the milestone. Colleagues took part in local volunteering clean-ups, lunched together as part of 'The Big Picnic', were treated to in-office massages and colleague-curated mindful mixtapes, and took part in the inaugural Impax Values Awards (see above).

Our People continued

SCALING OUR CULTURE FOR FUTURE GROWTH

Performance and Reward

We rolled out our new compensation framework during the Period, which includes improvements to our pay and performance process, including clearer guidance and consistency around how we assess performance through scorecards and performance evaluation in appraisals. To provide more clarity around pay expectations, we communicated bonus target ranges to over 50% of our team. We have a strong emphasis on outcome-focused goals with clear definitions of how to define success.

Benefits

As part of a review of our suite of employee benefits, we aligned our parental leave so that in each of our locations, mothers and fathers now receive the same amount of paid leave, for example up to six months for colleagues in the UK.

We also rolled out a new service providing mental health therapeutic support to all colleagues to complement our existing Employee Assistance Programme.

Technology

To support the business in its growth plans we launched a new human resource information system. The new system serves as the backbone of human resource operations, automating workflows, and improving our compensation modelling, performance management, and the secure storage of employee data.

WHISTLEBLOWING

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 that is readily accessible 24 hours a day and provided by an external supplier.

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 every colleague 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 and ethnicity.

E,D&I continues to be central to our investment and engagement process, incorporated through consideration of diversity indicators in our fundamental ESG research, and through our established track record of principled proxy voting, successful company engagements and collaborative public policy engagements on E,D&I issues.

Impax aims to work with firms across the value chain that share our principles and are actively participating in the transition to a more sustainable economy, including our investee companies and companies with which we engage, as well as our partners, vendors and suppliers. We recognise that as a society we have work to do on many levels. As such, our approach is holistic, looking both internally and externally to build a more equitable and just society for all.

GOVERNANCE AND ACCOUNTABILITY

Our E,D&I Group is responsible for Impax's strategy in this area and reports regularly to the Executive Committee and 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. It is supported by employee-run sub-groups, which are responsible for implementing the Group's priority initiatives.

GOALS AND OBJECTIVES

Previously we had 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)

Following good progress against these goals, we undertook a benchmarking exercise, analysing our current profile, the markets in which we operate, and comparing ourselves with our peers. This has informed our refined and updated E,D&I goals, which we believe are more transparent and measurable. For December 2027, we aim that:

- Impax's overall workforce should be 48%-52% women
- Impax's overall workforce should be 28%-32% minority ethnic
- Impax's senior staff[1] should be 38%-42% women
- Impax's senior staff should be 14%-18% minority ethnic

1 Impax's corporate level of "Director" and above.

Equity, Diversity & Inclusion continued

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 and retaining diverse talent to help Impax, and our clients thrive. We are advancing diversity across the firm and creating an inclusive workforce at all levels of our organisation. We conduct an annual demographic survey for all colleagues as well as collecting and reporting on data from new hires on an ongoing basis. This year we have started to collect this information using our new HR system; the data is reported on an anonymous basis and with the individual agreement of each colleague. We analyse these changes year-on-year and report to senior management and the Board on progress against our goals.

As at year end, 47% of colleagues are female, close to our 2025 target of 48% - 52%. 25% are minority ethnic. 54% of promotions and 49% of new hires during the Period were women. 23% of promotions and 25% of new hires were minority ethnic.

57% of the Board members are female, including the Chair. 100% of the Board is white; we are identifying opportunities to address this lack of ethnic diversity this year as part of our succession plans.

Gender overview, 2023

	Female	Male	Prefer not to disclose gender
Total Company	47%	52%	2%
Board	57%	43%	0%
Executive Committee	33%	67%	0%
Senior staff	36%	62%	2%
Investment team	33%	66%	1%
Promotions	54%	46%	0%
Hires	49%	51%	0%

Self-reported, anonymous data collected in August and September 2023. Conducted by Impax, with an 86% response rate.

Ethnicity overview, 2023

	Asian	Black	Additional ethnic groups	White	Prefer not to disclose Race/ Ethnicity
Total Company	15%	4%	6%	74%	2%
Board	0%	0%	0%	100%	0%
Executive Committee	0%	8%	0%	92%	0%
Senior staff	10%	1%	2%	85%	2%
Investment team	22%	1%	8%	67%	1%
Promotions	16%	2%	5%	77%	1%
Hires	14%	2%	9%	75%	0%

Self-reported, anonymous data collected in August and September 2023. Conducted by Impax, with an 86% 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, American Indian or Alaska Native, Middle Eastern, Native Hawaiian or Other Pacific Islander, Two or More Races or Mixed Heritage, and other identities that staff have self-identified.

Gender progression

	Female	Male	Prefer not to disclose gender
2023[1]	**47%**	**52%**	**2%**
2022[2]	49%	50%	1%
2021[3]	46%	54%	0%

1 As of August/September 2023.
2 As of November 2022.
3 As of April 2021.

Ethnicity progression

	Asian	Black	Additional ethnic minority groups	White	Prefer not to disclose race/ ethnicity
2023[1]	**15%**	**4%**	**6%**	**74%**	**2%**
2022[2]	14%	6%	5%	74%	1%
2021[3]	12%	5%	3%	77%	3%

1 As of August/September 2023.
2 As of November 2022.
3 As of November 2020 (latest available data).

Gender pay gap – median base salary gap

	2023	2022	2021
Senior staff	**7.1%**	1.9%	16.1%
Mid-level staff	**5.6%**	2.7%	12.7%
Junior staff	**21.7%**	12.9%	5.3%

Data as of April in the respective year.

GENDER PAY GAP

As at April 2023, based on a headcount of 295 employees, 48% of employees were women and 52% men. The gender composition remained consistent with last year. Since April 2022, 82 employees joined the Company with an equal gender distribution of 41 male and 41 female.

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 (5.6%) and senior (7.1%) levels have increased since the previous year (2.7% and 1.9% respectively in 2022). We have seen a more significant increase in the median pay gap at junior level (21.7% up from 12.9% in 2022). This is primarily due to a high representation of women in junior level analyst/team assistant positions and male new joiners hired into Associate level positions in our Investment teams where salaries are typically higher.

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, as articulated in our E,D&I goals, and to the continued examination of in-level pay differences, including using robust external pay benchmarking data.

Equity, Diversity & Inclusion continued

TALENT AND RECRUITMENT

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.
- Provided training materials for the HR team to reduce unconscious bias in the recruitment process.
- Developed a set of questions for hiring managers across eight behavioural competencies to eliminate bias in the interview process where possible.
- Launched a GDPR-compliant applicant tracking system, allowing the Company to collect demographic information on candidates and track progress throughout the recruitment process.
- Ensured that hiring practices and instructions to recruitment firms include, where practicable, female and/or racial/ethnic minority candidates for every open role.
- Enhanced career and talent development programmes to promote, where appropriate, the progression of current Impax employees from female and racial/ethnic minority groups to mid and senior levels.

INCLUSION, EDUCATION AND ENGAGEMENT

Increasing inclusivity and communications around E,D&I is a top priority. Much of this activity is coordinated by the employee-run Impax Inclusion Network. This group has continued to run a regular speaker series during the Period to broaden E,D&I inclusion, education and awareness.

GLOBAL CELEBRATION OF PRIDE MONTH

In July 2023 Impax's Inclusion Network celebrated Pride month to promote awareness and understanding of the LGBTQ+ community and its history. Employees in London, Portsmouth and Hong Kong took part in a culture quiz, heard from LGBTQ+ colleagues and watched a short film on the history of Pride, with the bakeries selected to cater for the London and Portsmouth events donating proceeds to the LGBTQ+ community.

The film told the story of Pride's beginnings as a resistance and riot-based movement in contrast to the commercial corporatisation of recent years. Colleagues were encouraged to understand the history of the US-based Stonewall riots, in particular the direct role of LGBTQ+ people from Black and ethnic minority backgrounds who sparked the beginning of a human rights revolution.

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 participation in the City Hive and #TalkAboutBlack mentorship scheme. It also participates in the 10,000 Black Interns programme and partners with US-based non-profit the Toigo Foundation. These initiatives aim to help make progress towards addressing the gender and ethnicity gaps within the investment management industry and wider society.

Impax has signed charters with, or are members of the following organisations:

- CFA DEI Code (USA and Canada)
- Race at Work
- Thirty Percent Coalition
- UN Women's Empowerment Principles
- Women in Finance
- Women in Governance

CITY HIVE CROSS COMPANY MENTORSHIP PROGRAMME

We supported the City Hive Cross Company Mentorship Programme in association with #TalkAboutBlack for the second time during the Period.

As a City Hive partner, Impax colleagues were matched with mentors and mentees from across the savings and investments industry, with the aim to accelerate the development of diverse talent. Five mentees and five mentors from Impax took part in the nine-month programme, with two senior mentors returning for a second year.

Mentors and mentees are encouraged to meet on a four to six weekly basis, either face-to-face or online. Supported via a series of virtual check-ins with City Hive and Coach Mentoring, these sessions take place at the beginning, middle and endpoints to ensure relationships remain on track, have purpose, and that a duty of care is observed.

Through supporting the cross-company programme, we are investing to address the confidence gap often faced by diverse talent and demonstrating a commitment to the continued professional success of our colleagues, from all walks of life.

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Equity, Diversity & Inclusion continued

Engagement case study

XINYI SOLAR HOLDINGS

Hong Kong-listed Xinyi is a leading photovoltaic glass manufacturer and solar farm developer. Impax has been engaging with this company since 2019, with the main objective of improving its governance practices, including board independence and diversity. While the company acknowledged Impax's initial concerns around the lack of board diversity, we voted against Nominating Committee members in 2020 and followed up with further engagement. Initially the company expressed no plans to improve board composition or independence, with no female directors on the board. The company reiterated that female representation within their wider industry was low, and it remained challenging to recruit qualified female employees or directors. Impax remained disappointed with this outcome and voted against the Nominating Committee members again at the 2021 annual meeting, re-emphasising to the company our belief in the importance of diverse representation for long-term value creation.

In the company's 2022 annual meeting, we were pleased to see nomination of the company's first female independent director to the board following multiple years of engagement and votes against board directors. Despite progress, board independence remains low, and we continue to engage with the company on this issue.

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 (see page 38).

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. E,D&I is also one of Impax's four firm-wide thematic engagement priorities (see case study, left). Impax believes it is important to focus on the drivers that can improve and build diverse representation in the talent pipeline over time through programmes, initiatives and goal setting. Impax focuses on diversity related to gender representation, especially in Asian and some European companies, and diversity policies, disclosures and targets in many US companies.

THOUGHT LEADERSHIP

Impax has published several thought leadership pieces related to E,D&I during the Period. This has included an article on 'Identifying and measuring sources of alpha in gender factors' in July 2023 and an examination of 'The business case for diversity' in November 2022.

Impax in the Community

Our mission statement underpins our community strategy: "to make a contribution to the development of a sustainable society by supporting or undertaking relevant research and engaging or collaborating with others."

We partner with organisations that reflect our long-term goal of investing in the transition to a more sustainable economy. Our community network contains complementary organisations with coaligned aims and values, maximising our impact.

We significantly expanded our community activity during the Period, donating £504,933 (2022: £287,382) to charitable causes.

We are now particularly focusing our activities on charities in education and developing skills in the green economy and during the Period developed new community partnerships with Country Trust and Groundwork UK, and launched the Pax Scholarship programme, supporting students in New Hampshire. Our colleagues once again voted that food scarcity should be our 'Community Cause of the Year' and engaged in volunteering and fundraising activities.

OUR COMMUNITY PARTNERS

Ashden: is at the frontline of climate change solutions, promoting innovators through its annual Ashden Awards. The Impax-sponsored Ashden Award for Energy Innovation highlights businesses instrumental in decarbonising the UK's energy sector and delivering net zero.

A group of colleagues participates in the awards each year, using their analytical skills to help the Ashden team assess the shortlist of entrants.

During the Period, Impax colleagues heard from wind farm recycling firm Renewable Parts Ltd, as the 2022 winners shared their story. Refurbishing wind turbine parts in a disused ambulance station in rural Scotland five years ago, today they inspire young people in Argyll to become energy specialists, nearly doubling their headcount and revenue every year.

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 with team members serving on working groups including Land Use and Climate, the Investor Network on Climate Risk, Valuing Water, Policy Working Group, Carbon Asset Risk Working Group, and the Shareholder Initiative on Climate and Sustainability.

Impax has funded Ceres to provide a landscape analysis of reporting on avoided emissions, aimed at identifying benefits and drawbacks of various ways to report on future emissions reductions for investors. This looks at existing methods for calculating avoided emissions, the merits of specific methodologies to specific situations, and understanding how avoided emissions may fit into corporate transition plans and investor climate action plans.

ClientEarth: connects lawyers with the needs of the planet, bringing environmental issues to court and fighting on behalf of the environment. Impax has supported the charity since 2015. During the Period ClientEarth lawyers presented on their work decarbonising Asia's energy systems.

Country Trust: Impax and Country Trust launched a partnership during the Period to support the charity to expand its Food Discovery programme, which connects schoolchildren with food, sustainability and farming.

Country Trust offers disadvantaged children the opportunity to understand the connection between the way we live, our own health, and the health of the planet. Their vision is to enable all children to discover how the land supports our existence and equip them to become active participants in the world's wellbeing.

Impax in the Community continued

The schools chosen on the Food Discovery programme have a higher-than-average percentage of children eligible for Free School Meals and children with special educational needs. The programme delivery includes farm visits, in-class sessions and playground 'farmer's markets'.

Over the Period, the Food Discovery programme supported by Impax helped 10 schools and 480 children to receive over 1,260 learning hours delivered across 122 sessions in Derby, Greater Manchester, Birmingham, and North West London.

The impact of the programme is demonstrated through reported teacher observations, with 90% of teachers saying that 'most or all children interacted with the natural world during food discovery', 88% that 'most or all of their pupils tried new things', and 84% that 'most or all of their pupils talked to each other about what they learned'.

The Food Discovery Programme is filling a vital gap in the current curriculum, clearly demonstrated through the enthusiasm of both children and teachers and with Impax funding it will continue to be delivered where it is needed most.

Groundwork UK: Impax and Groundwork UK launched the Impax Green Jobs Pathfinder programme during the Period. This supports 10 people from underrepresented communities into work in the green economy in West Yorkshire, an area of previous high carbon industry and high youth unemployment.

The Impax Green Jobs pathfinder is a next step in the journey for these trainees to explore their future careers in a sheltered setting whilst receiving paid work on short to six-month contracts.

Supported via Groundwork's feeder programme, Routes to Low Carbon Jobs, the scheme aims for a 50/50 gender split with a minimum 40% women and is a vote of confidence for young people who haven't experienced paid employment before.

The young people were placed in roles within local companies operating in different areas of the green economy, from delivering energy advice to low-income households to promoting biodiversity and wellbeing through the conservation of land and green spaces.

The Pax Scholarship Programme: was created and launched in December 2022 to honour the legacy of the Pax World Funds. The Pax Scholarship Program awards annual scholarships to three New Hampshire-based educational and non-profit institutions that promote sustainable finance, advance women and girls, and foster global peace; three areas rooted in the values of the Pax World Funds.

The programme funds a scholarship at the Peter T. Paul College of Business and Economics at the University of New Hampshire for students focused on sustainable finance. A donation to the New Hampshire Women's Foundation supports their work in advancing women and girls in New Hampshire. The programme invests in global peace by supporting Friends Forever International, a non-profit that brings young people from war-torn regions together to try to cross their historic barriers and work together.

Funding these organisations on an annual basis will ensure that the values of the Pax World Funds will continue to make a lasting impact.

VOLUNTEERING AND GIVING

All Impax employees are given paid leave to volunteer and are encouraged to use Impax's matched giving schemes, available globally, to give back to their communities.

Impax's Community Cause of the Year aims to unite all colleagues globally around a single cause, with a local charity in each area. Colleagues vote to continue volunteering for food scarcity and food waste, working with charities in each of our offices to combat the issue.

£504,933

donated to charity during the Period.

Internal engagement

We seek to align colleagues behind our business strategy and build a motivating culture and environment for our global team. This is delivered through a varied communications mix against four strategic drivers: strategy and business, one Impax culture, employee engagement and employer brand.

Regular engagement campaigns and events are led by our colleague-run groups within E,D&I, Environment, Wellbeing and Volunteering, highlighting key moments throughout the year. These aim to drive awareness and maintain open and ongoing dialogue on key issues affecting our industry and the planet, promote team engagement and wellbeing, and give back to the communities in which we operate.

STEPS CHALLENGE: THE WILD ATLANTIC WAY, IRELAND

In March 2023, the Dublin team and the Wellbeing Group led the remote wellbeing challenge, The Steps Challenge: The Wild Atlantic Way.

A total of 125 colleagues were placed into 12 teams and each week, 'stepped' the equivalent of a stretch of the Wild Atlantic Way along Ireland's coastline, learning more about the Wild Atlantic Way via the virtual walking pack shared by the Wellbeing team and sharing photos of their walks or runs with the Impax community. Over a four-week period, colleagues clocked up a total of 32,003,739 steps, or 24,400km! The challenge focused on fitness, teamwork and culture sharing across regions.

Climate-related Disclosures

Introduction

The purpose of this section 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.

We are pleased to again publish climate-related financial disclosures as part of the Company's Annual Report and Accounts. Our reporting, which is aligned with guidance from the Taskforce on Climate-related Financial Disclosures ("TCFD") covers the same 12-month period, from 1 October 2022 to 30 September 2023 ("the Period"), as the Company's financial year.

Ahead of requirements under Financial Conduct Authority ("FCA") Rules, Impax produced its first Climate Report using the TCFD framework as part of its 2022 Annual Report and Accounts.

Future reporting under TCFD will be undertaken on a calendar basis, with our reporting for the 2023 calendar year due to be published by 30 June 2024. We will be further developing our disclosures under the FCA regime, including reporting climate-related metrics at the product level, ahead of the publication of our TCFD report in 2024.

"Our climate-related reporting 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."

In line with the TCFD's recommendations, this section of the Report comprises four interrelated parts:

Governance
Impax's governance structure around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on Impax's business and strategy

Risk management
The processes in place to identify, assess and manage climate-related risks

Metrics and targets
The metrics and targets used to assess and manage climate-related risks and opportunities

Each of these parts covers both our business operations and, more critically, the investments we manage on behalf of our clients. While reducing our own environmental impact is important, 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. Indeed, we believe that they are likely to be significant drivers of investment performance for large parts of the global economy over the decades to come.

Climate-related Disclosures continued

Governance

The assessment and management of climate-related risks and opportunities are underpinned by extensive in-house expertise and appropriate governance structures.

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.[1]

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, there are specialist committees dedicated to climate and related issues, as they pertain to the investments we manage, most notably the Sustainability Lens Committee and the Sustainability Policy Committee. The Private Markets division has its own Investment Committee and Environmental, Social and Governance ("ESG") Sub-Committee.

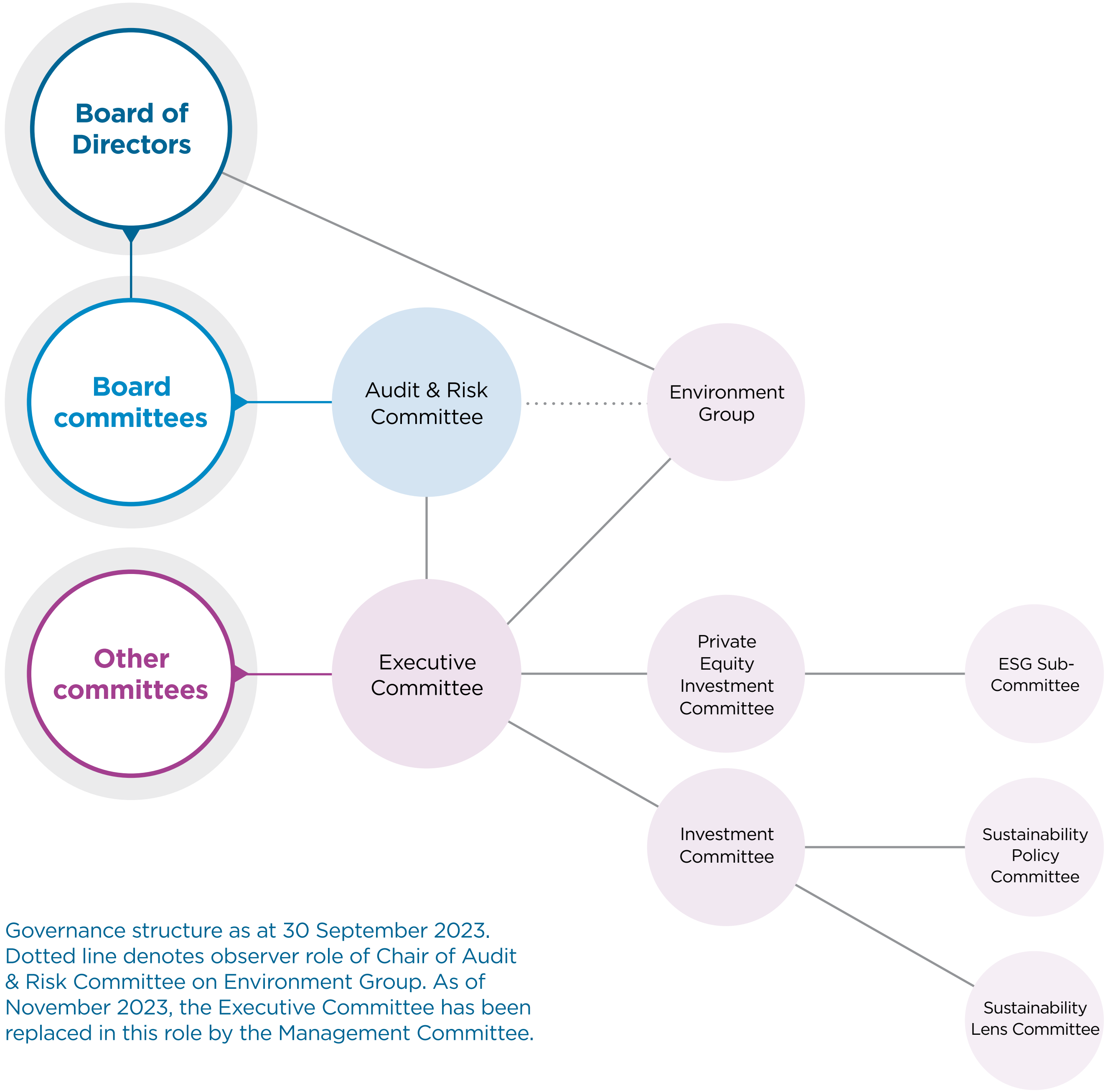
Impax's processes for the assessment and management of climate-related risks and opportunities benefit from extensive in-house expertise on climate throughout the organisation. As well as having trained climate scientists on the investment team, a team of experts in climate change, environmental and energy policy sit within the Impax Sustainability Centre, which now brings together our Sustainability & Stewardship and Policy & Advocacy teams into a single centre of excellence.

