Annual Report & Accounts

For the year ended
30 September 2021

Specialists in the transition to a more sustainable economy

Impax Asset Management Group plc

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

Read our 2021 Annual Report online at **impaxam.com/ar2021**

Naming of companies in this document

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

In January 2018, Pax World Management LLC was acquired by Impax and has been re-named Impax Asset Management LLC. This company is based in Portsmouth, New Hampshire and we refer to it as "Impax NH". Impax NH is the manager of Pax World Funds. Impax "North America" refers to the combined businesses of all our US offices.

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

Our Mission

"Investing in the transition to a more sustainable economy."

Our Values

Read more about Our Values on page 7

Contents

Highlights

Financial Highlights

£37.2bn

AUM[1]
2020: £20.2bn

£143.1m

Revenue
2020: £87.5m

£55.8m

Adjusted operating profit[2]
2020: £23.3m

£45.7m

Profit before tax
2020: £16.7m

Business Highlights

84.4%

Exceptional growth with AUM increasing by 84.4%

£10.7bn

Record £10.7bn of net inflows, well-diversified by sales channel and by geography

1 Assets under management and advice as at 30 September 2021. Assets under advice c. 2% of total AUM.
2 Adjusted operating profit and adjusted diluted earnings per share are shown after removing the effects of ongoing amortisation of intangibles acquired, contingent consideration adjustments, acquisition equity incentive scheme charges and market-to-market effects of National Insurance on equity award schemes. Diluted earnings per share calculated in accordance with IFRS is 30.3 pence. See page 148 for further information and note 4 of the financial statements for a reconciliation to the IFRS reported results.

See Key Performance Indicators on pages 16 and 17

£110.5m

Shareholders' equity

2020: £71.5m

£70.1m

Cash reserves[3]

2020: £37.4m

33.9p

Adjusted diluted earnings per share[2]

2020: 14.5p

20.6p

Dividend per share[4]

2020: 8.6p

8/10

8/10 largest strategies outperformed benchmarks over three years. 7/8 with five-year track records also outperformed[5]

140%

An increase in dividend of 140% in line with dividend policy

3 Represents cash and cash equivalents, plus cash invested in money market funds and deposit accounts, less cash held in research payment accounts, see page 148 for further information and note 21 of the financial statements for a reconciliation.
4 Proposed 3.6p per share interim dividend and proposed final dividend of 17.0p per share.
5 Gross of fees. For information on benchmarks see pages 24 to 27.

Why Impax?

Authenticity and heritage

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

20+

years of specialist investment experience

Partnership with our clients

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

£37.2bn

of assets under management

Global distribution

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

60+

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

Contributing to the development of a sustainable society

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

200+

employees in offices globally

Our distribution network

CANADA

Desjardins
FÉRIQUE Fund Management
MACKENZIE Investments
NEI

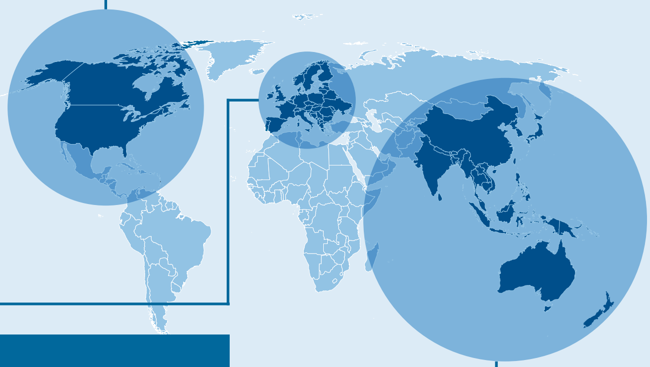
Distribution partners

UNITED STATES

PAX World Funds

Impax Commingled Funds

Distributed directly by Impax



EUROPE

asn impact investors
FORMUE | PLEJE
BNP PARIBAS ASSET MANAGEMENT
ST. JAMES'S PLACE WEALTH MANAGEMENT

Distribution partners

IMPAX Environmental Markets plc
IMPAX Funds Ireland
IMPAX New Energy

Distributed directly by Impax

ASIA PACIFIC

BNP PARIBAS ASSET MANAGEMENT
FIDANTE PARTNERS

Distribution partners

Our strategic priorities

- Deliver superior, risk-adjusted investment returns
- Optimise existing & selectively launch new strategies
- Widen & deepen distribution channels
- Enhance client experience beyond investment returns
- Attract & develop outstanding team
- Increase operational scalability & efficiency
- Build insights & advocacy around transition to a more sustainable economy
- Deliver excellent financials & sustainable stakeholder value

Our Philosophy

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

We believe

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

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

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

We invest

in companies and assets that 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 well-rounded suite of investment solutions spanning multiple asset classes, aiming to deliver superior risk-adjusted returns over the medium to long term.