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 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").

An illustration of the governance structure for climate-related issues is included on the following page.

1 As of November 2023, the Executive Committee has been replaced in this role by the Management Committee.

Governance structure for climate-related issues



Governance structure as at 30 September 2023. Dotted line denotes observer role of Chair of Audit & Risk Committee on Environment Group. As of November 2023, the Executive Committee has been replaced in this role by the Management Committee.

Climate-related Disclosures continued

AUDIT & RISK COMMITTEE

Committee details	Committee description
Chair: Non-Executive Director (Annette Wilson, since 1 December 2023) **Membership:** Non-Executive Directors	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.

INVESTMENT COMMITTEE

Committee details	Committee description
Chair: Chief Investment Officer (Listed Equities) **Membership:** Impax investment teams	The Committee oversees investment activities, investment performance and risk management, and regularly addresses climate-related issues. The Committee meets every fortnight.

SUSTAINABILITY LENS COMMITTEE

Committee details	Committee description
Chair: Chief Investment Officer (Listed Equities) and Global Head of Sustainability & Stewardship **Membership:** Impax's leading sustainability experts	The Committee assesses 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. The Committee meets every quarter.

SUSTAINABILITY POLICY COMMITTEE

Committee details	Committee description
Chair: President, Impax North America **Membership:** Impax staff, including legal and compliance representatives	The Committee oversees, reviews and approves Impax's ESG, sustainability and stewardship-related policies and positions. Significant policy developments are reported to the Investment Committee. The Committee meets as required.

ENVIRONMENT GROUP

Committee details	Committee description
Chair: Head of Sustainability & Stewardship, North America and Senior Associate, Sustainability & Stewardship **Membership:** Impax staff, with a Board observer	The 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. It reports to the Executive Committee and provides an annual update to the Board. The Group meets every quarter.

PRIVATE EQUITY/INFRASTRUCTURE INVESTMENT COMMITTEE

Committee details	Committee description
Chair: Founder & Chief Executive **Membership[2]:** Head of the PE/Infrastructure Team, Head of the Transaction Team (PE/Infrastructure), Head of Asset Management & Sustainability (PE/Infrastructure), with an independent observer	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 PE/Infrastructure Team's Head of Sustainability is an ESG 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. The Committee meets as required.

ESG SUB-COMMITTEE (PRIVATE EQUITY/INFRASTRUCTURE)

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

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

Climate-related Disclosures continued

Strategy

We are focused on the investment opportunities arising from the transition to a more sustainable economy. This includes the transition to a net-zero climate resilient economy.

Impax is one of the largest and longest established investors dedicated to investing in the transition to a more sustainable economy. We offer a suite of investment solutions spanning multiple asset classes and underpinned by proprietary tools.

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.

Here, we outline how we believe Impax is itself well positioned to capitalise on climate-related opportunities and how we approach climate-related risks.

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.

All of our investments are intentionally aligned to a transition to more sustainable and low-carbon economy. As of 31 December 2022, 64% of Impax's AUM committed under the Net Zero Asset Managers ("NZAM") initiative was invested in assets that we assess to be 'climate solutions'.[3] To be classified as 'climate solutions' under Impax's proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences.

In January 2018, we launched a dedicated Climate listed equities strategy. As at 30 September 2023, its AUM stood at £2.8 billion, making it Impax's fifth-largest investment strategy.

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 'Risk Management' from page 72.

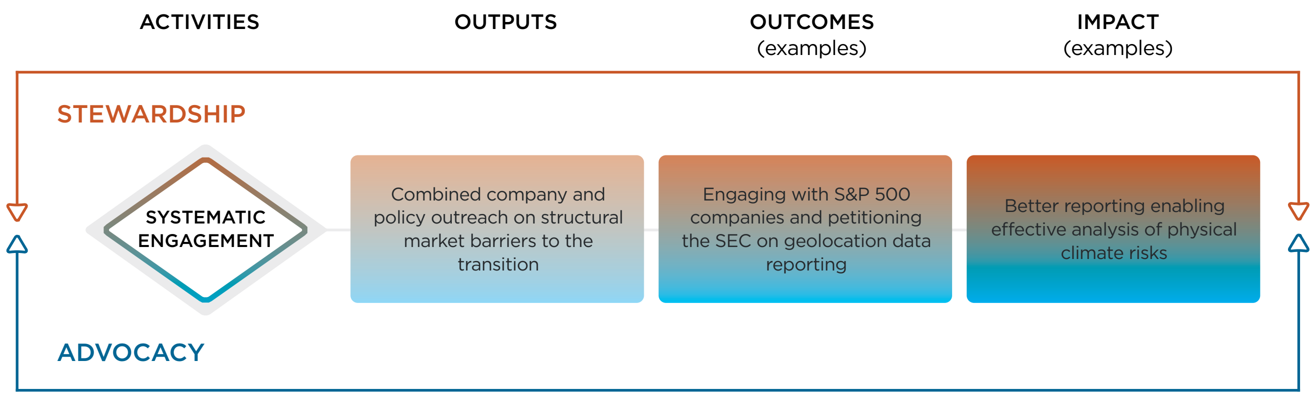
The Company's strategy is based on the conviction that, over time, high quality companies and assets that deliver solutions to climate change mitigation and/or adaptation will outperform broader financial markets. While low-carbon alternatives are already cost competitive with fossil fuels in many situations, the pace and success of the transition to a net-zero economy hinges on global public policy support. As a result, Impax tracks the impact of policy developments, both to assess the valuation of existing investments and to identify future investment opportunities and risks.

This analysis is supported by Impax's investment team, which includes financial analysts focussed on specific sub-sectors and policy experts who provide detailed policy analysis and updates on emerging trends. In addition, Impax actively engages with the policymaking community to encourage the development of well-designed policy frameworks that attract private capital where it is needed. We also combine aspects of our company engagement and policy advocacy to address systemic climate risks (see below).

The performance of Impax investment strategies could be undermined by poor climate risk management of investee companies. We have therefore set net-zero targets for our investments (see page 81) and undertake rigorous ESG analysis on all companies and engage with companies not managing climate risks adequately and non-aligned to a transition to net zero, as outlined under 'Risk Management' from page 72.

ADDRESSING SYSTEMIC CLIMATE RISK

Climate risks are material for all companies. Yet through our engagement activities we encounter critical and often hard-to-engage areas, with barriers or bottlenecks preventing progress and better practices in companies. To overcome these, we have started combining aspects of our company engagement and policy advocacy, seeking to shape company practices through regulatory or policy change in what we call 'systematic engagement'. We believe this is a critical element in pursuing real-world outcomes and impact through stewardship and advocacy activities, including addressing systemic climate risk.



3 Impax's initial commitment under the NZAM initiative consists of all actively managed listed equities and private equity investments, which represented 90% of AUM as of 31 December 2022. Source: Impax analysis, as at 31 December 2022. Investment-related AUM excludes cash. Please note that this data has not been externally assured.

Climate-related Disclosures continued

Risk management

We look to identify, assess and manage physical and transition risks that could undermine the performance of our investee companies, and therefore our investment strategies. We also have processes in place to manage operational climate risks.

INVESTMENTS

Climate risk assessment

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:

Transition risks

- Disclosure: Rigour of measurement and transparency of reporting of climate risk exposure and management, including greenhouse gas ("GHG") emissions across all scopes, in absolute and relative intensity terms
- Management: Establishment of climate-aware management systems; capital expenditure investment in energy efficiency and renewable energy; management compensation tied to climate outcomes
- Target-setting: Robustness of targets, including whether they are science-based, and inclusion of short-, medium- and longer-term time horizons, Paris-aligned with sectoral pathways to net zero, ideally externally verified
- Performance: Outcomes achieved from climate-aware management and target-setting

PRICING PHYSICAL CLIMATE RISK – TWO SECTORS IN THE SPOTLIGHT

Physical climate risk management poses a significant data and methodological challenge for investors. Currently, there is no standard approach to understand, communicate or model these risks. During the Period, Impax collaborated with academics from the UK Centre for Greening Finance and Investment ("CGFI") at the University of Oxford, as a step towards a consistent methodology on translating future climate changes into quantitative inputs for financial models.[4,5] Impax and the CGFI worked together on analysing two specific industries – semiconductors and data centres – where Impax has key insights on industry dynamics, asset locations and rebuild costs. The purpose of the collaboration was to help Impax understand which assets might face heightened physical risks, and therefore loss or damage. The case studies demonstrated the usefulness of the CGFI's Global Resilience Index Initiative ("GRII") datasets and the application of a new methodology to assess future financial losses at the asset level.

4 Impax has been a supporter of the UK Centre for Greening Finance and Investment since its inception, and Impax Founder and CEO, Ian Simm, is a member of the CGFI Advisory Council.

5 For full details of the research, please see: Impax, 2023: Pricing physical climate risk – two sectors in the spotlight.

These are important components in our assessment of companies' alignment to net zero, for which Impax set a 2030 target in November 2022.

Physical 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

We employ a top-down approach to assessing companies' exposure to chronic and acute physical climate risks, considering industry-specific and country-specific factors, along with company-specific vulnerability assessments. Where companies disclose the location of key assets, we can also use a bottom-up approach to assessing their exposure to physical risks. Using these assessments, we can look to calculate the financial implications for investors, as described under 'Pricing physical climate risk', on page 72. Impax continues to focus on developing and implementing its own approaches to physical climate risks through engagement with academia, companies and other investors, as well as through ongoing internal research.

Investments in the Impax 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.

Climate risk management

Transition 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 encouraged improved management of those risks.

Physical risks

We have 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 CMIP16-driven, 'Representative Concentration Pathways' ("RCPs").[6] These scenarios underpin the research collated by the Intergovernmental Panel on Climate Change ("IPCC") in their assessment reports.

6 Our proprietary physical climate risk tool used RCP4.5 and RCP8.5 emissions pathways wherever possible. Impax's 'optimistic' 2°C scenario is equal to the RCP4.5 scenario. Impax's 'business as usual' scenario is equal to the RCP8.5 scenario per IPCC definitions, which refer to significant global abatement of GHG emissions, and no abatement. Although this scenario has been criticised as an unlikely outcome given current mitigative efforts, Impax believes in its validity as a way to capture a worst-case scenario that can be explored to assess the resilience of our investments in a world where key global tipping points or poorly understood non-linear drivers cause the climate to act even more erratically than expected.

Climate-related Disclosures continued

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. These steps are necessary to developing a pricing model for physical climate risk, but more work will be needed in order to price physical risks, and not just identify value at risk.

Stewardship & Advocacy

Climate-related risks and opportunities are likely to be significant drivers of investment performance across the global economy for decades to come.

We continue to make the case for stronger reporting of environmental and social impacts through our engagement with companies, regulators and standards-setting bodies.

During the Period, we engaged proactively with regulators to develop regulation focused on sustainable finance in the UK and the US. We also submitted a detailed response to the Hong Kong Exchange ("HKEX") on its climate action disclosure consultation, which mandates climate-related disclosures in issuers' ESG reports and seeks to align with the International Sustainability Standard Board's Disclosure requirements.

Enhanced disclosures ultimately enable investors like us – and our clients – to make better informed, risk-adjusted investment decisions and to target our stewardship and company engagement activities where we believe they can have the greatest effect.

Engagement with investee companies – 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 – is an important tool for climate risk management.

Impax often works with investee companies to stress the importance of addressing material climate risks, and we often escalate these engagements when we feel that the investee is not sufficiently attuned to these risks. 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
- Filing or co-filing resolutions at General Meetings

In line with our net-zero commitment, we will continue to use our active stewardship approach to engage investee companies that are not yet considered climate resilient or transition aligned. If interventions are unsuccessful and Impax believes the climate risk profile of the company has significantly deteriorated, or if a company's strategy or governance structures have altered to a degree where its return outlook and strategy no longer meet our expectations, it would be excluded from our investable universe and/or sold.

COMPANY ENGAGEMENT ON MANAGING TRANSITION RISKS

Impax first engaged with Giant, one of the world's largest bicycle designers and manufacturers, on climate risk management in 2019. Impax followed up with the company in 2022 on progress around its GHG reporting. The company informed us that they had finished a more robust Scope 1, 2 and 3 emissions inventory and were in the process of undertaking an independent review of the data. Since then, the company submitted its first response to CDP in 2022 and plans to initiate more transparent ESG reporting in 2023. Impax will continue to engage on GHG emissions disclosures and monitor absolute reductions and science-based target setting in line with international best practice frameworks.

Policy advocacy highlights

Highlights of our climate-related advocacy activities during the period are set out below by our priority themes:

- Financing the transition to net zero
- Enhancing climate resilience
- Improving climate-related financial disclosures
- Nature (including deforestation)

Further details of our work in these areas can be found in our Stewardship and Advocacy Report 2023.

Financing the net-zero transition

- *Energy Transitions Commission ("ETC"):* We contributed to the ETC's Financing Net Zero report, which concluded that the critical action for governments to establish 'real economy' policy frameworks, which should include a clear strategic vision, address the green premium challenge, reduce downside risks and remove supply-side bottlenecks.
- *Global food system net-zero roadmap:* During 2022, we supported the FAIRR Foundation's engagement with the UN Food & Agriculture Organisation ("FAO") to encourage them to develop a net-zero, nature-positive roadmap for the global food system. We were delighted to take part in a side event at COP27 where the FAO announced their intention to develop such a roadmap in time for COP28 in late 2023.

Building a climate-resilient economy

- *Encouraging corporate adaptation:* We contributed to the IIGCC's proposed Climate Resilience Investment Framework, which outlines how investors can encourage companies to develop more effective adaptation plans. We were pleased to see this theme reflected in the Sharm El-Sheikh Adaptation Agenda launched at COP27.

Climate-related Disclosures continued

- *Climate Financial Risk Forum ("CFRF") Adaptation Working Group:* In early 2023, Impax was invited to co-chair a new CFRF working group focused on enhancing assessment of physical climate risks and scaling up finance for adaptation solutions and climate resilience.

Improving climate-related disclosures

- *Financial disclosures:* We chaired the Disclosures workstream of the CFRF Disclosures, Data and Metrics working group which published its updated Climate Disclosure Dashboard in March 2023. In July we submitted a response to HKEX's climate action disclosure consultation, which will mandate climate-related disclosures in issuers' ESG reports aligned with the International Sustainability Standard Board's disclosure requirements.
- *Transition plans:* We contributed to Glasgow Financial Alliance for Net Zero ("GFANZ") guidance on Financial Institution Net-zero Transition Plans published in November 2022. At COP27, the Transition Plan Taskforce ("TPT") launched its draft disclosure framework which aims to set the gold standard for private sector climate transition plans. In early 2023, Impax was asked to co-chair the TPT Asset Management working group developing sector-specific guidance for the financial sector.

Nature (including deforestation)

- *Taskforce for Nature-related Financial Disclosures ("TNFD"):* In May, Impax hosted an asset manager roundtable on behalf of the TNFD and Green Finance Institute to discuss the latest version of the TNFD's proposed framework for nature-related disclosures and submitted our response to the TNFD's public consultation.
- *Halting deforestation:* Impax is a member of the Investor Advisory Group of the Finance Sector Deforestation Action ("FSDA"), which supports individual and collective action to assess exposure to deforestation risk and deepen engagement with the highest risk holdings. During the period, we were also asked to co-chair the Consumer Countries workstream of the Investor Policy Dialogue on Deforestation.

OPERATIONS

Climate risk assessment and management

Transition risks

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 risks

Our assessment of climate-related risks relating to our operations concluded that the physical risks facing our offices remain relatively low. While drought risk and water stress is high across the metropolitan areas where Impax offices are based, including in Dublin but 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.

Our Japan office, which opened this year, meanwhile faces the potential risk of typhoons.

Overall, the assessment indicated that the main operational risks are associated with connecting infrastructure and transportation systems on which employees depend. Impax's business continuity plan includes measures that address recovery locations, systems recovery and the recovery of critical business functions in the event of these and other operational risks. The recent COVID-19 pandemic provided a real-life test of the Company's ability to successfully operate from multiple remote locations anywhere that a secure internet connection is present.

INDEPENDENT OVERSIGHT, MONITORING & ASSURANCE

Climate risk has been formally recorded on the Company's key risk register, making it subject to independent oversight and assurance from the enterprise risk team. Two operational climate-related risks are defined: first, physical risks to Impax operations; and second, risks arising from any failure to appropriate integrate climate risk into investment decisions. Impax's risk management framework and governance process provide the necessary controls to measure, assess and manage its major risks.

Work continues to fully integrate climate-related risks into the Company's risk management framework, which is based on the 'three lines of defence' model see page 88. The framework enables risk identification, risk measurement, risk mitigation, risk monitoring and reporting, thereby ensuring a holistic and integrated risk management culture. Under this framework, respective business units lead in identifying, assessing and managing relevant risks – the 'first line'. Compliance and Risk functions then provide independent challenge – the 'second line'. Internal audit then provides independent assurance of risk management – the 'third line'. The framework is overseen by the Audit and Risk Committee (please see page 88 for details).

Climate-related Disclosures continued

Metrics and targets

We believe that the asset management sector can contribute to meeting the Paris goals through the accurate pricing of climate risk in investment decisions, through engagement and advocacy work, and by investing in climate solutions.

In this section, we quantify the impact of Impax's investments on climate change using a range of metrics, including the GHG emissions and avoided emissions of portfolio companies and our exposure to climate solutions as a proportion of overall AUM. These should be considered in the context of investment-related targets set under the Net Zero Asset Managers ("NZAM") initiative.

We also include metrics for our climate-focused stewardship and advocacy work with companies and policymakers.

As a people-based business, Impax's Scope 1 and 2 GHG emissions from operations are low relative to our financed emissions. Nonetheless, the business has ambitious environmental targets and we report on progress towards meeting them here.

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.

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.

Impax Climate Disclosure Dashboard

Category	Use case	Metrics
Impact of Impax's investments on climate change	Financing the transition	Exposure to climate solutions Avoided emissions
	Financed emissions	Financed emissions Weighted average carbon intensity ("WACI")
Cross-cutting	Engagement	Portfolio alignment Climate-focused engagements and outcomes

INVESTMENTS

Investment-related metrics

Financing the transition
Exposure to climate solutions

64%
of AUM

As at 31 December 2022, 64% of total Impax's AUM committed under the NZAM initiative was invested in companies and assets providing climate solutions.[7] 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.

Financing the transition

Avoided emissions of investee companies

Measuring the GHG emissions – and avoided emissions – associated with the products and services of companies held within Impax portfolios helps us demonstrate their contribution to the transition to a lower-carbon economy.[8]

We calculate and report, at a portfolio level, the GHG emissions impact of companies held in Impax strategies in 2022, based on US$10 million invested in each respective strategy, on page 80. Our reporting captures GHG avoided emissions and reporting for investment strategies that account for 90% of Impax's AUM, as of 31 December 2022.

Emissions are separated into Scopes 1 and 2 – which include 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.

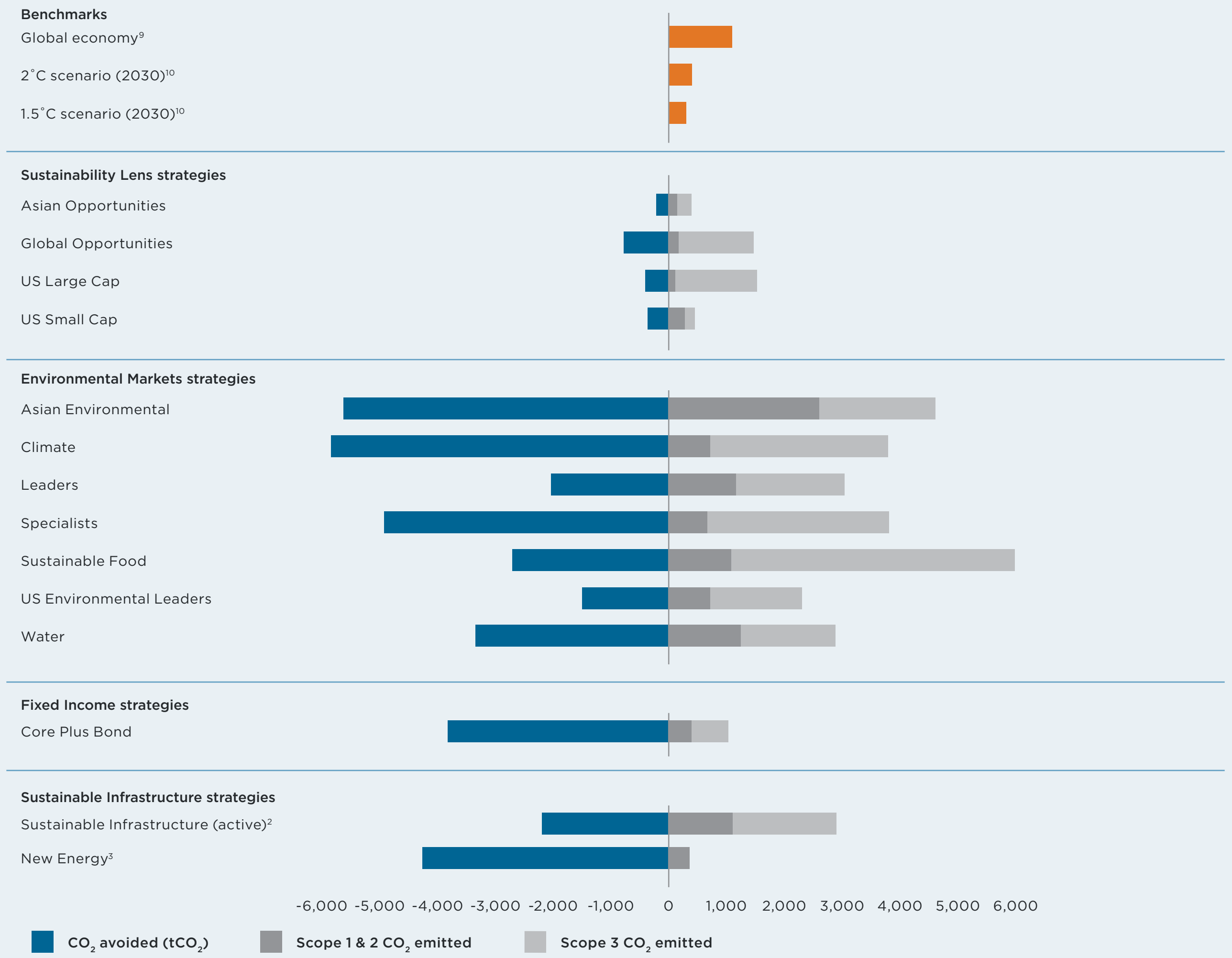
7 Impax's initial commitment under the NZAM initiative consists of all actively managed listed equities and private equity investments, which represented 90% of AUM as of 31 December 2022. Source: Impax analysis, as at 31 December 2022. Investment-related AUM excludes cash. Please note that this data has not been externally assured.