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

Mission and Values

Investing in the transition to a more sustainable economy

Mission Statement

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

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

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

Our Values

BE THE SOLUTION

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

A PASSION FOR EXCELLENCE

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

ALL VOICES VALUED

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

DOING BETTER TOGETHER

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

BUILDING A COMMON FUTURE

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

IMPAX Asset Management

Strategic Report

Chief Executive's Report

"Impax has enjoyed a year of exceptional growth."

Ian Simm
Chief Executive

BUSINESS UPDATE

Impax has enjoyed a year of exceptional growth. During the 12 months ending 30 September 2021 (the "Period"), the Company's assets under discretionary and advisory management ("AUM") increased by 84.4% to reach £37.2 billion, which included a record £10.7 billion of net new inflows.

We performed very well against all key indicators of financial performance and in particular our largest investment strategies maintained their record of outperformance versus global equity indices.

By 31 October 2021, our AUM had risen further to £38.9 billion.

Impax has a deeply held investment philosophy focused on the opportunities arising from the transition to a more sustainable economy. During the Period, this authentic and differentiated approach helped the Company to attract significant new mandates with asset owners and expand our relationships with intermediaries and distribution partners globally.

__COP26__ The conference should help create enormous opportunities for investors.

SUPPORTIVE EXTERNAL ENVIRONMENT

Two events in early November 2020 helped to frame the Period, during which global equity markets posted strong returns.

The emergence of COVID-19 vaccines led to earnings upgrades, as businesses glimpsed a potential exit from months of protracted lockdowns. While rising rates of the Delta variant meant localised restrictions remained in place, economic data was largely positive. Meanwhile, efforts to "build back better" out of the crisis helped to attract capital towards markets that offer inherent resilience to environmental and social problems.

The victory of Joe Biden in the US presidential elections in November 2020 immediately brought fresh impetus globally towards tackling climate change. His announcement that the US would be brought back into the Paris climate agreement helped to accelerate a succession of "net-zero" commitments by corporates and policymakers in anticipation of the COP26 climate summit in Glasgow, which concluded last month.

While there were disappointments in the final text, the emergence at Glasgow of coalitions of key actors around single issues like coal power, deforestation and methane emissions was a standout success, with business and finance driving ambitious commitments alongside governments. The transition to a net-zero economy catalysed by COP26 should create considerable opportunities for investors. Although there will clearly be rapid market growth in renewable power generation and energy efficiency, we also expect to back innovative companies in less visible sectors, for example new materials and agriculture.

£10.7bn

of net new inflows

8 out of 10

largest strategies outperformed benchmarks over three years

Chief Executive's Report continued

Movements in the Company's AUM for the full year ended 30 September 2021

	Listed equities £m	Fixed income £m	Private markets £m	Total firm £m
Total AUM at 30 September 2020	**18,865**	**947**	**371**	**20,183**
Net flows	10,387	322	(34)	10,676
Market movement, FX and performance	6,385	(12)	(20)	6,353
Total AUM at 30 September 2021	**35,636**	**1,257**	**318**	**37,211**

INVESTMENT PERFORMANCE

Overall, our range of strategies, managed by our investment teams in the UK, US and Hong Kong, performed well over the Period. Longer term, eight out of the largest ten strategies, accounting for a combined 91% of AUM, have outperformed their benchmarks over three years. Of the eight that have five-year track records, seven have outperformed their benchmarks.[1]

Five of our six thematic, Environmental Markets strategies outperformed their benchmark index over the Period, with the Specialists strategy delivering a gross total return of 40.5% in comparison to 22.2% from MSCI ACWI.[2] The overall outperformance was notwithstanding the headwind from the broad rotation into value stocks, to which these strategies have limited exposure.