8 To evaluate the real-world impact of climate solutions, we look to compare the GHG emissions arising from the use of companies' products or services with the GHG emissions generated in a world where that product does not exist. We look to use companies' own estimates of avoided emissions as a starting point, where available. We mostly rely on companies' own reporting assumptions and methodologies on avoided emissions, where disclosed, but evaluate whether they are rigorous in their use of baseline scenarios, life-cycle emissions approaches and value chain attribution method. Where we estimate companies' avoided emissions ourselves, our assumptions broadly align with the five steps highlighted by the recently published guidelines on assessing avoided emissions by the World Business Council for Sustainable Development ("WBCSD").

Climate-related Disclosures continued

GHG emissions impact by strategy in 2022 (tCO_2e)

Based on US$10 million invested, companies held in Impax strategies contributed to:



There can be no assurance that impact results in the future will be comparable to the results presented herein.
Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2022.

9 Source: Impax calculations based on estimated global assets under management in 2021 (source: Financial Stability Board. 2022: Global Monitoring Report on Non-Bank Financial Intermediation 2022) and estimated global GHG emissions in 2021 (source: Our World in Data, 2023: Greenhouse Gas Emissions). The emissions intensity figure is derived by dividing the adjusted global GHG emissions figure by the global AUM figure.

10 Source: Impax calculations 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 2021 global AUM figure (source: Financial Stability Board (FSB), 2022: Global Monitoring Report on Non-Bank Financial Intermediation 2022) using the compound annual growth rate in global AUM between 2002 and 2021. The 1.5°C-aligned and 2°C-aligned global GHG emissions figures are calculated by reducing 2010 global emissions (source: Our World in Data, 2023: Greenhouse Gas Emissions) 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.

Financed emissions

Financed GHG emissions and weighted average carbon intensity (WACI)

We have gathered all GHG emissions data disclosed by our investee companies, estimating Scope 1 and 2 emissions where those are not reported.[11] We do not use estimates for Scope 3 emissions, for which data disclosed by companies remains patchy and we continue to make the case for stronger reporting.

The table below includes both absolute (tonnes of CO_2 equivalent (tCO_2e)) and intensity-based metrics for active listed equities strategies, which accounted for 89% of total AUM, as at 31 December 2022.

	Unit	Listed equities (2022)	Listed equities (2021)
Scope 1 & 2 emissions	tCO_2e	3.0 million	3.6 million
Scope 3 emissions	tCO_2e	7.4 million	6.8 million
Carbon footprint (Scope 1, 2 & 3)	tCO_2e/US$1mn invested	257	200
WACI (Scope 1 & 2)	tCO_2e/US$1mn invested	131	150
WACI (Scope 1, 2 & 3)	tCO_2e/US$1mn invested	456	448

Source: Scope 1, 2, and 3 emissions data gathered and estimated as part of the Impax Impact Report 2023 for active listed equities assets.

We also gathered emissions data for our private equity investments, which comprised 1% of AUM, as at 31 December 2022. Scope 1, 2 and 3 emissions totalled 24,368 tCO_2e.[12] The carbon footprint of private equity investments, was 36 tCO_2e per US$1 million invested.

The carbon footprint for fixed income investments, which comprise 3% of Impax AUM, was 67 tCO_2e per US$1 million invested.[13]

Investment-related targets

Impax's net-zero target and commitments

The NZAM initiative, which Impax joined in 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.

In November 2022, Impax made its initial target disclosure under the NZAM initiative. Our aim is for 100% of committed AUM to be climate resilient and for investee companies to be 'transition aligned' or 'transition aligning' in their climate management and processes by 2030. In this context, 'transition aligned' also includes the need to adapt to climate impacts. At least 50% of committed AUM will be classified as 'transition aligned' by 2030.

Impax's approach is informed by the PAII Net Zero Investment Framework and is influenced by the Science Based Targets initiative ("SBTi") Portfolio Coverage Approach.[14]

11 67% of the active listed equities holdings assessed as part of our most recent impact reporting reported Scope 3 emissions data that were used in our calculations.

12 This data represents a combination of actual GHG data collected directly from investee companies and estimated life-cycle emissions data. Life-cycle emissions are an estimate of the emissions generated over the life of a specific technology, calculated using a technology emissions factor. For example, the life-cycle emissions of a solar park consider raw material inputs, construction, operation and end of life. It is not possible to split life-cycle emissions out between Scope, 1, 2 and 3 at this stage. The source for the solar emissions factor 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'. The source for wind is taken from turbine manufacturers, where this is not available the Investment Manager uses the Intergovernmental Panel on Climate Change report mentioned previously as it also provides technology factors for wind. For hydropower, the Investment Manager uses hydroelectric emissions factors published by the Norwegian Water Resources and Energy Directorate ("NVE").

13 This is based on emissions for corporate fixed income assets held within the Impax Core Bond Plus strategy.

14 IIGCC Paris Aligned Investment Initiative, Net Zero Investment Framework 1.5°C Implementation Guide.

Climate-related Disclosures continued

Impax's initial commitment under the NZAM initiative consists of all actively managed listed equities and private equity investments, which represented 92% of AUM as of 31 December 2021. As of 31 December 2022, actively managed listed equities and private equity investments represented 90% of AUM. Over time we plan to increase the proportion of AUM committed, striving to also include Fixed Income and Systematic Listed Equities.

We are pursuing our NZAM target, for 100% of committed AUM to be climate resilient and for investee companies to be 'transition aligning' in their climate management and processes by 2030 through stewardship and advocacy activities aimed at real economy GHG reduction and impact. We are engaging with all in-scope companies not aligned to net zero. We have incorporated an approach for influencing our companies not yet transition aligned in our stewardship strategy, including company engagement, policy advocacy and proxy voting as levers for change. We encourage companies to hone their management of and transparency around climate-related risks within the transition to a more sustainable economy.

Stewardship and Advocacy-related metrics

Transition alignment of portfolio companies

Impax believes investors' transition plans should accelerate the net-zero transition in the real economy, rather than focusing on portfolio-level decarbonisation, which does not in itself lead to any reduction in global GHG emissions. Stewardship, including engagement with our companies, effective proxy voting and policy advocacy are therefore critical tools in achieving net-zero goals with real economy impact.

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 Framework and influenced by the SBTi Portfolio Coverage Approach. The approach is also aligned with the GFANZ Financial Institution Net-zero Transition Plan ("NZTP") guidance.[15] Aligned climate management processes include appropriate climate risk pricing, robust climate target-setting (for example, approved the SBTi targets) and TCFD-aligned climate reporting.

The distribution of committed AUM in the categories outlined above, as of 31 December 2022, stood at:[16]

	2022	2021
'Transition aligned' and 'aligning' climate management & processes	92%	92%
'Transition non-aligned' climate management & processes	8%	8%

In addition to tracking the percentage of 'non-aligned' AUM in regard to net zero and climate resilience, we monitor the companies that are 'non-aligned' for stewardship purposes. One year on from our baseline assessment against this target, the percentage of AUM categorised as 'non-aligned' has marginally decreased, while the number of companies in this category has slightly increased.

In the latest assessment of our holdings' net-zero alignment, we found higher levels of 'non-alignment' among smaller companies and companies based in Asia, compared to our benchmark assessment. This is due to their climate risk management processes and disclosures often being less mature, in contrast to a general trend of gradual improvement in climate risk management practices. Results at the portfolio level over shorter time horizons may also vary due to portfolio construction and turnover.

Climate-focused engagements during 2022[17]

Percentage of total engagements focused on climate-related issues	33%

Proxy voting outcomes during 2022[17]

Climate-related shareholder proposals supported	97%

Stewardship and Advocacy-related targets

Climate-focused stewardship and advocacy work

Climate risks are systemic for all companies, so both transition and physical climate risks are important topics of our stewardship and advocacy activities. Our climate-related advocacy activity in 2022 was focused on three themes:

- Financing the net-zero transition in the real economy
- Greening the financial system
- Guidance on net-zero transition planning

Our most significant climate-focused advocacy initiatives during the Period are detailed on pages 75 and 76 under 'Risk Management'.

Increasingly, proxy voting has become an important lever in advancing climate issues with companies. Climate was once again a major focus in the 2022 proxy season.

Shareholder proposals have evolved from a focus on disclosures to requests that companies commit to more concrete actions on GHG emission reduction targets and net-zero alignment, fossil fuel financing and lobbying alignment. We supported 97% of climate-related shareholder proposals in 2022.

Impax believes that oversight of climate risk resides primarily with the board committees and directors responsible for risk and audit. When we identify companies that have not yet taken meaningful steps to address climate risks with resilient and transition-aligned management processes, we will generally vote against members of the Audit Committee.

15 GFANZ, November 2022: Financial Institution Net-zero Transition Plans: Fundamentals, Recommendations, and Guidance.
16 Impax analysis, as at 31 December 2022. These calculations are based on AUM included towards Impax's target under the NZAM initiative. Please note that this data has not been externally assured.

17 Impax analysis, as at 31 December 2022. Please note that this data has not been externally assured.

Climate-related Disclosures continued

OPERATIONS

Operational metrics

Company GHG emissions for the Period (12 months to 30 September 2023)

	2023 (tCO_2e)[18]	2022 (tCO_2e)	Change (%)	Change tCO_2e/ FTE (%)	Change tCO_2e/ AUM (%)
Direct (Scope 1, natural gas)	**21**	31	-32	-39	-35
Indirect (Scope 2, electricity consumed, market-based approach)	**31**	5	538	479	509
Value chain (Scope 3, business travel)	**465**	340	37	24	31
Impax total (market-based approach)	**517**	376	38	25	31

The Company's total global energy consumption over the Period was 445 MWh, down 10% compared to the previous Period.[19] This was primarily driven by reduced gas consumption in our New Hampshire office, due to a warmer-than-average winter. Our London and New Hampshire offices accounted for 49% and 47% of total energy consumption, respectively.

The Company's total carbon footprint (Scopes 1, 2 and 3) increased 38% during the Period. This was primarily driven by the increase in business travel, up 37% compared to the previous Period.[20] The increase in business travel related emissions stems to a large degree from travel that had been put on hold during the pandemic. Market-based Scope 2 emissions increased due to the unexpected ceasing of operations of our renewable energy provider in New Hampshire. Our Japan office opened during the Period and has been added to our reporting scope.

Operational targets

Company environmental 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). The Company-wide figure stood at 64% at the end of the Period, lower than the previous reporting period due to the unexpected winding down of our renewable energy provider in New Hampshire. We have since switched to an alternative renewable energy provider, as at October 2023.
- Scope 3 emissions target: Air travel has historically been Impax's largest source of operational 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 in the process of developing a target to reduce Scope 3 business travel emissions.

18 These FY2023 operational carbon emissions figures have been externally assured by ERM Certification and Verification Services Limited ("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 565 tCO_2e.

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

20 Scope 3 business travel emissions: All air travel and UK/European rail travel distance data provided by our third-party corporate travel provider for FY2023 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). At present, travel-related emissions data is only available for air travel undertaken by employees based in our London, Hong Kong, Tokyo and Dublin offices (equivalent to 62% of firm-wide full-time equivalent employees). Emissions associated with UK and European rail travel have been captured but we have not currently been able to capture US-based rail travel with 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.

Independent Limited Assurance Report to Impax Asset Management

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by Impax Asset Management Limited ("Impax") to provide limited assurance in relation to the selected information as set out below and presented in Impax Asset Management Group plc's Annual Report 2023 (the "Report").

Engagement summary	
Scope of our assurance engagement	Whether the data for the following selected disclosures are fairly presented on page 84 of the Report, in all material respects, in accordance with the reporting criteria. • Total Scope 1 direct GHG emissions (tCO_2e) • Total Scope 2 indirect GHG emissions – location based (tCO_2e) • Total Scope 2 indirect GHG emissions – market based (tCO_2e) • Scope 3 GHG emissions for Category 6: Business Travel (tCO_2e) • Total global energy consumption (MWh) Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Reporting period	1 October 2022 – 30 September 2023.
Reporting criteria	• WBCSD/WRI GHG Protocol (2004, as updated January 2015) as relevant for the Scope 1, 2 and Scope 3 GHG emissions data. • Streamlined Energy Carbon Reporting (SECR) requirements for the Total global energy consumption data.
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	Impax is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Report. ERM CVS' responsibility is to provide conclusions to Impax on the agreed scope based on our engagement terms with Impax, the assurance activities performed and exercising our professional judgement.

Climate-related Disclosures continued

OUR CONCLUSION

Based on our activities, as described overleaf, nothing has come to our attention to indicate that the 2023 data for the disclosures listed under 'Scope' above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

EMPHASIS OF MATTER

Without affecting our conclusion, which is not modified, we draw attention to the explanatory Footnote 20 provided by Impax on page 84 of the Report relating to the completeness of and limitations around data collection processes for certain Scope 3 GHG emissions for Category 6: Business Travel.

OUR ASSURANCE ACTIVITIES

Considering the level of assurance and our assessment of the risk of material misstatement of the selected disclosures, a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Assessing the appropriateness of the reporting criteria for the selected disclosures.
- Interviews with management representatives responsible for managing the selected data.
- Interviews with relevant staff to understand and evaluate the relevant management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures.
- A review at corporate level of a sample of qualitative and quantitative evidence supporting the reported information.
- An analytical review of the year-end data submitted by Impax's offices included in the consolidated 2023 data for the selected disclosures which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary.
- Assessing conversion and emission factors and assumptions used.
- 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 information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. Our assurance activities did not include assessing or auditing any financial information relating to the value of Impax's investments or individual holdings. It is important to understand our assurance conclusions in this context. Our work was undertaken virtually at Impax's Head Office in the UK.

OUR INDEPENDENCE, INTEGRITY AND QUALITY CONTROL

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of Parts A & B of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Impax Asset Management Group plc in any respect.

Gareth Manning

Partner, Corporate Assurance
London, United Kingdom

27 November 2023

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

Risk Management and Control

Enterprise Risk Management

Impax recognises that understanding and managing risk is essential in driving the delivery of good outcomes for all stakeholders.

Impax has established a risk management framework which sets out the overall approach to the management of internal and external risks to which we are exposed now or may be exposed to in the future.

Impax subsidiaries operate in a highly regulated industry, with risk management and regulatory compliance a fundamental of day-to-day business activities.

During the Period, Impax, through the Board and the Audit & Risk Committee ("ARC"), has built on the existing risk management framework with the objective being to improve and enhance the framework.

Key improvements included the expansion of the Enterprise Risk Management ("ERM") team, with the addition of investment and enterprise risk specialists. This year also saw risk governance evolve, with the establishment of a management level Enterprise Risk Committee ("ERC"), chaired by the Chief Risk Officer ("CRO"), with responsibility for oversight of risk management across all subsidiaries and business functions, reporting directly to the ARC and Company's and subsidiaries' Boards on risk topics.

Impax's ERM 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 ERM team provide reports to the ERC and 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 is externally audited each year and documented in an 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.

HOW WE MANAGE RISK

Risk governance

Impax operates its business across 'three lines of defence', with first line business functions identifying, assessing and managing and reporting on risk in day-to-day operations. The second line comprises our ERM and Compliance teams, who are independent from the first line teams, and who monitor the activities of the first line, reviewing, monitoring, testing and challenging the controls established to manage risks, and providing assurance on risk management by the first line. Third line assurance is provided by Internal Audit (Impax has engaged an independent third-party firm to provide these services), who provide assurance on the risk management framework and internal control environment.

FIRST LINE:
Business units

- Involved in day-to-day risk management
- Follow a risk process
- Apply internal controls and risk responses

SECOND LINE:
Risk and compliance

- Oversee and challenge first line risk management
- Provide guidance and direction
- Maintain enterprise risk management framework

THIRD LINE:
Internal Audit

- Review first and second lines
- Provide an independent perspective and challenge the process
- Objective and offer assurance

Risk Appetite

Impax has identified principal risks (see page 90) and has documented its appetite for each in a Risk Appetite Statement. This is reviewed at least annually by ERC and ARC with recommendations presented to the Boards and regulated entities for review and approval. The Risk Appetite Statement confirms the acceptable levels of risk which have been agreed. Risk monitoring by the ERM team is designed to identify instances where risks are tracking outside of agreed appetites, escalating these instances and agreeing actions to bring risks back within agreed appetite.

Risk Management

Identified risks are assessed to determine the likelihood and impact of the risk, and to consider the financial, regulatory, reputational or other potential impacts and factors. Risks are typically managed with agreed internal controls, which are designed to reduce the likelihood of that risk occurring and the potential impact. Risks are monitored on an ongoing basis to ensure our controls are operating effectively and risks remain within acceptable levels.

Risk Management and Control continued

PRINCIPAL RISKS

The principal risks that the Company faces are noted below together with the respective mitigants:

Risk type	Definition	How we mitigate risk
Strategic Risk	Strategic risks relate to factors that could prevent Impax from fulfilling its strategic objectives.	The Company closely monitors the performance of its executed strategy and focuses additional resources where potential deviations from plans during execution are identified in order to remain on track or to establish new directions.
Regulatory Risk	This risk refers to the failure to comply with regulatory obligations.	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. Climate risk and sustainability and ESG regulations are monitored as part of the compliance and risk programmes at Impax.
Financial Risk	Financial risk refers to the risks which could result in the loss of money or failure of Impax to meet its financial and regulatory obligations.	The Company closely monitors its profitability, cash balances, impending liquidity requirements and the financial health of its counterparts within regulatory frameworks to prevent and react promptly to any associated issues.
Operational Risk	Operational risk is defined as the risk of direct or indirect losses, or of reputational damage, arising from inadequate or failed internal processes, people and systems or resulting from external events.	The Company's controls framework is designed to minimise losses from operational failure and to reduce the risk of: business disruptions; software and hardware failures; compromised IT security/data breaches including Cyber attacks. The Company considers and seeks to manage physical climate risk within its operational risk management framework. Impax maintains crisis management plans with defined responses to initiate business contingency plans and recovery procedures. For the UK Listed Equities Business, the company obtains annual ISAE 3402 assurance. The Company has insurance cover which is reviewed each year prior to policy renewal. The Company considers and seeks to manage physical climate risk within its operational risk management framework.

Risk type	Definition	How we mitigate risk
Market Risk	The Company charges management fees based on AUM and accordingly its revenue is exposed to market risk. The Company seeds investments in its own funds and is therefore directly exposed to the market performance of the funds.	The Company operates a number of different strategies which themselves are diversified by geography and industry. The Company's investment teams adhere to defined investment processes. Oversight of the impact of market risk on investment activity is ongoing and involves the investment teams, the ERM team and the Company's Investment Committees, Enterprise Risk Committee and the Audit and Risk Committee. Oversight of seeded investments involves the Company's Treasury Committee.
Investment/ Liquidity Risk	Investment risk refers to the possibility that inappropriate levels of exposure to investment risk (including climate and sustainability risk) is taken or accepted resulting in poor outcomes for investors. Liquidity Risk is the risk of a failure to ensure there is appropriate liquidity to meet redemption that could be reasonably expected.	We actively monitor investment and liquidity risk of individual stocks, portfolios and at a strategy level. Liquidity risk in the context of Impax funds has been managed consistently during the Period despite the ongoing market disruptions. The Company's approach to managing liquidity is outlined in the Financial Risk section.

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	2023 highlights
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.	Revenue for the Period increased by £3.0 million to £178.4 million. AUM up by 4.8% to £37.4 billion. Adjusted operating profits fell by 13.8% to £58.1 million. Adjusted operating margin was down to 32.6%. Adjusted diluted EPS fell to 35.2 pence. Total dividend for the Period flat compared to 2022. Engaged with shareholders on new remuneration approach. Work with brokers extended, including deeper engagement with institutional investors in continental Europe. We continue to engage with groups including Equity Development, Mello Events and Shares/AJ Bell to support our interaction with private investors.

STAKEHOLDER: **CLIENTS**

Our approach	2023 highlights
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. We have a data breach procedures in place and use external security operations to monitor our network.	We launched a new Sustainable Infrastructure (active) Listed Equities strategy. After the Period end, we plan shortly to add our US Environmental Leaders strategy to our Ireland-based UCITS range and launch a strategy targeting Social themes. We have built our fixed income offering, with significant hires and product development. We have continued to advance our impact reporting. This includes a new metric for healthy and nutritious food. We are also developing metrics related to social impact and biodiversity. We engaged a third-party organisation to carry out our first client survey, with 90% of clients reporting a positive view of Impax. After the Period end we launched the Impax Sustainability Centre, which brings together our Sustainability & Stewardship and Policy & Advocacy teams to focus the Company's resources in this area. We've expanded our distribution resources in Australia, the Nordics, Latin America, the US and Canada and opened a new office in Japan.

Engaging with our Stakeholders continued

STAKEHOLDER: COLLEAGUES

Our approach	2023 highlights
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, 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 at all levels of the Company. We are signatories of Women in Finance and Race at Work. We learn from and act on the feedback from our colleagues. 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 that is readily accessible 24 hours a day and provided by an external supplier.	90% employee engagement score and 97% aligning with Impax’s mission, culture and values. We maintain a low staff turnover (10%) relative to peers. We undertook a benchmarking exercise, refined and updated our E,D&I goals, including gender and ethnicity, for the total Company and at Senior level. As at year end, 47% of staff are female, close to our 2025 target of 48% - 52%. 25% are minority ethnic. 54% of promotions and 49% of new hires during the Period were women. 23% of promotions and 25% of new hires were minority ethnic. We ran our first global ‘Impax Values Awards’ to recognise and celebrate colleagues’ success and cement Impax’s culture. We implemented a new HR system to support recruitment, talent development and performance evaluation and to assist in the management of personal data. Introduced new development tool provided by LinkedIn Learning. We supported the City Hive Cross Company Mentorship Programme in association with #TalkAboutBlack.

STAKEHOLDER: DISTRIBUTION PARTNERS

Our approach	2023 highlights
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.	Significant contributions in Global Opportunities from St James’s Place, and via Formuepleje in Denmark and Desjardins in Canada. We signed a distribution agreement with BTG Pactual US Capital to target clients in Latin America. In the US, we increased the availability of the Impax mutual fund range on several of the largest wealth management platforms and are now able to offer the investment strategies underlying these funds both as collective investment trusts and separately managed accounts.

STAKEHOLDER: INVESTEE COMPANIES

Our approach	2023 highlights
We are long-term investors and develop strong relationships with many of our holding companies. We conduct deep, ongoing 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.	We took part in 160 engagement dialogues in 2022, with 43% positive outcomes. We have recently started combining company engagement and our policy advocacy activities, seeking to shape company practices through regulatory or policy change and focusing our activities on four pillars: climate, nature, people and governance. See page 50 for more information. We were a successful applicant to the UK Stewardship Code.

Engaging with our Stakeholders continued

STAKEHOLDER: EXTERNAL SERVICE PROVIDERS

Our approach	2023 highlights
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.	We implemented a number of new systems, working closely with service providers. This included: We moved our customer relationship management system to Salesforce in order to establish a scalable platform for client relations. We extended our data management capabilities and automated some processes within the middle office. We implemented a new HR system to support recruitment, talent development and performance evaluation and to assist in the management of personal data. New cybersecurity detection methods; increased staff education.

STAKEHOLDER: COMMUNITY AND THE ENVIRONMENT

Our approach	2023 highlights
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. Annette Wilson is the Board Sponsor of the Environment Group. We are members of the Net Zero Asset Managers Initiative. Impax partners with organisations aligned with our focus on the transition to a more sustainable economy, focusing on green skills and education. 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. Our aim is that by the end of 2025, we would donate 1% of after-tax profits to charitable causes.	As of 31 December 2022, 64% of Impax's AUM were invested in assets that we assess to be 'climate solutions'. We significantly expanded our community activity during the Period, donating £504,933 (2022: £287,382) to charitable causes. Developed new community partnerships with Country Trust and Groundwork UK, and launched the Pax Scholarship programme, in New Hampshire.

STAKEHOLDER: INDUSTRY-WIDE GROUPS

Our approach	2023 highlights
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 208.	During the Period we participated in a number of collaborative initiatives. We have also recently started combining company engagement and our policy advocacy activities, seeking to shape company practices through regulatory or policy change. See Impax Stewardship and Advocacy Report 2023 for full details. We recently launched the Impax Sustainability Centre to coordinate our activity in this area.

STAKEHOLDER: FINANCIAL INDUSTRY REGULATORS

Our approach	2023 highlights
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.	We provided comments to regulators on a range of regulatory proposals and rules including: The FCA's consultation paper on Sustainable Disclosure Requirements and investment labels and the FCA's discussion paper 'Finance for positive sustainable change: governance, incentives and competence in regulated firms'. The Taskforce for Nature-related Financial Disclosures proposed framework for nature-related disclosures. The European Supervisory Authorities' review of proposed regulatory technical standards on disclosures under the Sustainable Finance Disclosure Regulation. The Stock Exchange of Hong Kong's consultation on climate-related disclosures under its ESG Framework. The US Office of Management and Budget's proposed guidance on assessing changes in environmental and ecosystem services in benefit-cost analysis. The Accounting and Corporate Regulatory Authority/Singapore Exchange's consultation on recommendations to advance climate reporting in Singapore.

Ian R Simm
Chief Executive

28 November 2023

Overview
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Governance

“In a year of significant external challenges, Impax has demonstrated its resilience.”

Sally Bridgeland
Chair

Governance at a glance

Highlights

Read more in our **Chair's Introduction** on **page 101**

6
Board meetings held during the year
(2022: 8)

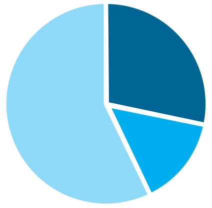
100%
Board meeting attendance for scheduled meetings
(2022: 96%)

90%
Employee engagement score for 2023
(2022: 89%)

Board of Directors

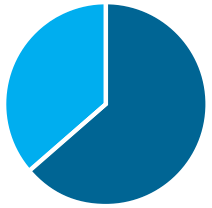
See our **Board of Directors** and biographies on **page 106**

Composition of the Board



- Executive Directors: 2
- Non-Independent Non-Executive Directors: 1
- Independent Non-Executive Directors: 4

Gender diversity



- Female Board Members: 4
- Male Board Members: 3

Non-Executive Directors' tenure

- 0–3 years: 2
- 3–6 years: 1
- 6–9 years: 2

Governance highlights

Corporate Governance

- Lindsey Brace Martinez and Sally Bridgeland to step down from the Board in July 2024.
- Simon O'Regan set to become Chair, subject to approvals and re-election.
- Julia Bond has joined as a Non-Executive Director effective 29 November 2023.

Read more on **page 110**

Audit & Risk

- The Group enhanced its approach to Enterprise Risk Management.
- Appointment of a dedicated Chief Risk Officer and hire of investment and enterprise risk specialists.
- Alison Allen appointed as KPMG external audit partner following partner rotation after five years.

Read more on **page 119**

Remuneration

- Rolled out two-part scorecard approach, with weighted objectives for all employees.
- Detailed review of and additional measures for Executive Directors.
- New 'target bonus' framework for mid-level and junior employees.

Read more on **page 123**

Chair's Introduction

"Impax has demonstrated its resilience."

Sally Bridgeland
Chair

MEETINGS

6

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

RESILIENCE AND STRENGTH IN A CHALLENGING YEAR

In a year of significant external challenges, Impax has demonstrated its resilience, reporting a headline 4.8% rise in the Company's assets under discretionary and advisory management to £37.4 billion, driven by investment performance and strong client retention.

Chair's Introduction continued

The Company reported an expansion in revenue of £3.0 million to £178.4 million, but continued its investments in additional resources, capabilities and systems within Distribution, Investments, and Corporate Services, leading to adjusted operating profit decreasing 13.8% to £58.1 million.

The Company achieved notable success during the Period in attracting and retaining clients, launching new products and expanding its distribution channels, including opening an office in Japan.

Importantly, the management team has focused its attentions on laying the groundwork to position the business for future success and further growth when market sentiment improves. This has included building new capabilities in fixed income, investing in systems and, through changes to remuneration policy, promoting a culture of accountability and high performance.

STRATEGY

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

In June, the Non-Executive Directors attended a strategy day with the senior management team. This included a discussion of the wider market environment and the Company's position within it; Impax's distribution strategy; the implications of artificial intelligence on the Company; planned new listed equities products; and opportunities within fixed income.

FOCUS ON PEOPLE AND CULTURE

The Board has been encouraged by the strategic approach that the management team has continued to take to engaging with employees. This is borne out by the overall employee engagement score of 90% this year, an increase since 2022, and Impax once again being rated as a 5-star employer by WorkBuzz, the survey organiser.

The Company has significantly moderated its headcount growth during the Period and focusing on talent development and ensuring that processes and systems are efficient and scalable. In addition to supporting the new approach to performance evaluation outlined below, the Company has enhanced its training and development programmes and supported employee engagement initiatives to further enhance the Company's culture.

As one example, in September 2023, I was pleased to join my Board colleagues in presenting at the first global Impax Values Awards. Recognising and celebrating colleagues' success, the Awards are designed to cement Impax's culture and bring colleagues together as the business continues to grow. With more than 125 nominations received, we heard some truly outstanding examples of how colleagues are representing Impax's core values on a day-to-day basis.

REMUNERATION AND INCLUSION

We have continued to strengthen our remuneration policies and disclosures and will once again put the Directors' Remuneration Report to advisory vote at the AGM. We have received valued feedback from shareholders during the Period and continue to engage with them on this topic.

This year we rolled out a two-part scorecard approach, with weighted objectives for all employees, taking into account business and functional performance as well as collaboration and cultural factors. This, together with the introduction of a target bonus framework, provides more clarity on the link between performance and pay outcomes.

Our approach to Executive Directors' remuneration has developed even further, introducing a cap on variable pay, deferral of bonuses and minimum shareholding requirements. For the next financial year we will also make more use of quantitative performance metrics to link remuneration with strategic objectives. For more information, please see the Remuneration Report on pages 123-135.

The Company made further progress with its Equity, Diversity & Inclusion ("E,D&I") strategy this year. We have recently launched new goals for gender and ethnicity, focusing on improving representation firm-wide and for senior employees in particular. These goals and our plans to report progress against them, back up our recent signing of the Women in Finance and Race at Work charters.

As a Board we believe that inclusion is vital to performance and the resilience of the business as it grows. We have developed expectations for how Board and Committee meetings are conducted which deliberately promote and support inclusion at the top of the organisation. Lindsey Brace Martinez acts as the Board sponsor and attends the meetings of the E,D&I group.

As a Board we have discussed the rise in the gender pay gap over the Period and will work with management to address its contributing factors.

Please see page 55 of the Strategic Report for more details on our E,D&I strategy.

RISK MANAGEMENT

During the Period, the Company, through the Board and the Audit & Risk Committee ("ARC"), has improved developed and enhanced its approach to Enterprise Risk Management.

Key improvements have included the expansion of the Enterprise Risk Management team, with the addition of investment and enterprise risk specialists. This year also saw risk governance evolve, with the establishment of a management-level Enterprise Risk Committee chaired by the Chief Risk Officer, with responsibility for oversight of risk management across all subsidiaries and business functions, reporting directly to the ARC and the Company and subsidiary boards.

Managing climate and broader sustainability risks is a strategic focus for Impax and a priority for the senior management and Board. The Company is working to further integrate climate-related risks, including physical climate risks, into the Enterprise Risk Framework.

Chair's Introduction continued

CREATING VALUE FOR ALL KEY STAKEHOLDERS

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.

Our approach to climate and the environment is coordinated by the Environment Group, which Annette Wilson attends on behalf of the Board. As a signatory of the Net Zero Asset Managers initiative ("NZAM"), we support the goal of net-zero emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

We were pleased to see the development of Impax's community strategy during the Period, including the introduction of additional strategic community partners in the UK and the US and an increase in our charitable giving of 76% to £504,933.

Please refer to pages 92-97 of the Strategic Report for more information on our approach to creating value for all of our key stakeholders, in line with Section 172 of the Companies Act 2006.

OUR COMMITMENT TO GOOD GOVERNANCE

The Directors recognise the importance of strong corporate governance and continue to apply the Quoted Companies Alliance Corporate Governance Code. See page 110 for more information.

In recognition of Impax's growing scale and complexity and to ensure that the Company is well placed for further growth, the Board has undertaken a review of the Company's governance model. This has included the composition and structure of the Group's subsidiary boards, committees and working groups, with final recommendations expected in 2024.

Consistent with a more inclusive and delegated model, in November 2023 we introduced a new two-part executive structure that will focus on the Company's strategic leadership and management: the Management Committee and the Senior Leadership Team. The Management Committee will be involved in recommending and implementing all major business decisions, with the Senior Leadership Team responsible for ensuring that all employees understand the Company's strategy.

BOARD MEMBERSHIP

We were pleased to welcome Karen Cockburn to the Board as an Executive Director in March 2023. Karen succeeded Charlie Ridge as Chief Financial Officer in January 2023 and has been a valuable contributor to the Board's work programme and deliberations.

Vince O'Brien retired as a Director in March 2023. I would like to repeat my personal thanks to Vince for his diligent work as the Chair of the Audit & Risk Committee and wise counsel to me in his role as our Senior Independent Director.

Following Vince's retirement, Simon O'Regan succeeded him as the Senior Independent Director and as the Board's Whistleblowing Champion. Annette Wilson has succeeded Vince as Chair of the Audit & Risk Committee and as Board Sponsor of the Environment Group.

At the end of July 2024, in line with UK corporate governance best practice, Lindsey Brace Martinez and I will step down from the Board on the ninth anniversary of joining. On behalf of the Board, I would like to thank Lindsey for her significant contribution to the Impax Board and chairing of the Remuneration Committee.

I am delighted to announce that Simon O'Regan has agreed, subject to his re-election as a Director at the Company's AGM in March 2024, to succeed me as independent Non-Executive Chair with effect from 31 July 2024, upon which Simon will also cease to be a member of the Audit & Risk Committee. Simon's appointment as Chair is subject to regulatory approval. Simon joined the Board in December 2020 and has the commitment and experience to make an excellent Chair.

Annette Wilson, who joined the Board in June 2022, will succeed Simon as Senior Independent Director and Whistleblowing Champion, with effect from 31 July 2024.

I'm very pleased to welcome Julia Bond as a Non-Executive Director of the Company, effective 29 November 2023. Julia will serve as a member of the Remuneration and Audit & Risk Committees and it is contemplated that Julia will become Chair of the Remuneration Committee when Lindsey leaves the Board. We are currently interviewing US-based candidates with a view to appointing a new US-based Non-Executive Director over the next few months and will provide an update in due course.

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 2023 of 22.9p, a total for the year of 27.6p, representing 78% of adjusted profit after tax and a flat total dividend relative to the 2022 payout.

Further details are provided In the Financial Review on pages 22-25 of the Strategic Report.

ENGAGEMENT AND OUR AGM

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

Our next AGM will take place on 12 March 2024. 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.

As this is my final annual report as Impax's Chair, I would like to thank the Board and the team for their support and hard work since I joined the Board in 2015. It has been a delight to see the growth in popularity of Impax's approach to investing in the transition to a more sustainable economy, and to witness the impact that we have been able to make as a result of the increase in our assets under management. I have enjoyed seeing the business position itself for sustainable growth and wish it every success in the future.

Sally Bridgeland
Chair
28 November 2023

Board of Directors

Sally Bridgeland
Chair

Joined the Board 2015
Appointed Chair 2020

Previous roles and 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, and a non-executive director of Local Pensions Partnership Ltd.

External appointments

Non-executive director, Pension Insurance Corporation plc, Royal & Sun Alliance Insurance Limited, and Royal London. Chair of BelleVie Care Limited. 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 investment and insurance 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 and Net Zero Council. 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 and was appointed as a member of the Cambridge University Endowment Trustee Body in February 2023.

Qualifications and experience

First class honours degree in physics from Cambridge University and a Masters 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' experience 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, Impax Funds Series Trust; and Director, Seven Islands Lands Company. She currently serves as the Co-Chair of the Center for Business and Environment at Yale.

Qualifications and experience

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, director of Queens Field SAS and President of Queensfield AI Technologies.

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

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

First class honours degree in Management and Actuarial Studies from University of Cape Town.

Fellow of the Institute of Actuaries (UK).

Committee membership and other roles

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

Annette Wilson
Non-Executive Director

Joined the Board 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

Strategic Adviser, Tech Nation. Chair and Trustee, ADHD Embrace. Chair of Europe and Global Adviser, Antler VC.

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)

Karen Cockburn
Chief Financial Officer

Joined the Board March 2023

Previous roles and experience

Karen is a qualified Chartered Accountant with over 25 years' financial and operational experience in financial services. Before joining Impax in 2022 Karen was transformation Chief Financial Officer at Virgin Money plc and prior to that she spent nine years at Aegon in various strategy, transformation and finance leadership roles, latterly as Chief Financial Officer of Cofunds. Having qualified with KPMG, she spent her early career with GE Capital, a global financial service provider, and Lloyds Banking Group.

External appointments

Founder and board member of, Legado Technologies, a digital start-up company.

Qualifications and experience

Fellow of the Irish Institute of Chartered Accountants and holds a BSc and MSc in Finance/Accounting from Queen's University, Belfast.

Committee membership and other roles

Responsible for overseeing the Company's Finance, Investor Relations, People and Legal functions, as well as Governance processes.

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 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, highlighting and providing an explanation in the event of any departures from the provisions of the Code. 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.

In recognition of the Group's growing scale and complexity and to ensure that the Company is well placed for further growth, during the Period the Board oversaw a review of the Company's governance structures, including the composition and structure of the Group's subsidiary boards, committees and working groups, with final recommendations expected in 2024.

Consistent with a more inclusive and delegated model, in November 2023 we introduced a new two-part executive structure that will focus on the Company's strategic leadership and management: the Management Committee and the Senior Leadership Team. The Management Committee will be involved in recommending and implementing all major business decisions, with the Senior Leadership Team responsible for ensuring that all employees understand the Company's strategy.

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, four Non-Executive Directors, the Chief Executive and the Chief Financial Officer. Details of the current Board members are given on pages 106-109 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 leads on succession planning and skills assessments for the Board and Executive Director roles.

The Chief Executive 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 for 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 also acts as the Board's Whistleblowing Champion. The Board considers that the Chair (Sally Bridgeland) and three of the Non-Executive Directors (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.

We were pleased to welcome Karen Cockburn to the Board as an Executive Director in March 2023. Karen succeeded Charlie Ridge as Chief Financial Officer in January 2023. Vince O'Brien retired as a Director in March 2023. Following Vince's retirement, Simon O'Regan succeeded him as the Senior Independent Director and as the Board's Whistleblowing Champion. Annette Wilson has succeeded Vince as Chair of the Audit & Risk Committee and as Board Sponsor of the Environment Group.

At the end of July 2024, in line with UK corporate governance best practice, Lindsey Brace Martinez and Sally Bridgeland will step down from the Board on the ninth anniversary of joining. Simon O'Regan, subject to his re-election as a Director at the Company's AGM in March 2024, will succeed Sally as independent Non-Executive Chair with effect from 31 July 2024, upon which Simon will also cease to be a member of the Audit & Risk Committee. Simon's appointment as Chair is subject to regulatory approval. Annette Wilson, who joined the Board in June 2022, will succeed Simon as Senior Independent Director and Whistleblowing Champion, with effect from 31 July 2024.

Effective 29 November 2023, Julia Bond joins as a Non-Executive Director of the Company, Julia will serve as a member of the Remuneration and Audit & Risk Committees and it is contemplated that she will become Chair of the Remuneration Committee when Lindsey departs. The Company is currently interviewing US-based candidates with a view to appointing a new US-based Non-Executive Director.

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 approximately 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 and the Chief Financial Officer work full time in the business and have no other significant outside business commitments.

As at the end of the Period, 57% of the Board members are female, including the Chairs of the Remuneration Committee and the Audit & Risk Committee. 100% of the Board is white; we are identifying opportunities to address this lack of ethnic diversity as part of our succession plans.

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. The Committee's report is provided on pages 119-122.

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 pages 123-135.

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 can 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	6	5	7
Ian Simm	6	1 as observer	7 as observer
Vince O'Brien[1]	3	1 as member, 1 as observer[1]	3 as member, 1 as observer[1]
Sally Bridgeland	6	3 as observer	7 as member
Lindsey Brace Martinez	6	5 as member	7 as member
Simon O'Regan	6	5 as member	7 as member
Arnaud de Servigny	6	5 as observer	7 as observer
Annette Wilson	6	5 as member	7 as member
Karen Cockburn[2]	3	5 as observer	6 as observer

1 Director until 16 March 2023.
2 Director from 16 March 2023. Joined Impax November 2022.

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, including gender and ethnicity, how the Board works as a unit and other factors relevant to its effectiveness. Where new Board appointments are considered, as has been the case during the Period, 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. Last year, the Company engaged Boardroom Review to carry out its first external 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. 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.

This year the Chair led a formal evaluation to assess the performance of the Board and the individual Directors. The Board also completed an evaluation of the Chair's performance which was led by the Senior Independent Director. For the process this year, the Chair updated the evaluation questionnaire to include an initial self-assessment of how the Board benchmarks itself against specific statements representing the agreed corporate expectations. The steps in the process were similar to the prior year. Directors completed online questionnaires which were followed up with discussions with the Chair.

In general, the Board felt that it was performing well against the new corporate expectations. The topics focused on included the challenges of hybrid meetings, the need to bring in external expertise to better understand the competitive landscape, and the importance of developing a clear understanding of the Company's evolving governance structure to keep Board agendas and papers focused.

Board development

Following the external evaluation the Board developed a plan of action to respond to the recommendations, including:

A review of the division of responsibilities between the Group and subsidiary boards and the delegations to executives and their committees. This work has made good progress. An informal evaluation of the new governance model's performance will be carried out early in 2024.

Aligning performance objectives for the Board to the scale of business envisaged in the Company's business plan. The Board has set itself specific objectives for 2024 which include embedding an inclusive, collegial and effective culture in the way that it operates.

Board development and training. The Board participated in development and training initiatives in areas including artificial intelligence, regulatory compliance and cyber security.

Talent development and succession planning (including the forums within which they are discussed). Board succession plans were progressed during the year to address the ninth-year anniversary in July 2024 of the tenure of Sally Bridgeland and Lindsey Brace Martinez.

The evolution of how the Board oversees risk management. Key actions included appointing a dedicated Chief Risk Officer, setting up an Enterprise Risk Committee and increasing the size of the risk management team.

The Board's mix of formal and informal time, including private sessions and discussions with both internal and external stakeholders. In addition to the annual strategy day, private sessions and board dinners with senior management were held. The schedule for 2024 includes meetings at Impax's North America offices.