Our Sustainability Lens products also performed well. Four of the five strategies outperformed their benchmarks over the Period, with the Global Opportunities strategy delivering a gross total return of 24.9%.[3]

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

A more detailed insight into our investment performance is included on pages 22 to 29.

Private Markets

Our team investing in markets linked to renewable power generation made good progress with our third fund, Impax New Energy Investors III ("NEF III"), committing capital in Spain, Italy, Poland and the UK, as well as making two successful exits. In October 2021 the team held the first close of Impax New Energy Investors IV ("NEF IV"), with €238 million committed.[4]

CLIENT SERVICE AND BUSINESS DEVELOPMENT

Asset growth was well diversified across our direct sales and distribution partner channels, reflecting increased client demand across Europe, Asia-Pacific, and North America.

Inflows over the Period were directed particularly into our Global Opportunities and Leaders strategies (30.1% and 29.2% of net inflows respectively) with strong investor interest in our Climate and Asian Environmental strategies (10.0% and 8.7% of net inflows respectively).

In the UK, we extended our relationship with wealth manager St James's Place with a second mandate for our Global Opportunities strategy, and we also won new segregated accounts based on the same strategy.

Our FTSE 250 listed Environmental Markets investment trust continued to attract considerable inflows and, at the Period end, had approximately £1.4 billion in total net assets.

Our Ireland-domiciled UCITS funds enjoyed significant growth over the Period, with aggregate AUM reaching £2.1 billion, up from £806 million. Net inflows from European clients helped push the AUM of the Global Opportunities fund in this range past £500 million for the first time.

We also continued to build our Dublin-based team, which is now established post-Brexit as an important strategic centre for the Company to access EU markets.

1 Gross of fees. Please see pages 24-27 for details on benchmarks.
2 GBP, gross of fees.
3 GBP, gross of fees. Benchmark: MSCI ACWI returned 22.2%.
4 See pages 29-30 for more information.

In October 2020, we developed further our relationship with BNP Paribas Asset Management ("BNPP AM") by signing a new distribution agreement on similar terms to the Memorandum of Understanding that has been in place since 2007. This continues to be an important strategic relationship across Europe and Asia. Since the new agreement was signed we have won additional mandates and received significant flows into the BNPP AM funds that we sub-advise, including via global financial institutions.

In Japan, we worked with BNPP AM to secure the mandate for a significant new fund launch by Nomura. This feeds into an existing fund of the Leaders strategy.

In April we signed a new distribution agreement with Fidante Partners Limited as our exclusive distribution partner in Australia and New Zealand, markets that show strong potential. We also won two significant Australian superannuation funds mandates, including a segregated account using our Climate strategy. In the run-up to COP26 we have received strong investor interest globally in this strategy, which focuses on investing in companies providing solutions to the challenges linked to climate change.

In the US, we secured several new mandates, including with Jordan Park for the High Yield strategy, and saw notable flows into the Leaders strategy, particularly via intermediaries, including JP Morgan.