Corporate Governance Report continued

The Board's annual strategy discussions included a discussion of the wider market environment and the Company's position within it; Impax's Distribution strategy; the implications of artificial intelligence on the Company; planned products within Listed Equities; and opportunities within Fixed Income. 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 Officer, Chief Compliance Officers and the Chief Financial Officer (who has responsibility for HR matters) support the Chair in addressing the training and development needs of Directors.

In order to develop a greater 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, including 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 and uses a risk management framework which is overseen by the Enterprise Risk Management team, Enterprise Risk Committee and Audit and Risk Committee. Details of the key risks facing the Group and internal controls acting to control or mitigate the risks and further details on the risk framework are set out on pages 88-91 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 attends 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 Company has engaged with institutional shareholders and advisers to discuss further improvements to the disclosures in its Remuneration Committee Report and has consequently included increased disclosure of the Company's variable remuneration structure and outcomes in the Report (see pages 123-135).

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 made good progress in developing its E,D&I strategy and has updated its goals in this area. See pages 55-60 for more information.

In addition to supporting a new approach to performance evaluation the HR team has enhanced its training and development programmes and supported employee engagement initiatives to further enhance the Company's culture.

The Company has a strong collegial culture which continues to evolve. This centres on Impax's five values, which are closely aligned with our mission of investing in the transition to a more sustainable economy. See page 7 for more information.

In September the Company launched its first global Impax Values Awards. Recognising and celebrating colleagues' success, the Awards are designed to cement Impax's culture and bring colleagues together as the business continues to grow.

Directors' Report

DIVIDENDS

The Directors propose a final dividend of 22.9 pence per share (2022: 22.9 pence) which together with the interim dividend of 4.7 pence per share (2022: 4.7 pence) gives a total for the year ended 30 September 2023 of 27.6 pence per share (2022: 27.6 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 2024.

The final dividend for the year ended 30 September 2022 was paid on 21 March 2023, being 22.9 pence per share. The trustees of the Impax Employee Benefit Trusts' ("EBTs") waived their rights to part of these dividends, leading to a total dividend payment of £30,216,474. The interim dividend of 4.7 pence for the year ended 30 September 2023 was paid on 21 July 2023 and totalled £6,159,842 after the EBT waiver. These payments are reflected in the Statements of Changes in Equity for the Group and Company.

SHARES

During the year the Group's EBTs purchased 2,074,000 ordinary shares. The EBTs hold 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 2023 and 30 September 2022 were:

	30 September 2023	30 September 2022
Ian Simm[1]	**9,565,653**	9,578,409
Sally Bridgeland	**12,000**	12,000
Simon O'Regan	**12,000**	12,000
Lindsey Brace Martinez[2]	**12,000**	12,000
Annette Wilson	**12,000**	–
Arnaud de Servigny	**–**	–
Karen Cockburn[3]	**28,000**	–
Vince O'Brien[4]	**N/A**	116,000

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 16 March 2023.
4 Retired on 16 March 2023.

There have been no changes to the above holdings since 30 September 2023.

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 10,000 Restricted Share Awards awarded in February 2019 which vest in February 2024, a further 20,000 awarded in February 2021 which vest in three equal tranches between February 2024 and January 2026, a further 17,500 awarded in January 2022 which vest in three equal tranches between January 2025 and January 2027 and finally a further 12,250 awarded in February 2023 which vest in three equal tranches between February 2026 and January 2028.

Karen Cockburn has 20,000 options under the 2022 LTOP scheme awarded in March 2023 which vest in January 2028 and a further 28,000 Restricted Share Awards under the RSS 2022 scheme awarded in February 2023 which vest in three equal tranches between February 2026 and January 2028.

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 28 November 2023:

	Number	Percentage
BNP Paribas Asset Management Holding	18,258,112	13.8
Funds managed by Liontrust Investment Partners LLP	13,312,010	10.0
Ian R Simm[1]	9,565,653	7.2
Funds managed by Janus Henderson Investors	6,376,352	4.8
Grandeur Peak Global Advisors	6,293,880	4.7
Hargreaves Lansdown Asset Management	5,493,074	4.1
Funds managed by abrdn plc	5,189,935	3.9
Impax Asset Management Group plc Employee Benefit Trust 2012	5,044,276	3.8
Rathbone Investment Managers	5,019,190	3.8
Funds managed by Blackrock Investment Management	5,005,213	3.8
Bruce Jenkyn-Jones[1]	4,401,854	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.

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 88-90 of the Strategic Report.

PEOPLE

Through our robust people management policies, we aim to attract and develop the best people. Our performance management processes comprise a twice-yearly performance appraisal against agreed objectives and our core values. Output from this performance process is used to inform decisions on remuneration, career development and progression.

As part of creating a high-performance organisation, we encourage all of our employees to fulfil their potential. We provide our employees with access to a range of training and development opportunities that are relevant to our business. Further details of our people policies and employee engagement are provided on pages 52-54 of the Group's 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 2023 were 32 (2022: 29).

CHARITABLE DONATIONS

During the year the Group has made donations to charities totalling £504,933 (2022: £287,382).

ENERGY CONSUMPTION

Details of the Group's energy consumption and measures taken to achieve energy efficiencies are provided on page 84 of the Strategic Report.

Directors' Report continued

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.

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 judgements 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

28 November 2023

Registered Office:
7th Floor
30 Panton St
London SW1Y 4AJ

Audit & Risk Committee Report

"The Committee welcomed the enhancement to the risk management processes implemented by the Group in the last year."

Annette Wilson
Chair of the Audit & Risk Committee

COMMITTEE MEMBERS

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

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

Sally Bridgeland (Chair of Board) and Arnaud de Servigny (Board Member) also attend the meetings.

MEETINGS

5

During the year the Committee met five times. Details of attendance at the meetings are shown on page 112.

Audit & Risk Committee Report continued

CHAIR'S STATEMENT

I am pleased to present the Audit & Risk Committee ("Committee") Report for the year ended 30 September 2023, summarising the work undertaken by the Committee. This is my first report as Chair of the Committee, following my appointment in November 2022.

Financial reporting

The Committee has reviewed the Group's Interim Report and the Annual Report 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 also oversaw the integrity of the financial statements and the application of accounting standards and policies.

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 to discuss their findings.

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 2023.

External auditor

KPMG LLP has acted as the auditor of the Group since 2010 when it was appointed following a competitive tender. Alison Allen is the current audit partner and this is the first year that she has signed the audit report, following the rotation of the previous audit partner after five years. The Committee reviewed and approved the scope of the audit and auditor's remuneration for the current year audit ended 30 September 2023.

Details of fees paid to the Company's auditor are shown in note 7 to the financial statements. Total fees paid for non-audit services, which were all assurance-related, were £32,000 and 11% of total fees. The Board concluded, with the support of the Committee, that 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.

The Committee received and considered the KPMG report on their findings of the audit for the year ended 30 September 2023. A discussion on findings was held with the external auditor, including the work performed over key audit matters of revenue recognition and recoverability of the Parent Company's investments in subsidiaries and non-current company debtors. The report from KPMG also 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 88-91.

The Committee welcomed the enhancement to the risk management processes implemented by the Group in the last year, which take account of the growth of the business. This included appointing a dedicated Chief Risk Officer, setting up an Enterprise Risk Committee and increasing the size of the risk management team by two additional full-time employees.

The Committee has received and considered reports from the Enterprise Risk Committee and the Chief Risk Officer at each of its meetings and reviewed all material risk events and associated reviews of the control environment.

The Committee also oversaw and reviewed the Risk Appetite Statement and Key Risk Register as well as the capital adequacy assessments carried out for regulated subsidiaries. Most notably the review included the Internal Capital and Risk Assessment (ICARA) required under the FCA Investment Firms Prudential Regime (IFPR).

Internal audit

The Group appointed Grant Thornton to provide Internal Audit functions, including audit universe creation, risk assessment and prioritisation, fieldwork execution and reporting. Internal audits were performed for both business functions and cross-functional topics against a four-year plan, which is reviewed annually by the Committee to ensure topics remain aligned with key risk areas. Grant Thornton attended Committee meetings and independently presented their audit reports and recommendations to the Committee.

Whistleblowing and fraud detection

The Group has a Whistleblowing Policy and Procedure which provides an avenue for staff to speak up about concerns they may have over wrongdoing including if they suspect modern slavery activities. This policy encourages Impax staff to report any perceived, suspected or actual wrongdoing without fear of reprisal. 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. A Whilstleblowing Champion, who is a Board Member and independent from the Management, oversees the arrangements in place.

Annette Wilson

Chair of the Audit & Risk Committee

Audit & Risk Committee Report continued

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, including climate-related financial disclosures
- the implementation of new accounting standards and policies and monitoring internal financial controls.

External Auditors

- considering appointment, re-appointment and removal of the external auditors
- overseeing the relationship with the external auditors including approval of their remuneration (audit or non-audit services), approval of their engagement letter and the scope of the audit
- reviewing and monitoring the external auditors' independence and objectivity
- reviewing the findings of the audit with the external auditor and where necessary discussing of any major issues which arose during the audit
- reviewing the effectiveness of the audit process.

Risk Management

- reviewing the design and effectiveness of the Group's risk management processes and risk reports
- overseeing risk management carried out by the Enterprise Risk Committee and Chief Risk Officer
- monitoring of the internal financial control procedures
- overseeing Internal Capital and Risk Assessment ("ICARA") and Internal Capital Adequacy Assessment Process ("ICAAP") processes
- reviewing the Group Risk Appetite Statement and Key Risk Register.

Internal Audit

- approving the appointment or termination of internal auditors
- reviewing and approving 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 and Fraud Detection

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

Remuneration Committee Report

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

Lindsey Brace Martinez
Chair of the Remuneration Committee

MEETINGS

7

During the year the Committee met seven times. Details of attendance at the meetings are shown on page 112.

COMMITTEE MEMBERS

The Remuneration Committee is comprised of four independent Non-Executive Directors. During the year, the Committee held seven meetings and reviewed remuneration activities as set out in the report.

- **Lindsey Brace Martinez (Chair of the Remuneration Committee)**
- Sally Bridgeland
- Simon O'Regan
- Annette Wilson

Remuneration Committee Report continued

CHAIR'S STATEMENT

As Chair of the Remuneration Committee ("Committee"), and on behalf of the Board, I am pleased to present the Directors' Remuneration report for the year ended 30 September 2023. This report sets out the remuneration paid to the Directors in financial year 2023, as well as a new approach to Directors' Remuneration Policy ("Policy") which will apply from financial year 2024 (i.e., financial year 1 October 2023 to 30 September 2024).

Since the publication of the Company's previous annual report, Committee members have continued to engage with shareholders. We appreciate the feedback provided and have further evolved our strategic approach to remuneration by aligning it with the creation of long-term value for all of our stakeholders.

The Company's policy is to pay salaries and benefits that are broadly in line with market median levels and, under normal circumstances, to award a total variable performance-related remuneration amount ("the Bonus Pool") of up to 45% of adjusted operating profit. The Bonus Pool covers the total cost of variable performance-related remuneration for the year, including (a) the cost related to employer's national insurance payments due on cash bonuses and equity awards; and (b) the current year's expense of current and previous years' share awards.

The Committee reviews and, guided by market benchmarks, approves salary changes and variable pay based on a structured assessment of individual and Company performance. The Committee pays particular attention to gender pay equity across the Company. In addition, as part of its diversity and inclusion policy, the Company is developing remuneration measures and reporting plans regarding ethnicity.

Our share-based variable remuneration comprises a Restricted Share Scheme ("RSS") and a Long-Term Option Plan ("LTOP") that are used to reward performance, motivate, retain, and align employees' interests for the long term in order to support the delivery of the Company's long-term business plan and sustain a healthy culture. RSS shares vest over a three-to-five-year period from the date of grant. LTOP options are awarded to certain members of senior management. These options have a vesting period of five years plus an additional mandatory holding period of five years post-vesting to encourage longer-term retention. We will continue to review whether additional performance-based measures should be implemented to ensure RSS and LTOP supports the business strategy.

Since last year's remuneration report we have introduced performance scorecards for financial year 2023 with weighted objectives, clear performance indicators and a four-part performance rating scale for all employees as well as a 'target bonus' framework for mid-level and junior employees.

Financial year 2023 company performance

As set out in the Chair and Chief Executive statements, the Company's performance during the financial year 2023 was robust. Despite challenging market circumstances both AUM and revenue expanded. Operating costs increased, in line with plans, as we invested in our distribution and investment capabilities, technology and operations to ensure that the business is well placed for long term growth, and as a result adjusted operating profit decreased in the Period to £58.1 million. A focus on growth has delivered on a number of key strategic initiatives with expanded global distribution, launch of several new products, building of Fixed Income capability whilst continuing to attract new and retain existing mandates. Reflecting the underlying financial strength of the business the dividend was maintained at 27.6p.

Financial year 2023 firm-wide remuneration outcomes

Based on the Committee's assessment of the overall Company performance and individual performance scorecards for financial year 2023, the Committee agreed to award a total Bonus Pool of 40.5% of adjusted operating profit before variable remuneration. This percentage is similar to the prior year, but in absolute terms, the total Bonus Pool amount is lower, which reflects a lower adjusted operating profit compared to last year.

Chief Executive Officer's performance

Ian Simm's objectives for financial year 2023 were grouped into two categories, business and functional and collaboration and culture. The set of objectives covered five areas, each with its own weight: (i) Business development in new products, clients, and markets; (ii) Financial performance and profitability; (iii) Servicing clients; (iv) Investor relations; and (v) Building a resilient and inclusive culture.

The Committee reviewed the Chair's appraisal of the Chief Executive's performance for the financial year, which utilised the same four-part performance rating scale used for all employees. The Committee also discussed with the Chief Executive his appraisal of the performance of his direct reports and the overall performance of the Company's material risk takers.

Taking account of the Company's performance during the financial year, including both the delivery of financial results and the progress towards longer-term strategic objectives, the Committee agreed to award the Chief Executive a bonus award of £1,200,000 (2022: £1,800,000). This is the first year in which 20% of the bonus will be deferred into units of Impax-managed funds that will vest over three years and be subject to malus and clawback. The bonus deferral is expected to increase to 30% for financial year 2024, and 40% for financial year 2025, and the same 40% deferral for each year thereafter.

Chief Financial Officer's performance

Karen Cockburn's objectives for financial year 2023 were also grouped into two categories (business and functional and collaboration and culture) covering: (i) Financial results and profitability; (ii) Cost, cash flow, and capital management; (iii) Supporting a growing business and developing new capabilities; (iv) Governance framework; and (v) Building a culture of continuous improvements, as well as a diverse and inclusive culture.

The Committee reviewed the Chief Executive's appraisal of the Chief Financial Officer's performance for the financial year and agreed to award the Chief Financial Officer a bonus of £218,082 plus RSS estimated value of £287,868. These amounts are pro-rated for the Period from 16 March to 30 September 2023 when the Chief Financial Officer was appointed as a Director of the Company. These RSS will vest over three to five years and be subject to malus and clawback. The Committee has also confirmed that this sizeable grant of RSS shares is designed to provide long-term alignment between the Chief Financial Officer and shareholders' interests and this level of grant is not likely to be repeated in future years. This large allocation of RSS takes the Chief Financial Officer's shareholding to above the minimum shareholding requirement. Further details on the Chief Executive and Chief Financial Officer performance appraisal and remuneration are set out below.

Looking forward to Financial Year 2024

As outlined in last year's annual report, we have continued to develop our remuneration policies and disclosures in line with and beyond what is required and expected as an AIM listed company. In particular we have undertaken a detailed review of the remuneration of Executive Directors taking into account market conditions and consultation with a number of external parties, including some shareholders.

Following this review, a new Policy has been implemented for financial year 2024 to include caps on variable pay, the use of a balanced scorecard comprising qualitative and quantitative financial measures to determine bonuses, the deferral of variable pay, and requirements for minimum levels of shareholding. Relevant metrics have been used to set threshold and exceptional performance levels to link the quantitative objectives to the calculation of the bonus and the cap on variable pay.

The budget for financial year 2024 includes a provision for an increase in the salary budget of up to 5%. Individual salary increases will take into account market circumstances relevant to the employee's role, performance and office location, including the effects of inflation.

As part of our governance review and to comply with remuneration requirements of the Investment Firm Prudential Regime ("IFPR"), Alternative Investment Fund Managers ("AIFM"), and Undertakings for Collective Investment in Transferable Securities ("UCITS") regulations, we conducted an annual

Remuneration Committee Report continued

assessment of remuneration for Material Risk Takers and Code Staff and considered changes to take effect at the start of or during our financial year 2024. In accordance with IFPR, we have reconfirmed a maximum variable to fixed ratio for all employees, including Executive Directors and that all remuneration awards are subject to malus and clawback provisions.

Ian Simm's annual salary has been £300,000 since 1 January 2022. Although this is lower than the median salary for Chief Executives of comparable listed companies, the Committee has determined that Ian's opportunity to earn significant variable pay provides a strong alignment with shareholders. There will therefore be no change to his base salary during the remainder of financial year 2024.

Karen Cockburn's annual salary of £250,000 was effective 1 October 2022 and was based on market benchmarking to align with other Chief Financial Officers working for comparable companies. There will be no change to her base salary during the remainder of financial year 2024.

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 financial year 2023 remuneration outcome for the Chief Executive and Chief Financial Officer, including the Committee's assessment of the Chief Executive's and Chief Financial Officer's performance.
2. Details of the Executives' and Non-Executive Directors' remuneration for financial year 2023.
3. A new Directors' Remuneration Policy for implementation in financial year 2024.

Together with my colleagues on the Remuneration Committee, I would welcome your support in approving the Remuneration Committee Report at the forthcoming AGM.

As this is my last Committee Report, I would like to thank Sally for her leadership, fellow Board members for their service, Ian for his vision, the Impax team for their dedication and our shareholders for their partnership. I look forward to working with Julia in the coming months as we transition leadership of the Remuneration Committee to her in the summer.

Lindsey Brace Martinez

Chair, Remuneration Committee

28 November 2023

REMUNERATION COMMITTEE'S ACTIVITIES DURING THE YEAR

- Objectives setting and approval of performance scorecards for all material risk takers for financial year 2023.
- Approval of the implementation of a performance scorecard, performance ratings and target bonus range framework for certain staff for financial year 2023.
- Review the overall remuneration policy to ensure compliance with the relevant FCA Remuneration Codes and associated remuneration-related regulations.
- Ensuring that the Company's remuneration policy supports the long-term interests of shareholders and promotes effective risk management, and that the policy is subject to independent oversight.
- Approval of all remuneration and share-based awards for financial year 2023.
- Review and recommendation of updates to the Terms of Reference of the Remuneration Committee.
- Review of the overall governance framework for remuneration, including the work of committees.
- Approval of a new HR system which included a system module that supports and guides the remuneration process.
- Review and approval of enhancements to the firm's benefits for staff worldwide.
- Review and recommendation of a new structure for Executive Directors' Remuneration for implementation in financial year 2024.

OVERVIEW OF IMPAX'S REMUNERATION ELEMENTS

Element	Remuneration overview
Base salary	Base salary is set at an appropriate level to attract and retain a suitable calibre of talent for the role. Base salary takes into account the employee's role, responsibilities, skills, experience, performance contribution, and the salary levels for similar positions in comparable companies.
Pension and Benefits	Pension and benefits are market competitive to aid recruitment, retention, and employee wellbeing. The Company pays a defined pension contribution for employees. The individual pension schemes are private, and their assets are held separately from those of the Company. Benefits include income protection, critical illness insurance, life assurance, private medical and dental insurance, and employee psychological support.
Annual bonus	Annual bonus is to reward individuals' performance during the year as well as their contribution to the delivery of the Company's business plan and support for its culture and values. Bonus awards are discretionary and take into account the Company's profitability. The level of annual bonus is informed by the Company's performance rating scale which, ranked from highest to lowest, is (a) making an exceptional contribution, (b) delivering to a high bar, (c) making progress, and (d) not delivering.
Share-based awards	Impax operates two long-term equity incentive plans for Executive Directors and employees – the Restricted Share Scheme ("RSS") and the Long-Term Option Plan ("LTOP"). The RSS provides alignment to the long-term success of Impax and a retention mechanism for key talent. Shares awarded to employees are initially held by a nominee and awards vest in equal tranches (one-third) over years 3, 4 and 5, subject to continuous employment, malus and clawback. At the point of vesting, employees will gain unfettered access to the shares. The LTOP is a longer-term retention tool for senior management by allowing individuals to share in the value-created over the long term. Options awarded under the LTOP have a pre-defined exercise price. Options vest after five years subject to continuous employment, malus and clawback and are subject to a further holding period of five years post-vesting.

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

Remuneration Committee Report continued

DIRECTORS' REMUNERATION OUTCOME FOR THE FINANCIAL YEAR 2023

Executive Directors' Performance Scorecard Assessment

As stated in the Company's previous annual report, the Board agreed a performance scorecard with weighted objectives for the Chief Executive Officer for the financial year 2023. These are shown below with the Committee's assessment on year-end performance results.