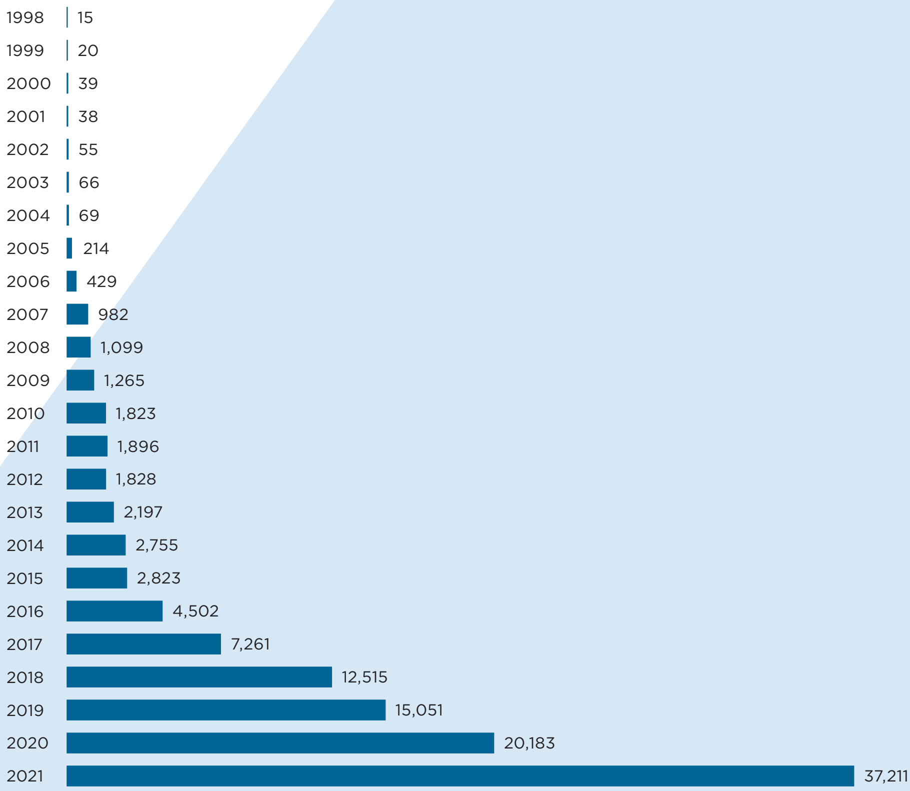
August 2021 marked 50 years since the launch of the Pax Sustainable Allocation Fund, the first public mutual fund in the US to use social and environmental criteria. And it was a significant year for the Pax World Funds as a whole. By the end of the Period, their aggregate AUM reached £6.1 billion, up from £4.1 billion.

In Canada, we secured a sub-advisory mandate for FÉRIQUE Fund Management, gained investments from two foundations for our Global Opportunities strategy, and launched new mandates through our distribution partners.

In January 2021, we completed the integration of our New Hampshire-based team, who joined us in 2018 following the acquisition of Pax World Management LLC.

Combining the two businesses has already underpinned significant growth for the Group, and we enjoyed continued momentum throughout the Period, taking our North American AUM to £9.4 billion.

Strong track record of growth – assets under management at year end (£m)



Chief Executive's Report continued

BEYOND FINANCIAL RETURNS

Beyond delivering superior, risk-adjusted investment returns, we focus on four broader areas. First, our corporate engagement and stewardship activity aims to enhance our understanding of investment risk. In 2020 we took part in over 230 engagements. We were proud to be a successful applicant to be a signatory to the UK Stewardship Code in 2021.

Second, we disclose through our annual impact report the quantified environmental benefits linked to our clients' investments in our portfolio companies. This year we have evolved our reporting to include additional carbon emissions and water data.

Third, we strive to influence policy outcomes that support solutions to environmental and social challenges. We focused on three areas during the Period: financing the transition to net-zero emissions; greening the financial system, with a particular focus on biodiversity; and human capital, including the response to COVID-19. Through our policy and advocacy activities we collaborate closely with a broad network, including the scientific community, industry bodies, and not-for-profit organisations.

Finally, we publish thought leadership that provides value-added insights to our clients and partners. This has included a series of articles in the run-up to COP26, and, together with Swedish pension fund, AP7, producing a report on how to measure water impact effectively.

DEVELOPING OUR TALENT

We grew our headcount by 24% over the Period. 56% of those new hires were women. Given this significant growth, we are acutely aware of the need to nurture the collegial culture that has driven our success over the last two decades.

Our People strategy seeks to future-proof our business with more resilient HR systems, whilst offering a stimulating, collaborative, and supportive workplace for our colleagues.

This year we launched a "behavioural competency" framework, which sets out the standards we expect from colleagues on a day-to-day basis. This has been woven into recruitment, development, promotion, and rewards, to help reinforce our culture, support our core values, and foster accountability.

As we began to emerge from lockdowns, we consulted with our colleagues before updating our HR policies. Following that consultation, we have decided to remain an office-based business, but are committed to providing extra flexibility, for example for those employees that wish to work from home more regularly.

24%

increase in headcount during the Period

We were pleased with the results of our employee engagement survey, which revealed an 88% engagement score, notwithstanding the challenges of working away from the office; this is 14 percentage points ahead of the industry benchmark.

We continue to find that our clear mission as a specialist focused on investing in the transition to a more sustainable economy is a clear differentiator as we seek to hire, and then retain, the very best talent in an increasingly competitive market.

SYSTEMS AND INFRASTRUCTURE

As we grow, we are also investing in our corporate services functions, including risk, compliance and IT. We are focusing in particular on improving our data capabilities, managing cyber and climate risk, and increasing our operational resilience.

Following the completion of the integration of our New Hampshire-based team, we have sought to build global teams and functions. This has included launching a single trading desk, which serves our investment team across the US, the UK and Hong Kong.

AWARDS AND INDUSTRY RECOGNITION

The Company's expertise and success has been acknowledged through numerous prestigious industry awards. After the Period end this included: "AIM Company of the Year" (Shares); "AIM Growth Business of the Year" (AIM Awards 2021), and Finncap's "Best Performer, Financials" award.

Highlights during the Period included: Pensions Expert's "Active Equity Manager of the Year"; "Best Sustainability Reporting (large asset manager)" in Environmental Finance's Sustainable Investment Awards; and both the "Sustainable Reporting" and "Green Finance" categories at the Better Society Awards.

OUTLOOK

We believe that the focus on climate change at COP26 and the post-pandemic fiscal boost will help catalyse further investment in companies benefitting from the transition to a more sustainable economy.

In particular, we believe that infrastructure investment is set to accelerate. Rapid expansion in decentralised renewable power generation, zero-emissions transportation, resilient water supply and climate resilience are positioned to provide significant investment opportunities.

We also anticipate a number of supportive regulatory drivers. The EU's wide-ranging Sustainable Finance Disclosure Regulation ("SFDR"), which attempts to counter "greenwashing", imposes mandatory ESG disclosure obligations for asset managers and has contributed to a marked increase in investment towards more sustainable companies and issuers. This, together with the equivalent UK green taxonomy, will contribute to a further shift in capital flows across Europe throughout the current decade.

In the US, the Department of Labor announced in October 2021 that it was proposing to reverse the Trump Administration's ban on considering ESG factors in retirement plans. This is also likely to be positive for the markets in which Impax invests.

Our investment teams continue to manage a broad array of risks. 2021 laid bare the vulnerability of global supply chains and has contributed to concerns about a potential looming energy crisis in Europe and Asia. Meanwhile, high valuations in some areas and the threat of persistent inflation continue to inform our portfolio construction and trading decisions.

We believe that Impax continues to be well positioned to benefit from the many regulatory, policy, market, and investor tailwinds. There is growing evidence that asset owners are increasingly attracted to our global reach, our authenticity, and our investment philosophy focused on the transition to a more sustainable economy. Against this backdrop, we are confident that Impax can continue to deliver excellent value for all of our stakeholders.

Ian Simm

1 December 2021

Key Performance Indicators

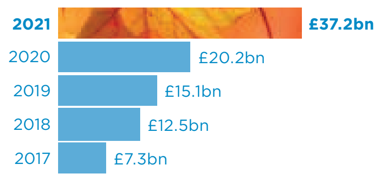
We use a number of key performance indicators ("KPIs") to measure our financial performance. This year we again delivered strong growth for all our KPIs.

AUM[1]

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

2021: AUM grew by 84.4% to £37.2 billion.

£37.2bn

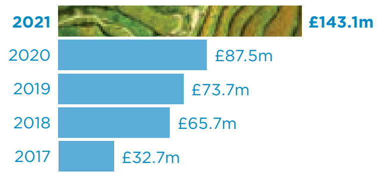


Revenue

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

2021: Revenue grew by 63.5% to £143.1m.

£143.1m

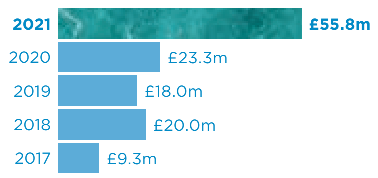


Adjusted operating profit[2]

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

2021: Adjusted operating profits grew by 139.5%.

£55.8m

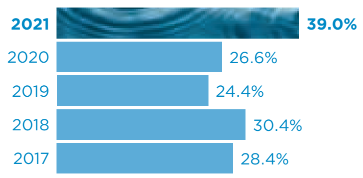


Adjusted operating margin[2]

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

2021: Operating margin grew to 39.0% due to our scalable operating platform.