In calculating the actual bonus outcome, a score out of ten was assigned for each scorecard objective and from the four-part performance scale, the Committee's overall assessment for the Chief Executive's financial year 2023 performance is **"Delivering to a High Bar."**

CHIEF EXECUTIVE OFFICER'S PERFORMANCE SCORECARD ASSESSMENT

Scorecard objective	Committee's assessment	Maximum Outcome	Actual Outcome
Business and Functional Performance			
Development of the business to realise the Company's potential	• AUM growth of 4.8% with net outflows of ca. £0.9bn (2% of AUM), which was well below prior year, but ahead of most peers. • Material progress in business development. • Further international expansion with new Japan office and distribution resources in the Nordics, Latin America and Canada. • Further development of the firm's management structure including global teams.	20%	16%
Robust financial performance in challenging markets	• Adjusted Operating Profit of £58.1m, below prior year (2022: £67.4m). • Successful ramping up of cost efficiencies programme while maintaining and expanding activity to position the firm for further growth over the medium term. • Avoided CO_2 emissions associated with the firm's balance sheet investments in (internally managed) renewable energy funds, continues to more than offset CO_2 emissions arising from operations.	20%	10%
Servicing existing clients	• Investment performance mixed for actively managed strategies ahead of benchmark over one year (3/14 ahead) and three years (3/13 ahead) but remains strong over five years (9/12 ahead). • Encouraging client survey, with 90% of clients reporting a positive view of Impax. • Sustainability Centre established to focus the firm's extensive resources in this area.	20%	12%
Improving communications with investors	• Chief Financial Officer handover completed with positive comments from shareholders. • Work with brokers extended, including deeper engagement with investors in continental Europe. • Share price reflects a multiple near the top of the peer group, notwithstanding significant market derating.	10%	8%
Collaboration and Culture			
Building a resilient, inclusive culture as the Company grows	• Successful staff survey with 90% engagement score and 97% aligning with Impax's mission, culture and values. • At year end, 47% of staff were female, close to our 2025 target of 48% - 52%; new 2027 targets agreed by the Board. • Low staff turnover (10%) relative to peers; Impax continues to be attractive to potential new recruits.	30%	21%
Total		**100%**	**67%**

Chief Executive Officer's Remuneration Outcomes

Based on the above performance assessment, the Committee awarded the following remuneration for Ian Simm, as set out in the table below. For financial year 2023, the Chief Executive's performance was strong with effective overall leadership, new mandates, business growth and diversification across geographical markets and products. However, lower Company financial performance compared to the prior year has resulted in a lower overall Bonus Pool and a lower variable remuneration award for the Chief Executive.

Executive Directors did not have a variable pay cap for financial year 2023. The Chief Executive's annual bonus for financial year 2023 was determined by taking account of his actual scorecard outcome of 67% and of the lower overall bonus pool available at year-end. Financial year 2024 is the first year a maximum variable pay cap is set for Executive Directors.

Chief Executive	Salary/Fee (£)	Benefits[1] (£)	Annual Bonus[2] (£)	RSS (£)	LTOP (£)	FY23 total (£)	FY22 total[3] (£)
Ian Simm	300,000	31,002	1,200,000	–	–	1,531,002	2,194,627

1 Taxable benefits represent life, income protection, critical illness insurance and medical cover.
2 20% of the annual bonus is subject to deferral into fund units.
3 Ian Simm's total remuneration granted for the 2022 financial year consisted of 12,250 restricted shares (valued at £91,875), bonus of £1,800,000, salary of £293,750, and benefits of £9,002.

Ian Simm did not exercise any options during the Period (2022: zero options exercised), 30,000 restricted shares held by Ian Simm vested during the Period which were valued at £223,900 (2022: £376,385). Ian Simm was granted 12,250 restricted shares under the Group Restricted Share Scheme ("RSS") in February 2023, which vest in three annual tranches between February 2026 to January 2028. At the end of the period, Ian Simm held no options (2022: nil) and 59,750 restricted shares (2022: 77,500).

Ian Simm did not receive any additional interest in the Partnerships during the Period (2022: 4% additional interest). £8,188 of distributions were made from the Partnerships during the Period (2022: nil).

Remuneration Committee Report continued

CHIEF FINANCIAL OFFICER'S PERFORMANCE SCORECARD ASSESSMENT

A performance scorecard with weighted objectives was also set for the Chief Financial Officer, which included business and functional performance, as well as collaboration and culture objectives. With the Remuneration Committee's approval, the Chief Executive's overall assessment for Karen Cockburn's performance for financial year 2023 is **"Delivering to a High Bar"** and determined that Karen's contribution could be summarised as:

- Successful delivery of costs within budget, and improving the budgeting process for financial year 2024;
- Enhanced finance team by adding new hires to cover financial planning and tax capabilities;
- Development and implementation of enhancements to Impax's governance framework; and
- In addition to the management of the Finance Team, expanded remit to cover oversight of Human Resources and Operations functions.

Chief Financial Officer's Remuneration Outcomes

Based on the above performance assessment, the Chief Executive has awarded the following remuneration for Karen Cockburn with approval from the Committee. The variable remuneration award reflects the Chief Financial Officer's strong contribution to a number of key strategic initiatives, notably the successful management of costs below budget, the preparation of enhancements to Impax's governance framework, and the expansion of management responsibility to include Human Resources and Operations as well as the Finance function. However, lower Company financial performance compared to the prior year has resulted in a lower overall Bonus Pool and this has been taken into account in the Chief Financial Officer's variable remuneration award.

Chief Financial Officer	Salary/Fee (£)	Benefits[1] (£)	Annual Bonus[2] (£)	RSS[3] (£)	LTOP (£)	FY23 total[4] (£)
Karen Cockburn	136,301	13,807	218,082	287,868	–	656,058

1 Taxable benefits represent life, income protection, critical illness insurance, medical and dental cover.
2 For financial year 2024, the annual bonus will be subject to 30% deferral as set out in the new Directors' Remuneration Policy section of the Report.
3 Estimated grant date valuation of 120,000 units of restricted shares awarded.
4 Karen Cockburn was appointed as Executive Director effective from 16 March 2023. Karen's remuneration in the table above relates to the Period from 16 March to 30 September 2023.

Executive Directors' Shareholding

Executive Directors	Shares held at 30 September 2023 (no restrictions)	Unvested shares held at 30 September 2023 (Subject to continued employment)	Total shares held at 30 September 2023	Vested but unexercised options at 30 September 2023	Unvested options at 30 September 2023	Total options held at 30 September 2023	Total value of shares at 30 September 2023 £000	Multiple of salary (vested and unvested) at 30 September 2023[2]
Ian Simm	9,505,903	59,750	9,565,653	–	–	–	43,859	146.2x
Karen Cockburn[1]	–	148,000	148,000	–	20,000	20,000	679	2.7x

1 Figures for Karen Cockburn include RSS grant of 28,000 units for the financial year 2022, which vest in three annual tranches between February 2026 to January 2028. RSS award of 120,000 units pending formal grant for financial year 2023 are expected to vest in three annual tranches between 2027 to 2029.
2 Shareholding as a multiple of the annual salary is valued using IPX share price of £4.585 as at 30 September 2023.

A minimum shareholding requirement for the Chief Executive and Chief Financial Officer will be in operation in financial year 2024. The new Executive Directors' remuneration policy requires the Chief Executive to hold shares in the Company with a value equivalent to at least 300% of base salary, and the Chief Financial Officer to hold shares with a value equivalent to at least 200% of base salary. Executive Directors are expected to build up and maintain their required shareholding within five years from appointment.

Non-Executive Directors' fees for financial year 2023

Non-executive Director fees paid for the year ending 30 September 2023 are shown below.

	FEES (£)
Sally Bridgeland	125,000
Lindsey Brace Martinez[1]	91,287
Simon O'Regan	70,000
Annette Wilson	79,750
Arnaud de Servigny	70,000
Vince O'Brien[2]	38,414

1 Lindsey Brace Martinez is also a Director of the Board of Impax Funds, the US mutual fund range for which Impax acts as manager. The Company paid her £75,484 for this service (2022: £65,052).
2 Vince O'Brien resigned from the Board on 16 March 2023.

Payment to past Directors

No payments were made to past Directors during financial year 2023.

Payment for loss of office

There have been no payments made to Directors for loss of office during financial year 2023.

DIRECTORS' INTERESTS IN SHARES

The Directors' beneficial interests in the Company's ordinary share capital are disclosed on page 116.

SERVICE CONTRACTS

The CEO is employed under a contract requiring one year's notice from either party. The CFO is employed under a contract requiring six months' 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.

Remuneration Committee Report continued

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 and designing the Executive Directors' Remuneration Policy. The Company took advice from McLagan in relation to external market benchmarking, and BDO LLP in relation to the share plans.

NEXT FINANCIAL YEAR 2024

Looking forward to FY2024, the Board recognises that given the current challenging market conditions, the firm's future growth will depend on the executive team's ability to navigate uncertainty effectively, while maintaining a strong focus on regulatory requirements and upholding a robust risk and compliance culture. Strong teamwork and efficient working will be vital in sustaining ongoing Company success.

The Chief Executive will be leading Impax through another year of uncertain market conditions, whilst ensuring the Company makes the most of the opportunities to attract new clients, deliver investment performance, increase its fund range and net new business, as well as maintain a high level of service to our customers. Over the year ahead, the Board and the Chief Executive will consider how the Company's strategy should be adjusted under different market scenarios.

A high-level summary for both the Chief Executive's and Chief Financial Officer's performance scorecard for the next financial year (financial year 2024) is shown opposite. As the year progresses, the Board will assess Executive Directors' performance against these objectives in the determination of variable pay outcome for financial year 2024 year-end.

The Committee has determined following engagement with significant shareholders' consultation that the proposed financial year 2024 performance measures are fit for purpose and aligned to the strategic priorities of the Company.

Executive Directors' financial year 2024 Performance Scorecard

The Chief Executive and Chief Financial Officer each has an individual performance scorecard comprising Financial & Quantitative objectives (60%) and Strategic & Qualitative objectives (40%). The table below provides a high-level summary of the areas covered by these scorecards in aggregate.

Objective weightings	Metric	Performance measures
Financial and Quantitative (60% weighting)	**Financial Results**	• Net AUM flows; Adjusted operating profit.
	Client service and retention	• Account closings.
	Investment performance compared with benchmark	• Outperformance of major investment strategies vs benchmark over 1 and 3 years.
	IPX share price	• Multiple relative to peer group.
Strategic and Qualitative (40% weighting)	**Strategy/business development**	• Metrics including launch of new funds and growth of distribution channels and resources. • Internal and external feedback on Sustainability Centre operational effectiveness.
	Senior management leadership	• Improvements in firm-wide governance; succession planning.
	Staff engagement/culture	• Staff survey results; staff retention.
	E,D&I and environment	• Firm-wide E,D&I targets; net CO_2 emissions.
	Scalable and efficient operating model	• Efficiency metrics including operating margin improvement and efficiency programme.

The targets relating to the financial measures are commercially sensitive and further information will be disclosed following the end of the performance year in next year's Directors' Remuneration Report.

DIRECTORS' REMUNERATION POLICY FOR IMPLEMENTATION IN FINANCIAL YEAR 2024

As mentioned earlier in the report, the Committee with advice from PwC reviewed the Company's remuneration principles and approach for Executive Directors. In this review, it was determined that to incentivise both current and future Executive Directors and to address feedback received from shareholders and proxy advisors from previous AGM voting outcomes, a new Directors' Remuneration policy will be implemented that embeds the most appropriate and relevant best practices used by other listed investment managers.

Remuneration Committee Report continued

Below is a summary of Impax's remuneration changes that will be introduced for Executive Directors (Chief Executive & Chief Financial Officer) for financial year 1 October 2023 to 30 September 2024.

Remuneration element	New policy	Changes from current policy
Variable pay opportunity	Introduction of a cap/maximum pay opportunity to provide shareholders with clarity on the maximum variable pay quantum that each Executive Director might be awarded each year.	The Remuneration Committee has set a variable pay cap that is proportionate and reflective of market levels of pay. The maximum variable pay opportunities for financial year 2024 are: Chief Executive £2.7 million; Chief Financial Officer £1.5 million.
Variable pay performance scorecard	A performance scorecard set by the Committee at the start of the year comprising of quantitative financial performance measures for example net AUM flows, profit, investment performance and share price metrics (60% weighting), and strategic and qualitative measures that reflect the strategic priorities and other goals of the Company (40% weighting). This provides a direct line of sight between Executive Directors' delivery of key performance measures and variable pay outcomes. The bonus for quantitative objectives is calculated using the relevant weighting and a percentage based on the performance level. If the threshold performance level is achieved, 25% of the maximum variable pay will be awarded; if the maximum performance level or higher is achieved, the maximum variable pay will be awarded; if the threshold level is not achieved, no variable pay will be awarded; and where the results falls between the threshold and maximum performance level, an intermediate level of variable pay between the threshold and the maximum will be awarded. The level of variable pay will also take account of the overall size of the Bonus Pool and ensure that variable pay outcomes across the senior team are appropriate given Impax's team-oriented culture. Details of performance measures and performance levels for the year being reported on will be set out in the next Remuneration Committee report.	Introduction of a formal performance scorecard that will be used to determine the variable pay outcomes for the Executive Directors. The Board has set stretching outcomes for the maximum levels to be achieved. Achieving the maximum would require an exceptional year of performance across all the financial and non-financial/strategic objectives. The Committee retains discretion to determine the award level commensurate with Company performance or other factors as determined by the Committee.

Remuneration element	New policy	Changes from current policy
Annual bonus deferral	Introduction of a formal deferral policy for all Executive Directors, to further align Executive Directors to the long-term performance of the company, shareholder, and investors' interest. This is reflective of market practice in the industry. A phased introduction on the percentage of the annual bonus deferral starting with 20% for financial year 2023, and increasing to 30% for financial year 2024, and 40% deferral for financial year 2025 and the same 40% for each year thereafter, as follows: 20% annual bonus deferral for financial year 2023, 30% annual bonus deferral for financial year 2024, 40% annual bonus deferral for financial year 2025.	Deferral of annual bonus for a minimum of three years with pro-rata vesting, subject to malus and clawback provisions. Deferred annual bonus will be awarded in actual investment into fund units and/or cash or share based on the Committee's discretion.
Minimum shareholding requirement	Previously there was no shareholding requirement. Although the Founder Chief Executive already has a substantial shareholding, a formalised minimum will ensure going forward all Executive Directors maintain a meaningful level of shareholdings to align their interests with the shareholders.	The personal shareholding policy for the Chief Executive requires the retention of shares or rights to shares equivalent to 300% of salary. For the Chief Financial Officer, the requirement is 200% of salary. Executive Directors are expected to attain the shareholding requirement and maintain this level of holding within five years from the date of appointment.

Financial Statements

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 Group") for the year ended 30 September 2023 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 2023 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 with 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 other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality:		£2,140k (2022: £3,620k)
Group financial statements as a whole		4.1% (2022: 5.0%) of Group profit before tax
Coverage		91% (2022: 92%) of the total profit and losses that made up the Group profit before tax
Key audit matters		**vs 2022**
Recurring risks	Revenue recognition – recurring management fee income	◀▶
	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 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 follows (unchanged from 2022):

	The risk	Our response
Revenue recognition – recurring management fee income (£174.5 million* of the £178.4 million revenue balance; 2022: £172.3 million). Refer to page 119 (Audit & Risk Committee Report), page 187 (accounting policy) and page 159 (financial disclosures). **US distribution fees, carried interest from private equity funds and non-recurring dealing fees have been excluded from the KAM.*	Data capture and calculation error 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 fee income which results from the business activities of the Group. The two key components to recurring management fee income calculations are fee rates to be applied and the amount of assets under management. The following are identified as the key risks for recurring management fee income: • **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.	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. Our procedures included: **Procedures in relation to fee rates:** • **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. **Procedures in relation to AUM:** • **Test of details:** For a selection of AUM data used in the calculation of recurring management fee income we obtained independent confirmation of the AUM from the third-party custodian or administrator, where appropriate. **General procedures:** • **Reperformance:** For 100% of all material recurring management fee transactions for in scope components, we utilised our specialist data analytics team to recalculate recurring management fee income with reference to the fee rate and AUM.

Independent Auditor's Report continued

	The risk	Our response
Recoverability of Parent Company's investment in subsidiaries and non-current intercompany debtors (£67.0 million; 2022: £61.9 million) *Refer to page 119 (Audit & Risk Committee Report), page 199 (accounting policy) and page 199 (financial disclosures).*	Low risk, high value The carrying amount of the Parent Company's investments in subsidiaries and non-current intercompany debtors represents 80% (2022: 80%) of the Parent Company total assets. Non-current intercompany debtors (£13.2 million) represent a loan to IAM US Holdco. 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.	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. Our procedures included: • **Test of details:** We compared the carrying amount of 100% of investments and non-current 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 we compared 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 £2,140k (2022: £3,620k), determined with reference to a benchmark of Group profit before tax of which it represents 4.1% (2022: 5.0%).

Materiality for the Parent Company financial statements as a whole was set at £900k (2022: £776k), determined with reference to a benchmark of Company total assets, of which it represents 1.0% (2022: 1.0%).

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% (2022: 75%) of materiality for the financial statements as a whole, which equates to £1,600k (2022: £2,715k) for the Group and £675k (2022: £582k) 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 £107k (2022: £181k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 22 (2022: 22) reporting components, we subjected 4 (2022: 4) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 1% (2022: 1%) of total Group revenue, 9% (2022: 8%) of the total profit and losses that made up the Group before tax and 5% (2022: 6%) of total Group assets is represented by 19 (2022: 18) components, none of which individually represented more than 6% (2022: 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.

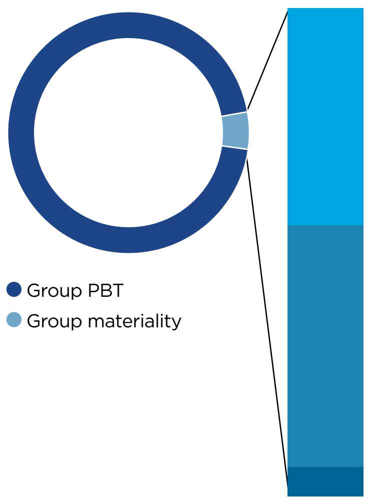
The audit of the components and the Parent Company was performed by the Group team. The component materiality ranged from £324k (2022: £557k) to £1,819k (2022: £3,077k) having regard to the mix of size and risk profile of the Group across the components.

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
£52.1m (2022: £72.5m)

Group materiality
£2,140k (2022: £3,620k)



- Group PBT
- Group materiality

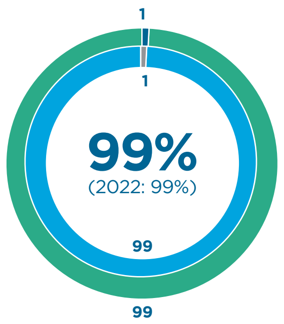
£2,140k
Whole financial statements materiality (2022: £3,620k)

£1,600k
Whole financial statements performance materiality (2022: £2,715k)

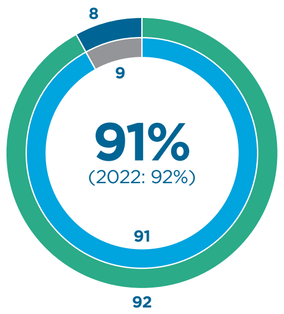
Range of materiality at 4 components (£324k to £1,819k) (2022: £577k to £3,077k)

£107k
Misstatements reported to the Audit & Risk Committee (2022: £181k)

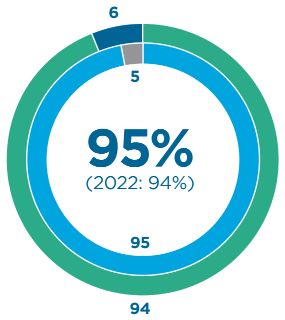
Group revenue



Group profit before tax



Group total assets



- Full scope for Group audit purposes 2022
- Residual components 2022
- Full scope for Group audit purposes 2023
- Residual components 2023

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 Company or to cease their operations, and as they have concluded that the Group and the 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.

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 or Company'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.

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 118, 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.

Alison Allen

(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square, London, E14 5GL
28 November 2023

Consolidated Income Statement

For the year ended 30 September 2023

	Notes	2023 £000	2022 £000
Revenue	6	**178,367**	175,396
Operating costs	7	**(124,120)**	(110,213)
Finance income	10	**3,130**	7,950
Finance expense	11	**(5,271)**	(574)
Profit before taxation		**52,106**	72,559
Taxation	12	**(12,884)**	(13,077)
Profit after taxation		**39,222**	59,482
Earnings per share			
Basic	13	**30.5p**	46.0p
Diluted	13	**29.8p**	44.7p
Dividends per share			
Interim dividend paid and final dividend declared for the year	14	**27.6p**	27.6p

Adjusted results are provided in note 4.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2023

	2023 £000	2022 £000
Profit for the year	**39,222**	59,482
Exchange differences on translation of foreign operations	**(119)**	2,685
Total other comprehensive income	**(119)**	2,685
Total comprehensive income for the year attributable to equity holders of the Company	**39,103**	62,167

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 154-192 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2023

Company No: 03262305

	Notes	2023 £000	2023 £000	2022 £000	2022 £000
Assets					
Goodwill	15	**12,883**		13,932	
Intangible assets	16	**14,185**		18,340	
Property, plant and equipment	17	**8,820**		9,279	
Deferred tax assets	12	**3,665**		4,781	
Total non-current assets			**39,553**		46,332
Trade and other receivables	18	**42,543**		38,769	
Investments	19	**13,270**		7,255	
Current tax asset		**1,645**		176	
Cash invested in money market funds	21	**53,542**		58,687	
Cash and cash equivalents	21	**37,963**		52,232	
Total current assets			**148,963**		157,119
Total assets			**188,516**		203,451
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		**2,940**		3,059	
Retained earnings		**118,868**		122,969	
Total equity			**133,958**		138,178
Trade and other payables	22	**44,809**		53,624	
Lease liabilities	17	**1,524**		1,488	
Current tax liability		**1,007**		2,202	
Total current liabilities			**47,340**		57,314
Lease liabilities	17	**7,218**		7,590	
Deferred tax liability	12	**–**		369	
Total non-current liabilities			**7,218**		7,959
Total equity and liabilities			**188,516**		203,451

Authorised for issue and approved by the Board on 28 November 2023. The notes on pages 154-192 form part of these financial statements.