39.0%

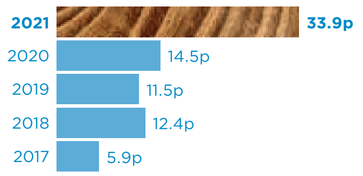


Adjusted diluted earnings per share[2]

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.

2021: Adjusted diluted EPS grew to 33.9 pence in line with the increased adjusted profits.

33.9p

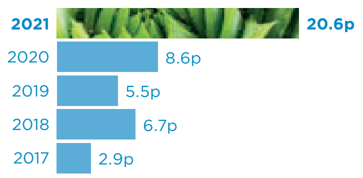


Dividend

The Company’s dividend policy is to pay between 55% and 80% of adjusted profit after tax. The Board is recommending a final dividend of 17.0 pence per share bringing total dividend per share to 20.6 pence.[3] This represents growth of 140% and is the 13th consecutive year that we have grown the dividend.

2021: Growth of 140% and the 13th consecutive year that we have raised the dividend.

20.6p



1 Assets under management and advice as at 30 September 2021. Assets under advice c. 2% of total AUM.
2 This is an Alternative Performance Measure – see page 148 for definition and calculation.
3 Proposed.

Financial Review

"Impax has reported exceptionally strong growth in revenue and profits and is in good financial health."

Charlie Ridge
Chief Financial Officer

I am delighted to report another year of strong financial results including more than doubling our adjusted operating profit and profit before tax.

As in previous periods, in order to facilitate comparison of performance with previous time periods and to provide an appropriate comparison with our peers, the Board encourages shareholders to focus on financial measures after adjustment for accounting charges or credits arising from the acquisition accounting from Impax NH, adjustments arising from the accounting treatment of National Insurance costs on share-based payment awards and significant tax credits related to prior periods. Further information on the adjustments made and on the other alternative performance measures reported is provided on page 148. A reconciliation of the International Financial Reporting Standards ("IFRS") and adjusted numbers is provided in note 4 of the Financial Report.

Figure 1: Financial highlights for financial year 2021 versus financial year 2020

	2021	2020
AUM[1]	**£37.2bn**	£20.2bn
Revenue	**£143.1m**	£87.5m
Adjusted operating profit	**£55.8m**	£23.3m
Adjusted profit before tax[2]	**£54.0m**	£22.2m
Adjusted diluted earnings per share[2]	**33.9p**	14.5p
Cash reserves[2]	**£70.1m**	£37.4m
Seed investments	**£7.5m**	£4.3m
Dividend per share[3]	**3.6p interim + 17.0p final**	1.8p interim + 6.8p final

	2021	2020
IFRS operating profit	**£47.4m**	£17.6m
IFRS profit before tax	**£45.7m**	£16.7m
IFRS diluted earnings per share	**30.3p**	10.5p

1 Assets under management and advice as at 30 September 2021.
2 This is an Alternative Performance Measure – see page 148 for definition and calculation.
3 Proposed.

REVENUE

Revenue for the Period grew by £55.6 million to £143.1 million (2020: £87.5 million). Growth was driven by the exceptionally strong net inflows across the business and very positive fund performance.

Our run-rate revenue[4] at the end of the Period was £173.8 million (2020: £96.5 million), giving a weighted average run rate revenue margin[4] of 47 basis points (2020: 48 basis points) on the £37.2 billion of AUM.

OPERATING COSTS

Adjusted operating costs increased to £87.3 million (2020: £64.3 million), mainly reflecting increases in headcount required to service our significantly increased client base and higher profit-related pay due to rising profitability. We expect higher costs in the next financial year to reflect a full year of costs from hires made in 2021, further hires in 2022 to support continued growth opportunities and increased marketing and other costs as we return to travelling.

IFRS operating costs include additional charges and credits, principally the amortisation of intangible assets arising from the Impax NH acquisition, National Insurance charges on share options and restricted shares. Employer's National Insurance is payable based on the share price when an option is exercised or restricted shares vest, and accordingly the charge has increased significantly as our share price has risen over the year. This charge is offset by a tax credit which is recorded in equity.