Ian R Simm
Chief Executive

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Consolidated Statement of Changes in Equity

For the year ended 30 September 2023

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Retained earnings £000	Total equity £000
1 October 2021		1,326	9,291	1,533	374	97,998	110,522
Transactions with owners of the Company:							
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
Other comprehensive income:							
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**

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Exchange translation reserve £000	Retained earnings £000	Total equity £000
30 September 2022		**1,326**	**9,291**	**1,533**	**3,059**	**122,969**	**138,178**
Transactions with owners of the Company:							
Dividends paid	14	**–**	**–**	**–**	**–**	**(36,376)**	**(36,376)**
Cash received on option exercises		**–**	**–**	**–**	**–**	**1,261**	**1,261**
Tax credit on long-term incentive schemes		**–**	**–**	**–**	**–**	**371**	**371**
Share-based payment charges	9	**–**	**–**	**–**	**–**	**6,535**	**6,535**
Acquisition of own shares		**–**	**–**	**–**	**–**	**(15,114)**	**(15,114)**
Total transactions with owners of the Company		**–**	**–**	**–**	**–**	**(43,323)**	**(43,323)**
Profit for the year		**–**	**–**		**–**	**39,222**	**39,222**
Other comprehensive income:							
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**(119)**	**–**	**(119)**
Total other comprehensive Income		**–**	**–**	**–**	**(119)**	**–**	**(119)**
30 September 2023		**1,326**	**9,291**	**1,533**	**2,940**	**118,868**	**133,958**

The notes on pages 154-192 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2023

	Notes	2023 £000	2022 £000
Operating activities			
Cash generated from operations	27	**53,218**	80,321
Corporation tax paid		**(14,562)**	(9,046)
Net cash generated from operating activities		**38,656**	71,275
Investing activities			
Net acquisition of property, plant & equipment and intangible assets		**(824)**	(796)
Net (investments)/redemptions from unconsolidated Impax funds		**(5,281)**	355
(Expenditure)/income from settlement of investment related hedges		**(390)**	69
Investment income received		**2,865**	586
Decrease/(increase) in cash held in money market funds		**5,145**	(19,091)
Net cash generated from/(used by) investing activities		**1,515**	(18,877)
Financing activities			
Acquisition of non-controlling interest		**-**	(182)
Finance costs paid on a loan facility		**(86)**	(141)
Payment of lease liabilities		**(1,979)**	(1,729)
Acquisition of own shares		**(15,114)**	(8,781)
Cash received on exercise of Impax staff share options		**1,261**	540
Dividends paid		**(36,376)**	(28,665)
Net cash used by financing activities		**(52,294)**	(38,958)
Net (decrease)/increase in cash and cash equivalents		**(12,123)**	13,440
Cash and cash equivalents at beginning of year		**52,232**	36,172
Effect of foreign exchange rate changes		**(2,146)**	2,620
Cash and cash equivalents at end of year	21	**37,963**	52,232

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 Research Payment Accounts ("RPAs") 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 Period £000	Cash flow £000	Foreign exchange £000	At the end of the Period £000
Cash and cash equivalents	52,232	(12,123)	(2,146)	37,963
Cash invested in money market funds	58,687	(5,145)	–	53,542
Cash in RPAs	(3,951)	138	–	(3,813)
Total Group cash reserves	**106,968**	**(17,130)**	**(2,146)**	**87,692**

Notes to the Financial Statements

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 193-207.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and applicable law.

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 9, 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 2023			
		Adjustments		
	Reported – IFRS £000	Business combination effects £000	Other £000	Adjusted £000
Revenue	**178,367**			**178,367**
Operating costs	(124,120)			(120,264)
Amortisation of intangibles arising on acquisition		2,813		
Acquisition equity incentive scheme charges		1,318		
Mark to market credit on equity awards			(275)	
Operating Profit	54,247	4,131	(275)	58,103
Finance income	3,130			3,130
Finance costs	(5,271)		3,994	(1,277)
Profit before taxation	52,106	4,131	3,719	59,956
Taxation	(12,884)			(13,591)
Tax on adjustments			(707)	
Profit after taxation	39,222	4,131	3,012	46,365
Diluted earnings per share	29.8	3.1	2.3	35.2

Notes to the Financial Statements continued

4 ADJUSTED PROFITS AND EARNINGS CONTINUED

	Year ended 30 September 2022			
		Adjustments		
	Reported – IFRS £000	Business combination effects £000	Other £000	Adjusted £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)
Adjustment re historical tax charges			(730)	
Tax 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 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 (the "Acquisition") and are amortised over their 11-year life. This charge is not linked to the operating performance of the Impax NH business and so is excluded from adjusted profit.

Acquisition equity incentive scheme charges

Impax NH staff have been awarded share-based payments in respect of the Acquisition. 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 options when they are exercised and on the RSS awards when they vest, based on the valuation of the underlying shares at that point. A charge is accrued for the NIC within IFRS operating profit based on the share price at the balance sheet date. The Group also receive a corporation tax credit equal to the value of the awards at the date they are exercised (options) or vest (RSS awards). The tax credit in excess of the cumulative share-based payment expense is recognised directly in equity.

These two charges/credits vary based on the Group's share price (together referred to as mark to market charge on equity incentive schemes) and are not linked to the operating performance of the Group. They are therefore eliminated when reporting adjusted profit.

Finance income and expense

Finance expense for the Period has been adjusted for foreign exchange gains and losses on monetary assets that are not linked to the operating performance of the Group. £1,200,000 of the current Period foreign exchange loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve

Notes to the Financial Statements continued

5 SEGMENTAL REPORTING

(a) Operating segments

The Group is managed on an integrated basis and there is one reportable segment.

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	
	2023 £000	2022 £000
North America	**54,183**	61,890
Luxembourg	**49,383**	43,362
UK	**30,712**	34,069
Ireland	**13,323**	13,175
France	**11,085**	12,261
Canada	**6,363**	954
Australia	**3,821**	2,796
Netherlands	**3,641**	3,012
Denmark	**3,378**	2,129
Other	**2,478**	1,748
	178,367	175,396

The following non-current assets: property, plant and equipment, goodwill and intangible assets are located in the countries listed below:

	Non-current assets	
	2023 £000	2022 £000
UK	**5,753**	6,427
United States	**29,738**	34,907
Hong Kong	**6**	140
Ireland	**391**	77
	35,888	41,551

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. Carried interest of £35,600 was received in the Period (2022: none).

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 a result of equity market downturns, foreign exchange 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 £172,373,446 (2022: £170,840,243) from related parties.

7 OPERATING COSTS

See accounting policy at note 31 (E) for leases and note 31 (F) for placement fees.

The Group's largest operating cost is staff costs. Other significant costs include IT and communication costs, direct fund expenses, professional fees, premises costs (depreciation on office building leases, rates and service charge) and placement fees.

	2023 £000	2022 £000
Staff costs (note 8)	**86,078**	81,766
IT and communications	**7,850**	5,805
Direct fund expenses	**7,441**	6,388
Professional fees	**5,094**	4,006
Depreciation and amortisation	**5,073**	4,257
Placement fees	**2,815**	1,783
Premises costs	**1,639**	1,333
Research costs	**1,167**	980
Mark to market credit on share awards	**(275)**	(1,527)
Other costs	**7,238**	5,422
Total	**124,120**	110,213

Operating costs include £1,237,000 (2022: £1,183,000) in respect of placement fees paid to related parties.

Notes to the Financial Statements continued

7 OPERATING COSTS CONTINUED

Other costs include £297,000 (2022: £295,000) paid to the Group's auditors which is analysed below. Audit-related assurance services in the Period relate to the auditor's review of the Group's half-yearly report.

	2023 £000	2022 £000
Audit of the Group's Parent Company and consolidated financial statements	**122**	91
Audit of subsidiary undertakings	**143**	124
Audit-related assurance services	**32**	80
	297	295

8 STAFF COSTS AND EMPLOYEES

See accounting policy for pensions at note 31 (G).

Staff costs include salaries, variable bonuses, social security costs (principally employers' 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.

	2023 £000	2022 £000
Salaries and variable bonuses	**63,936**	62,393
Social security costs	**6,188**	6,356
Pensions	**1,955**	1,635
Share-based payment charge (see note 9)	**6,535**	6,152
Other staff costs	**7,464**	5,230
	86,078	81,766

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 £140,000 (2022: £105,000) 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 outcome for the Financial Year 2023' heading on page 128 and in the Directors' Report under the 'Directors and their interests in shares' heading on page 116.

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 £12,049,310 with £2,457,318 of share-based payments (2022: £14,525,298 plus £2,239,493 of share-based payments). No Board members received pension contributions during the year (2022: nil).

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff) employed during the year was 290 (2022: 240).

	2023 No.	2022 No.
Portfolio Management	**105**	86
Private Equity	**15**	13
Client Service and Business Development	**101**	82
Group	**69**	59
	290	240

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 £6,535,000 (2022: £6,151,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS") and the Group's Long Term Option Plan ("LTOP") which are described below. Details of all outstanding options are provided at the end of this note. The charges for each scheme are:

	2023 £000	2022 £000
RSS	**5,861**	5,231
LTOP	**674**	920
	6,535	6,151

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. 729,750 restricted shares were granted during the Period under the 2022 plan. Awards can also be issued to new employees and during the Period, 42,630 RSS awards were granted to employees joining ("RSS 2023 A"). Post year end, the Board approved the grant of a further 1,519,750 restricted shares under the 2023 plan ("RSS 2023 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.

Notes to the Financial Statements continued

9 SHARE-BASED PAYMENT CHARGES CONTINUED

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.

		2023		2022	
	RSS 2023 (estimate)	RSS 2023 A	RSS 2022 Final	RSS 2022 A	RSS 2021 Final
Awards originally granted	**1,519,750**	**42,630**	**729,750**	397,889	413,750
Weighted average award value	**£4.30**	**£7.51**	**£8.42**	£7.32	£13.82
Weighted average share price on grant	**£4.40**	**£7.61**	**£8.52**	£7.32	£13.94
Weighted average expected volatility	**36.3%**	**35.8%**	**35.5%**	34.6%	34.0%
Weighted average award life on grant	**5.3 years**	**4.0 years**	**5.3 years**	2.6 years	5.2 years
Weighted average expected dividend yield	**6.3%**	**3.6%**	**3.2%**	3.0%	1.5%
Weighted average risk free interest rate	**4.2%**	**3.6%**	**4.6%**	1.6%	1.0%

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 RSS 2023 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. This will be adjusted for using the share price and other inputs at the grant date.

Restricted shares outstanding	
Outstanding at 1 October 2022	**2,494,006**
Granted during the year	**772,380**
Vested during the year	**(383,618)**
Forfeited during the year	**(187,086)**
Outstanding at 30 September 2023	**2,695,682**

Employee share option plans

Employee Share Option Plan

Awards were granted to employees in 2017 under the Group'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. All remaining options outstanding under the ESOP were exercised during the Period.

Long Term Option Plan

Awards have been granted to employees under the Group's LTOP between 2018 and 2022. The strike prices of these options were £1 (2018 and 2019), £3 (2020), £9 (2021) and £7.50 (2022). 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 1,012,000 options under the 2023 LTOP plan with a £4.40 strike price and with the other conditions the same as the 2018-2022 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.

	2023 LTOP (estimated)	2023 2022 LTOP	2022 2021 LTOP
Awards originally granted	**1,012,000**	**300,000**	339,575
Exercise price	**£4.40**	**£7.50**	£9.00
Weighted average award value	**£0.80**	**£2.14**	£4.87
Weighted average share price on grant	**£4.40**	**£8.12**	£13.90
Weighted average expected volatility	**36.3%**	**35.6%**	34.2%
Weighted average award life on grant	**6 years**	**6 years**	6 years
Weighted average expected dividend yield	**6.3%**	**3.4%**	1.5%
Weighted average risk free interest rate	**4.2%**	**4.6%**	0.8%

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 2023 LTOP 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. This will be adjusted for using the share price and other inputs at the grant date.

Notes to the Financial Statements continued

9 SHARE-BASED PAYMENT CHARGES CONTINUED

Options outstanding

An analysis of the outstanding options arising from the Group's LTOP is provided below:

	Number	Weighted average exercise price p
Options outstanding at 1 October 2022	2,693,575	265.2
Options granted	300,000	750.0
Options forfeited	(311,000)	246.6
Options exercised	(725,000)	184.3
Options outstanding at 30 September 2023	**1,957,575**	**372.4**
Options exercisable at 30 September 2023	**–**	**–**

The weighted average remaining contractual life was 7.1 years.

During the Period, 15,750 options, with a £0.01 exercise price, were also granted to employees (2022: 6,000). These options vest in three equal tranches between 2026 and 2028. Post year-end, the Board approved the grant of a further 22,000 of these options with the same conditions which vest between 2027 and 2029.

10 FINANCE INCOME

See accounting policies at notes 31 (C), 31 (I) and 31 (J).

	2023 £000	2022 £000
Fair value gains	**265**	148
Interest income	**2,865**	520
Other investment income	**–**	33
Foreign exchange gains	**–**	7,249
	3,130	7,950

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.

Fair value gains comprise unrealised gains of £756,000 offset by realised losses of £491,000 (2022: £46,000 of unrealised gains and £102,000 of realised gains).

Foreign exchange gains in the prior Period mainly arose on the retranslation of monetary assets held in US Dollars.

11 FINANCE EXPENSE

See accounting policies at notes 31(C) and 31(J).

	2023 £000	2022 £000
Interest on lease liabilities	**411**	433
Finance costs on a loan facility	**86**	141
Foreign exchange losses	**4,774**	–
	5,271	574

Foreign exchange losses in the current Period mainly arose on the retranslation of monetary assets held in US Dollars. £1.2 million of this loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve.

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, Ireland and Japan) 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

	2023 £000	2022 £000
Current tax expense:		
UK corporation tax	**9,542**	13,400
Foreign taxes	**3,639**	472
Adjustment in respect of prior years	**(53)**	(1,606)
Total current tax expense	**13,128**	12,266
Deferred tax (credit)/expense:		
Credit for the year	**(821)**	133
Adjustment in respect of prior years	**577**	678
Total deferred tax (credit)/expense	**(244)**	811
Total income tax expense	**12,884**	13,077

Notes to the Financial Statements continued

12 TAXATION CONTINUED

A tax credit of £371,000 (deferred tax charges of £859,000 net of current tax credits of £1,230,000) is also recorded in equity in respect of changes in estimates of the tax deductions on share awards arising from changes in the share price (2022: charges of £3,756,000 (deferred tax charges of £6,739,000 net of current tax credits of £2,983,000)).

The deferred tax adjustment in respect of prior years in the Period arises from the utilisation of tax losses following the finalisation of intra-group profits.

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 2023, 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 blended UK tax rate for the year is 22% due to the increase in the corporation tax rate from 19% to 25% from 1 April 2023. The tax assessment for the Period is higher than this rate (2022: lower). The differences are explained below:

	2023 £000	2022 £000
Profit before tax	**52,106**	72,559
Tax charge at 22% (2022: 19%)	**11,463**	13,786
Effects of:		
Non-taxable income	**(231)**	(506)
Non-deductible expenses and charges	**1,256**	617
Adjustment in respect of historical tax charges	**559**	(928)
Effect of higher tax rates in foreign jurisdictions	**(29)**	31
Tax losses not recognised	**9**	77
Recognition of prior year tax losses	**(143)**	–
Total income tax expense	**12,884**	13,077

(c) Deferred tax

The deferred tax asset included in the consolidated statement of financial position is as follows:

	Share-based payment scheme £000	Tax losses carried forward £000	Other assets £000	Income not yet taxable £000	Other liabilities £000	Total £000
As at 1 October 2021	10,593	681	621	(161)	(210)	11,524
(Charge)/credit to equity	(7,848)	1,109	–	–	–	(6,739)
Exchange differences on consolidation	311	127	–	–	–	438
Credit/(charge) to the income statement	267	(1,304)	224	161	(159)	(811)
As at 30 September 2022	3,323	611	847	–	(369)	4,412
(Charge)/credit to equity	(859)	–	–	–	–	(859)
Exchange differences on consolidation	(70)	–	(62)	–	–	(132)
Credit/(charge) to the income statement	729	–	(979)	–	494	244
As at 30 September 2023	**3,123**	**611**	**(194)**	**–**	**125**	**3,665**

A deferred tax asset of £952,000 (2022: £1,600,000) relating to £4.4 million of losses in one of the Group's subsidiaries has not been recognised as there is insufficient evidence that there will be sufficient taxable profits in the future against which these deferred tax assets could be utilised.

Notes to the Financial Statements continued

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
2023			
Basic	**39,222**	**128,769**	**30.5p**
Diluted	**39,222**	**131,572**	**29.8p**
2022			
Basic	59,482	129,409	46.0p
Diluted	59,482	133,168	44.7p

The weighted average number of shares is calculated as shown in the table below:

	2023 000's	2022 000's
Weighted average number of ordinary shares held	**132,597**	132,597
Less weighted average number of own shares held	**(3,828)**	(3,188)
Weighted average number of ordinary shares used in the calculation of basic EPS	**128,769**	129,409
Additional dilutive shares regarding share schemes	**2,803**	3,759
Weighted average number of ordinary shares used in the calculation of diluted EPS	**131,572**	133,168

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 Period therefore comprises the prior Period final dividend and the current Period interim.

Dividends declared/proposed in respect of the year

	2023 pence	2022 pence
Interim dividend declared per share	**4.7**	4.7
Final dividend proposed per share	**22.9**	22.9
Total	**27.6**	27.6

The proposed final dividend of 22.9p will be submitted for formal approval at the Annual General Meeting to be held on 12 March 2024. 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 £30,003,000.

Dividends paid in the year

	2023 £000	2022 £000
Prior year final dividend – 22.9p, 17.0p	**30,216**	22,475
Interim dividend – 4.7p, 4.7p	**6,160**	6,190
	36,376	28,665

15 GOODWILL

See accounting policy at note 31 (L).

The goodwill balance within the Group at 30 September 2023 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 2021	11,816
Foreign exchange	2,116
At 1 October 2022	13,932
Foreign exchange	(1,049)
At 30 September 2023	**12,883**

Notes to the Financial Statements continued

15 GOODWILL CONTINUED

Impax NH consists of only one cash-generating unit ("CGU"). Goodwill is allocated between CGUs at 30 September 2023 as follows – £11,254,000 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 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 2024, which was approved by the Board of Directors in September 2023. The discount rate was derived from the Group's weighted average cost of capital, adjusted for market specific risks associated with the estimated cash flows, 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 20 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 and margins would continue at current levels, that fund performance for the listed equity business would be 5% per year (2022: 5%) and a discount rate of 12.5% (2022: 12.5%). There has been no impairment of goodwill related to this segment 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 1% there would no impairment and if fund performance reduced to zero there would be no impairment (2022: 1% increase in discount rate, no impairment).

The impairment test for the Impax NH CGU showed no impairment (2022: no impairment) was required and used the following key assumptions – average fund inflows of US$0.56 billion (2022: US$0.38 billion), fund performance of 5% (2022: 5%), an average operating margin of 29% (2022: 17%) and a discount rate of 12.5% (2022: 12.5%). The following plausible changes in assumptions would individually not give rise to an impairment: a consistent 10% decrease in inflows (2022: 10% decrease); a 100 basis point annual reduction in performance each year (2022: 100 basis point reduction); a 1% annual reduction in operating margin (2022: 1% reduction) and a 1% increase in discount rate (2022: 1% increase).

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 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
Additions	–	299	299
Foreign exchange	(2,710)	–	(2,710)
As at 30 September 2023	**29,200**	**600**	**29,800**
Accumulated amortisation			
As at 1 October 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
Charge for the year	2,813	62	2,875
Foreign exchange	(1,131)	–	(1,131)
As at 30 September 2023	**15,328**	**287**	**15,615**
Net book value			
As at 30 September 2023	**13,872**	**313**	**14,185**
As at 30 September 2022	18,264	76	18,340
As at 30 September 2021	17,453	20	17,473

The management contracts were acquired with the acquisition of Impax NH in January 2018 and are amortised over an 11-year life.

Assets under management, forecast asset inflows and operation margin are all the same or in excess of the assumptions when the management contracts were first valued. The discounted cost of capital is the same as when the management contracts were first valued. As such, there are no indicators of impairment.

Notes to the Financial Statements continued

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 office (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 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
Additions	1,607	82	443	2,132
Disposals	–	–	(37)	(37)
Foreign exchange	(468)	(1)	(53)	(522)
As at 30 September 2023	**12,756**	**2,424**	**2,967**	**18,147**
Accumulated depreciation				
As at 1 October 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
Charge for the year	1,659	214	325	2,198
Disposals	–	–	(6)	(6)
Foreign exchange	(127)	(1)	(32)	(160)
As at 30 September 2023	**5,502**	**1,642**	**2,183**	**9,327**
Net book value				
As at 30 September 2023	**7,254**	**782**	**784**	**8,820**
At 30 September 2022	7,647	914	718	9,279
As at 30 September 2021	8,065	821	549	9,435

Lease arrangements

Property, plant and equipment includes right-of-use assets in relation to 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 assets £m	Lease liabilities £m
At 1 October 2022	7,647	9,078
New leases	1,607	1,607
Lease payments	–	(1,979)
Interest expense	–	410
Depreciation charge	(1,659)	–
Foreign exchange movement	(341)	(374)
At 30 September 2023	**7,254**	**8,742**
	Current	1,524
	Non-current	7,218
		8,742

The contractual maturities on the undiscounted minimum lease payments under lease liabilities are provided below:

	2023 £000	2022 £000
Within 1 year	**1,942**	2,937
Between 1 and 5 years	**6,489**	6,339
Later than 5 years	**1,702**	2,447
Total undiscounted lease liabilities	**10,133**	11,723

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.

Notes to the Financial Statements continued

18 TRADE AND OTHER RECEIVABLES

See accounting policy at note 31 (O).

	2023 £000	2022 £000
Trade receivables	**8,803**	10,196
Other receivables	**2,282**	1,205
Prepayments and accrued income	**31,458**	27,368
	42,543	38,769

Accrued income relates to accrued management fees and arises where invoices are raised in arrears.

An analysis of the ageing of trade receivables is provided below:

	2023 £000	2022 £000
0–30 days	**7,488**	9,069
Past due but not impaired:		
31–60 days	**1,098**	382
61–90 days	**6**	557
Over 90 days	**211**	188
	8,803	10,196

At the date of this report, substantially all of the trade receivables above have been received. As at 30 September 2023, the assessed provision under the IFRS 9 expected credit loss model for trade receivables and prepayments and accrued income was immaterial (2022: immaterial).

£33,660,000 of trade and other receivables were due from related parties (2022: £32,954,000).

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 current asset 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 2021	7,564
Additions	256
Fair value movements	46
Repayments/disposals	(611)
At 30 September 2022	7,255
Additions	8,073
Fair value movements	734
Repayments/disposals	(2,792)
At 30 September 2023	**13,270**

The investments include £4,647,000 in related parties of the Group (2022: £3,534,000).