PROFITS

Adjusted operating profit increased to £55.8 million (2020: £23.3 million), driven by the revenue growth described above. Run-rate adjusted operating profits at the end of the Period grew further to £67.5 million (2020: £28.3 million), in line with business expansion. IFRS operating profit in 2021 increased to £47.4 million (2020: £17.6 million). Fair value gains and other non-operating income offset interest expense and non-operating costs to give adjusted profit before tax of £54.0 million (2020: £22.2 million).

TAX

Tax rates were lower than the prior period as we benefited from a £2.8 million credit in relation to taxation of prior year private equity income (2020: £1.0 million).

EARNINGS PER SHARE

Adjusted earnings per share grew to 33.9 pence (2020: 14.5 pence) as a result of the growth in profits, offset to a small extent by increases in shares in issue as a result of restricted share awards and option exercises. IFRS earnings per share increased to 30.3 pence (2020: 10.5 pence).

FINANCIAL MANAGEMENT

At the Period end the Company held £70.1 million of cash resources, an increase of £32.8 million on 2020. The Company had no debt (2020: no debt) but retains access to a US$13 million revolving facility (the "RCF") (LIBOR plus 3.3%) which was put in place at the time of the Impax NH acquisition.

4 This is an Alternative Performance Measure – see page 148 for definition and calculation.

Financial Review continued

In January 2021 we completed the integration of our New Hampshire-based team ("Impax NH"), who joined us in 2018 following the acquisition of Pax World Management LLC. As agreed in the terms of the acquisition announced on 18 September 2017, we acquired the remaining 16.7% of the business held by management for a total consideration, net of loans, of US$3.0 million, paid in cash and shares. In addition, contingent consideration payments of US$270,000 were made in cash to the previous shareholders and management as relevant assets under management of the Pax World funds reached an average of US$5.5 billion over the final six months of the 2020 calendar year, growing to US$6.6 billion at 31 December 2020, up from US$4.9 billion in January 2018.

The Company continues to make seed investments and to invest in our private equity funds. These investments were valued at £7.5 million at the Period end. During the Period we invested into a segregated account investing in our new Asian Opportunities strategy and made further investments into our private equity funds.

SHARE MANAGEMENT

During the Period the Company issued 2.0 million new ordinary shares to the Company's Employee Benefit Trust (the "EBT"). The EBT holds shares for Restricted Share awards until they vest or to satisfy share option exercises. The Company also issued a further 181,467 shares to part fund the acquisition of the remaining interest in Impax NH.

Going forward, the Board intends that the Company will satisfy obligations linked to share incentive awards for employees either through purchase of its own shares or if there are attractive alternatives for the use of the Company's cash resources, via issuance of new shares. Share purchases are usually made by funding the EBT which will then settle option exercises or hold shares for Restricted Share awards until they vest. No share purchases were made during the year.

DIVIDENDS

The Company paid an interim dividend of 3.6 pence per share in July 2021. Our dividend policy is to pay, in normal circumstances, an annual dividend within a range of 55% and 80% of adjusted profit after tax. Impax has reported exceptionally strong growth in revenue and profits and is in good financial health. The Board has therefore decided to recommend a final dividend of 17.0 pence. This would be an increase in the total dividend for the year of 12.0 pence or 140%. The annual dividend for the year represents 60% of adjusted operating profit after tax which is still at the lower end of our stated range.

This dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 29 March 2022. If approved, the dividend will be paid on or around 31 March 2022. The record date for the payment of the proposed dividend will be 11 February 2022 and the ex-dividend date will be 10 February 2022.

The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 28 February 2022. 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. In making this assessment the Board has considered the potential evolving impacts of COVID-19.

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 continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Charles Ridge
1 December 2021

140%
increase in dividend

£143.1m
revenue, an increase of £55.6 million from 2020

Our Investment Strategies and Performance

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

"Our rigorous investment process seeks to invest in higher quality companies that demonstrate sound management of risk."

Bruce Jenkyn-Jones
CIO, Listed Equities

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, CIO, Listed Equities, who has been at Impax for over two decades. This team manages the Environmental Markets, Gender Lens and Sustainability Lens strategies, excluding the latter's fixed income strategies. Members of the team also manage Impax's Systematic Equities strategies.