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 2022	3,721	–	3,534	7,255
Additions	7,175	–	898	8,073
Repayments/disposals	(2,315)	–	(477)	(2,792)
Fair value movements	42	–	692	734
At 30 September 2023	**8,623**	**–**	**4,647**	**13,270**

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 is 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 +/- £465,000.

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.

Notes to the Financial Statements continued

20 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

See accounting policy at notes 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 Review. 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 2023, AUM managed within unconsolidated structured entities was £37.40 billion (2022: £35.68 billion) and within consolidated structured entities was nil (2022: £nil).

£178,367,000 (2022: £175,396,000) 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:

	2023 £000	2022 £000
Management fees receivable (including accrued income)	**37,159**	35,069
Investments	**13,270**	3,534
	50,429	38,603

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.

21 CASH AND CASH EQUIVALENTS, 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 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 excluded from cash reserves. A reconciliation is shown below:

	2023 £000	2022 £000
Cash and cash equivalents	**37,963**	52,232
Cash invested in money market funds	**53,542**	58,687
Less: cash held in RPAs	**(3,813)**	(3,951)
Cash reserves	**87,692**	106,968

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 3.0% (2022: 0.6%). 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 £713,000. An equal change in the opposite direction would have decreased profit after tax by £627,000.

The credit risk relating to cash reserves held by the Group is spread over several counterparties. The Group holds cash balances with RBS International and Bank of Ireland (both with Standard & Poor's credit rating A-2) and the Bank of New Hampshire, SMBC and Hang Seng (unrated). The remainder of the Group's cash reserves is invested in money market funds managed by BlackRock and Goldman Sachs, with a Standard & Poor's credit rating of A, and Santander, with a Standard & Poor's credit rating of A-1.

22 TRADE AND OTHER PAYABLES

See accounting policy at note 31 (S).

	2023 £000	2022 £000
Trade payables	**730**	1,078
Taxation and other social security	**1,166**	1,981
Other payables	**4,833**	4,738
Accruals and deferred income	**38,080**	45,827
	44,809	53,624

The most significant accrual at the year end relates to variable staff remuneration.

Notes to the Financial Statements continued

23 LOANS

See accounting policy at note 31 (T).

The Group had retained a US$13 million revolving credit facility ("RCF") with RBS International which expired in January 2023. No amounts were drawn down or repaid in the current or prior periods.

24 ORDINARY SHARES

See accounting policy at note 31 (U).

Issued and fully paid	2023 No. of shares 000s	2022 No. of shares 000s	2023 £000	2022 £000
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.

25 OWN SHARES

See accounting policy at note 31 (V).

	No. of shares	£000
At 1 October 2021	4,103,395	4,117
Issuance of shares to 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
Purchase of shares by EBT 2012	2,074,454	15,114
Satisfaction of option exercises and RSS vesting	(1,065,287)	(4,637)
At 30 September 2023	**4,274,276**	**18,605**

The EBT hold shares for RSS awards until they vest or to satisfy share option exercises. Included within Own Shares are 2,695,682 shares held in a nominee account in respect of the Restricted Share Scheme as described in note 9.

26 FINANCIAL COMMITMENTS

At 30 September 2023 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €1,105,516 into Impax New Energy Investors III LP (2022: €1,276,000); this amount could be called on in the period to 31 December 2026; and
- €952,658 into Impax New Energy Investors IV SCSp Luxembourg (2022: €1,446,977); this amount is called on in the period to 31 October 2031.

The fund life for Impax New Energy Investors II LP ended during the Period and all remaining uncalled capital commitments were cancelled (2022: outstanding commitments of €57,499).

27 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

This note should be read in conjunction with the consolidated cash flow statement. It provides a reconciliation to show how profit before tax, which is based on accounting rules, translates to cash flows.

	2023 £000	2022 £000
Profit before taxation	**52,106**	72,559
Adjustments for income statement non-cash charges/income:		
Depreciation of property, plant & equipment and amortisation of intangible assets	**5,073**	4,257
Finance income	**(3,130)**	(7,950)
Finance expense	**5,271**	574
Share-based payment charges	**6,535**	6,151
Loss on disposals of property, plant and equipment	**31**	–
Adjustment for statement of financial position movements:		
(Increase)/decrease in trade and other receivables	**(3,774)**	1,031
(Decrease)/increase in trade and other payables	**(8,894)**	3,699
Cash generated from operations	**53,218**	80,321

Notes to the Financial Statements continued

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 held in money market funds 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 ageing of these is provided in note 18.

The Group makes no provision for credit loss as all trade receivable counterparties are funds managed by the Group and have sufficient resources to satisfy their position.

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. A significant amount of income for the Group's UK-based business is denominated in Euros and US dollars whilst the majority of expenses are in Sterling.

The strategy for the UK-based business for the year ended 30 September 2023 has been to convert income earned in currencies other than US dollars and Euros back to 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 Group's exposure to foreign exchange rate risk at 30 September 2023 is set out in the table below.

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	4,646	5,980	2,644
Trade and other receivables	17,056	9,536	3,600
Cash and cash equivalents	2,003	19,798	2,219
	23,705	**35,314**	**8,463**
Liabilities			
Trade and other payables	907	3,365	1,539
	907	**3,365**	**1,539**
Net exposure	**22,798**	**31,949**	**6,924**

The Group'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	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**

Notes to the Financial Statements continued

28 FINANCIAL RISK MANAGEMENT CONTINUED

The following table demonstrates the estimated impact on Group post-tax profit and net assets caused by a 10 per cent variance in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. 10 per cent is considered a reasonable measure given the volatility in the currency markets during the Period. Post-tax profit will either increase or (decrease) as shown.

	Post-tax profit	
	2023 £000	2022 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 10%	**(2,492)**	(2,960)
GBP weakens against the USD, down 10%	**2,492**	2,960
GBP strengthens against the EUR, up 10%	**(1,778)**	(1,612)
GBP weakens against the EUR, down 10%	**1,778**	1,612

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 2023, the Group had cash and cash equivalents and cash in money market funds of £91,505,000. This is £46,696,000 in excess of trade and other payables. The Group in addition had other current assets of £57,458,000.

On a consolidated group basis the Group has capital of £62 million, a surplus of £39 million against our internally determined capital requirement of £23 million.

Interest rate risk

Interest rate risk is the risk that the fair value or 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 (see Note 21).

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:

30 September 2023	Financial assets measured at FVPTL* £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
Goodwill and intangibles assets	–	–	–	27,068	27,068
Property, plant and equipment	–	–	–	8,820	8,820
Deferred tax assets	–	–	–	3,665	3,665
Trade and other receivables	–	11,085	11,085	31,458	42,543
Investments	13,270	–	13,270	–	13,270
Current tax asset	–	–	–	1,645	1,645
Cash invested in money market funds	53,542	–	53,542	–	53,542
Cash and cash equivalents	–	37,963	37,963	–	37,963
Trade and other payables	–	(5,563)	(5,563)	(39,246)	(44,809)
Lease liabilities	–	(8,742)	(8,742)	–	(8,742)
Current tax liability	–	–	–	(1,007)	(1,007)
Total	**66,812**	**34,743**	**101,555**	**32,403**	**133,958**

* FVTPL = Fair value through profit and loss.

Notes to the Financial Statements continued

28 FINANCIAL RISK MANAGEMENT CONTINUED

30 September 2022	Financial assets measured at FVPTL* £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
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**

* FVTPL = 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 Holdings 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.

During the year two loan facilities were provided to an executive director for the sole purpose of investment in funds managed by the Group. The loans are provided at interest rates of 2.25% and 3.0% per annum on amounts drawn, calculated on a daily basis. Total interest of €1,933 was accrued during the year and the total balance of the two loans at the Period end was €292,194 (2022: €104,301).

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 funds 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).

Notes to the Financial Statements continued

31 ACCOUNTING POLICIES CONTINUED

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.

(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.

Notes to the Financial Statements continued

31 ACCOUNTING POLICIES CONTINUED

(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 by assuming that the grant date is the reporting date.

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 statement of comprehensive income.

(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.

(J) Interest income and expense

Interest income and 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.

Notes to the Financial Statements continued

31 ACCOUNTING POLICIES CONTINUED

(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 – five years.

(O) Trade and other receivables

Trade and other receivables 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 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 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.

(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.

Notes to the Financial Statements continued

31 ACCOUNTING POLICIES CONTINUED

(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 2023

Company No: 03262305

		2023		2022	
	Notes	£000	£000	£000	£000
Assets					
Intangible assets	33	**68**		76	
Property, plant and equipment	34	**3,771**		4,723	
Investments in subsidiaries	35	**55,021**		48,098	
Trade and other receivables	36	**13,234**		13,819	
Total non-current assets			**72,094**		66,716
Trade and other receivables	36	**3,296**		2,462	
Investments	37	**13,270**		7,255	
Current tax asset		**211**		–	
Cash invested in money market funds		**105**		14	
Cash and cash equivalents		**791**		1,179	
Total current assets			**17,673**		10,910
Total assets			**89,767**		77,626
Equity and liabilities					
Ordinary shares	24	**1,326**		1,326	
Share premium		**9,291**		9,291	
Merger reserve		**1,533**		1,533	
Retained earnings		**55,006**		50,041	
Total equity			**67,156**		62,191

Company Statement of Financial Position continued

As at 30 September 2023

	Notes	2023 £000	2023 £000	2022 £000	2022 £000
Trade and other payables	38	**18,987**		10,248	
Current tax liability		**–**		835	
Deferred tax liability	39	**83**		32	
Lease liabilities	34	**949**		891	
Total current liabilities			**20,019**		12,006
Lease liabilities	34	**2,592**		3,429	
Total non-current liabilities			**2,592**		3,429
Total equity and liabilities			**89,767**		77,626

Authorised for issue and approved by the Board on 28 November 2023. The notes on pages 197-207 form part of these financial statements.

Ian R Simm

Chief Executive

Company Statement of Changes in Equity

For the year ended 30 September 2023

	Notes	Share capital £000	Share premium £000	Merger Reserve £000	Retained earnings £000	Total equity £000
1 October 2022		**1,326**	**9,291**	**1,533**	**38,876**	**51,026**
Profit for the year		–	–	–	42,736	42,736
Transactions with owners						
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**
Profit for the year		**–**	**–**	**–**	**48,648**	**48,648**
Transactions with owners						
Dividends paid	14	**–**	**–**	**–**	**(36,376)**	**(36,376)**
Tax credit on long-term incentive schemes		**–**	**–**	**–**	**11**	**11**
Cash received on option exercises		**–**	**–**	**–**	**1,261**	**1,261**
Share-based payment charges		**–**	**–**	**–**	**6,535**	**6,535**
Acquisition of own shares		**–**	**–**	**–**	**(15,114)**	**(15,114)**
Total transactions with owners		**–**	**–**	**–**	**(43,683)**	**(43,683)**
30 September 2023		**1,326**	**9,291**	**1,533**	**55,006**	**67,156**

The notes on pages 197-207 form part of these financial statements.

Company Statement of Cash Flows

For the year ended 30 September 2023

	Note	2023 £000	2022 £000
Cash generated from/(used by) operations	**41**	**12,567**	(3,558)
Corporation tax paid		**(1,463)**	(41)
Net cash generated from/(used by) operations		**11,104**	(3,599)
Investing activities:			
Dividend received		**47,045**	38,135
Investments in subsidiaries		**(1,069)**	(11)
(New investments)/proceeds on sale of investments		**(5,281)**	355
(Settlement of)/proceeds from investment related hedges		**(390)**	69
Interest received		**932**	4,154
(Increase)/decrease in cash invested in money market funds		**(91)**	36
Purchase of intangible assets		**(24)**	(81)
Purchase of property, plant and equipment		**(164)**	(522)
Net cash generated from investing activities		**40,958**	42,135
Financing activities:			
Interest paid on bank borrowings		**(1,125)**	(141)
Payment of lease liabilities		**(1,096)**	(1,060)
Dividends paid		**(36,376)**	(28,665)
Acquisition of own shares		**(15,114)**	(8,781)
Cash received on exercise of Impax share options		**1,261**	540
Net cash used in financing activities		**(52,450)**	(38,107)
Net (decrease)/increase in cash and cash equivalents		**(388)**	429
Cash and cash equivalents at beginning of year		**1,179**	750
Cash and cash equivalents at end of year		**791**	1,179

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 £48,648,000 (2022: £42,736,000).

33 INTANGIBLE ASSETS

	Software £000	Total £000
Cost		
As at 1 October 2021	–	–
Additions	81	81
As at 30 September 2022	81	81
Additions	24	24
As at 30 September 2023	**105**	**105**
Accumulated amortisation		
As at 1 October 2021	–	–
Charge for year	5	5
As at 30 September 2022	5	5
Charge for the year	32	32
As at 30 September 2023	**37**	**37**
Net book value		
As at 30 September 2023	**68**	**68**
As at 30 September 2022	76	76
As at 30 September 2021	–	–

Notes to the Company Financial Statements continued

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 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
Additions	145	36	128	309
As at 30 September 2023	**5,727**	**2,354**	**1,970**	**10,051**
Depreciation				
As at 1 October 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
Charge for the year	888	196	177	1,261
As at 30 September 2023	**3,050**	**1,613**	**1,617**	**6,280**
Net book value				
As at 30 September 2023	**2,677**	**741**	**353**	**3,771**
As at 30 September 2022	3,420	901	402	4,723
As at 1 October 2021	4,141	821	339	5,301

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 2022	3,420	4,320
Lease additions	145	145
Lease payments	–	(1,096)
Interest expense	–	172
Depreciation charge	(888)	–
At 30 September 2023	**2,677**	**3,541**
	Current	949
	Non-current	2,592

The contractual maturities on the undiscounted minimum lease payments under lease liabilities are provided below:

	2023 £000	2022 £000
Within 1 year	**1,084**	1,059
Between 1 and 5 years	**2,744**	3,706
Total undiscounted lease liabilities	**3,828**	4,765

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 2021	42,699
Additions	11
Capital contribution	5,388
At 30 September 2022	48,098
Additions	1,069
Capital contribution	5,854
At 30 September 2023	**55,021**

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

Notes to the Company Financial Statements continued

35 NON-CURRENT INVESTMENTS CONTINUED

	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 Capital Limited	UK	100%	Dormant
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 Asset Management Japan Limited	Japan	100%	Fund management
Impax Global Opportunities (GP) Limited	UK	100%	General partner to listed equity fund
INEI IV Team Co-Investment SCSp	Luxembourg	69.7%	Investment Partnership
INEI IV GP S.à.r.l.	Luxembourg	100%	General partner to private equity fund
Impax US Holdings Limited***** (Company number: 04458819)	UK	100%	Holding company
Impax New Energy Investors (GP) Limited***** (Company number: 05529549)	UK	100%	Holding company
Impax New Energy Investors II (GP) Limited***** (Company number: 07081955)	UK	100%	Holding company

* FCA regulated.
** Hong Kong SFC regulated.
*** SEC regulated.
**** CBI regulated.
***** Subsidiary intends to take advantage of the exemption from a statutory audit granted by Section 479A of the Companies Act 2006.

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, Nexxus Building, 41 Connaught Road, Hong Kong. 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., INEI IV CIP SCSp, INEI IV Team Co-Investment SCSp all have the address 42–44 Avenue de la Gare, Luxembourg, 1610. Impax Asset Management Japan Limited has the address Level 20, Marunouchi Trust Tower – Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan.

Charges relating to options or other share awards over the Company's shares granted to employees of subsidiary undertakings are accounted for in the subsidiaries. In the Company financial statements the capital contribution in respect of this charge has been recognised as an increase in the investment in subsidiaries. Investments in subsidiary undertakings are divided between interest in shares and capital contributions as follows:

	2023 £000	2022 £000
Interest in shares	**22,088**	21,019
Capital contribution	**32,933**	27,079
	55,021	48,098

36 TRADE AND OTHER RECEIVABLES

	2023 £000	2022 £000
Current:		
Trade receivables	**–**	116
Amounts owed by Group undertakings	**–**	11
Other receivables	**1,461**	1,079
Prepayments and accrued income	**1,835**	1,256
	3,296	2,462
Non-current:		
Amounts owed by Group undertakings	**13,234**	13,819
	13,234	13,819

As at 30 September 2023, the assessed provision under the IFRS 9 expected credit loss model for trade and other receivables was immaterial (2022: immaterial).

Notes to the Company Financial Statements continued

37 CURRENT ASSET INVESTMENTS

	£000
At 1 October 2021	7,564
Additions	256
Fair value movements	46
Repayments/disposals	(611)
At 30 September 2022	7,255
Additions	8,073
Fair value movements	734
Repayments/disposals	(2,792)
At 30 September 2023	**13,270**

38 TRADE AND OTHER PAYABLES

	2023 £000	2022 £000
Trade payables	**183**	402
Amounts owed to Group undertakings	**13,172**	1,748
Taxation and other social security	**145**	229
Other payables	**307**	223
Accruals	**5,180**	7,646
	18,987	10,248

39 DEFERRED TAX

The deferred tax liability included in the Company statement of financial position is as follows:

	Accelerated capital allowances £000	Pensions £000	Other temporary differences £000	Share-based payment scheme £000	Total £000
As at 1 October 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)
Charge to equity	–	–	–	(128)	(128)
Credit/(charge) to the income statement	–	36	(34)	75	77
As at 30 September 2023	**(82)**	**36**	**(321)**	**284**	**(83)**

40 FINANCIAL COMMITMENTS

At 30 September 2023 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €1,105,516 into Impax New Energy Investors III LP (2022: €1,276,000); this amount could be called on in the period to 31 December 2026; and
- €952,658 into Impax New Energy Investors IV SCSp Luxembourg (2022: €1,446,977); this amount is called on in the period to 31 October 2031.

The fund life for Impax New Energy Investors II LP ended during the Period and all remaining uncalled capital commitments were cancelled (2022: outstanding commitments of €57,499).

41 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2023 £000	2022 £000
Operating activities:		
Profit before taxation	**48,663**	44,376
Adjustments for:		
Depreciation of property, plant and equipment	**1,293**	1,105
Finance income	**(48,242)**	(42,403)
Finance expense	**1,297**	345
Share-based payment expense	**453**	627
Adjustments for statement of financial positions movements:		
Decrease in trade and other receivables	**443**	3,952
Increase/(decrease) in trade and other payables	**8,660**	(11,560)
Cash generated from/(used in) operations	**12,567**	(3,558)

Notes to the Company Financial Statements continued

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 reserves that are placed with regulated financial institutions and amounts due from subsidiaries.

At the statement of financial position date, the credit risk relating to cash reserves of the asset management business is spread over several counterparties. Cash reserves are held in RBS International (Standard & Poor's credit rating A-2) and the remainder in money market funds managed by BlackRock and Goldman Sachs which both have a Standard & Poor's credit rating of A. 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 2023 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	4,645	5,980	2,644
Trade and other receivables	747	14,313	9
Cash and cash equivalents	1	2	–
	5,393	**20,295**	**2,653**
Liabilities			
Trade and other payables	3	(2)	–
	3	**(2)**	**–**
Net exposure	**5,390**	**20,297**	**2,653**

42 FINANCIAL RISK MANAGEMENT CONTINUED

The Company's exposure to foreign currency 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 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 10 per cent movement in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. 10 per cent is considered a reasonable measure given the volatility in the currency markets during the Period. Post-tax profit either increases or (decreases).

	Post-tax profit	
	2023 £000	2022 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 10%	**(1,583)**	(1,448)
GBP weakens against the USD, down 10%	**1,583**	1,448
GBP strengthens against the EUR, up 10%	**(537)**	(296)
GBP weakens against the EUR, down 10%	**537**	296

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meets it 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 £896,000 (2022: £1,193,000) were its only financial instruments subject to variable interest rate risk. The impact of a 1% increase or decrease in interest rates on the post-tax profit is not material to the Company.

Notes to the Company Financial Statements continued

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. Where appropriate the Company 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.

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.

30 September 2023	Financial assets measured at FVPTL* £000	Financial assets/ liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
Property, plant and equipment	–	–	–	3,771	3,771
Intangibles	–	–	–	68	68
Non-current investments	–	–	–	55,021	55,021
Current tax asset	–	–	–	211	211
Trade and other receivables	–	14,695	14,695	1,835	16,530
Investments	13,270	–	13,270	–	13,270
Cash invested in money market funds	105	–	105	–	105
Cash and cash equivalents	–	791	791	–	791
Deferred tax liability	–	–	–	(83)	(83)
Trade and other payables	–	(13,662)	(13,662)	(5,325)	(18,987)
Lease liabilities	–	(3,541)	(3,541)	–	(3,541)
Total	**13,375**	**(1,717)**	**11,658**	**55,498**	**67,156**

30 September 2022	Financial assets measured at FVPTL* £000	Financial assets/ liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
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**

* FVPTL = Fair value through profit and loss.

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 2022	3,721	–	3,534	7,255
Additions	7,175	–	898	8,073
Disposals	(2,315)	–	(477)	(2,792)
Fair value	42	–	692	734
At 30 September 2023	**8,623**	**–**	**4,647**	**13,270**

There were no movements between any of the levels in the year (2022: £nil).

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 Action 100+
- 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 (USSIF)
- Global ESG Benchmark for Real Assets (GRESB)
- 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)
- PRI Sustainable Stock Exchanges Working Group
- 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)
- The Investing and Saving Alliance (TISA)
- Thirty Percent Coalition
- Tobacco Free Portfolios
- UK Stewardship Code
- UK Sustainable Investment and Finance Association (UKSIF)
- Women's Empowerment Principles
- 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 credits and charges in respect of national insurance payable on share awards; and
- foreign exchange gains and losses on the retranslation of monetary assets that are not linked to the operating performance of the Group.

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. Mark-to-market credits and 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 monetary assets are excluded as they are not linked to the operating 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.

Alternative Performance Measures continued

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

Sally Bridgeland (Chair)
Ian Simm (Chief Executive)
Lindsey Brace Martinez (Non-Executive)
Arnaud de Servigny (Non-Executive)
Simon O'Regan (Non-Executive)
Annette Wilson (Non-Executive)
Vince O'Brien (Non-Executive)[1]
Karen Cockburn (Chief Financial Officer)[2]

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1 Retired 16 March 2023.
2 Appointed 16 March 2023.

Notes

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