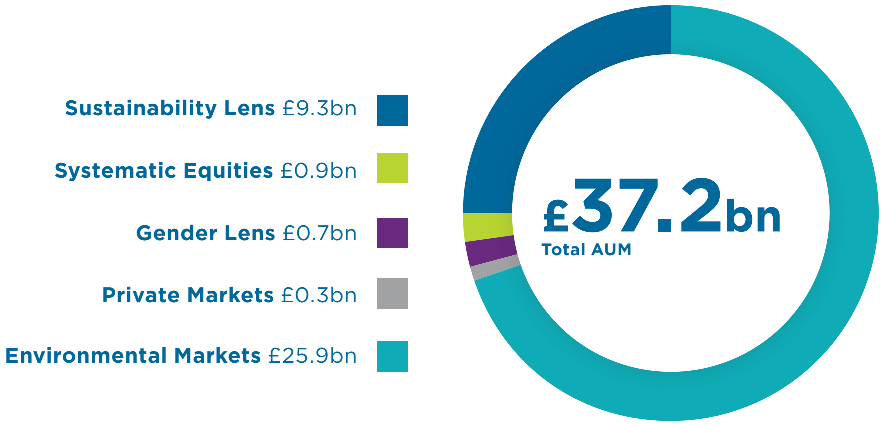
Fixed income

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

Private markets

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

Our AUM by Investment Strategy (£ billion)[1]



1 As at 30 September 2021. Assets under advice represent ~2%. Total of asset classes may differ due to rounding. Multi Asset Strategies' AUM is included within the underlying strategy.

Environmental Markets Strategies

See more on pages 24 and 25

Gender Lens Strategies

See more on page 28

Multi-Asset Strategies

See more on page 29

Sustainability Lens Strategies

See more on pages 26 and 27

Systematic Equities Strategies

See more on page 28

Private Markets Strategies

See more on pages 29 and 30

Our Investment Strategies and Performance continued

Environmental Markets Strategies

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

Companies that we classify under Environmental Markets address a number of long-term macro-economic themes including growing populations, rising living standards, increasing urbanisation, rising consumption, and depletion of limited natural resources. These powerful drivers have triggered above average growth for a large, rapidly expanding, diverse set of companies.

Our rigorous investment process seeks to invest in higher quality companies with strong business models that demonstrate sound management of risk. We research a well-defined investment universe for each of our strategies and then our portfolio construction reflects a combination of high conviction and high financial upside. We use a macro-economic and thematic overlay, as well as undertaking an in-depth integrated review of risk using Environmental, Social and Governance ("ESG") criteria as part of our stock analysis.

Over the Period we saw interest in all our Environmental Markets strategies, with the highest net inflows into Leaders (£3.1 billion) and Climate (£1.1 billion).

Our Leaders strategy invests globally in large cap companies that are developing innovative solutions to resource challenges in the key areas of new energy, water, waste and resource recovery, and sustainable food and agriculture. We only invest in companies that generate at least 20% of their revenues from these environmental markets. In practice this exposure is much higher, at 56%, as of 30 September 2021.

Our Specialists strategy invests in "pure play", small and mid-cap companies which must have more than 50% of their underlying revenue generated by sales of environmental products or services (exposure was 80%, as of 30 September 2021). Specialists was our stand-out Environmental Markets strategy during the period. Strong outperformance was driven by stock selection, particularly within the portfolio's Energy Efficiency holdings which benefitted from the reopening of the global economy in early 2021.

We are pleased by the continued strong performance of the Climate strategy, launched in 2018. This strategy, which includes a fund managed for BNP Paribas Asset Management ("BNPP AM"), invests in companies with demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences. Its assets under management more than doubled during the Period to £3.0 billion, driven by inflows.

Impax was one of the first asset managers to launch a dedicated Water strategy and we have managed a water fund since 2008 on behalf of BNPP AM. This fund, which has seen strong demand from European retail investors, invests in international water companies whose activity is related to water treatment, purification, infrastructure and municipal services. With continued net inflows and strong performance over the Period, the strategy's AUM grew by roughly half again to almost £6.5 billion.

Our Asian Environmental strategy follows the principles and approach of our Leaders strategy but only invests in the Asia-Pacific region. This strategy grew significantly during the Period, with AUM almost trebling. Net inflows totalling more than £900 million drove this growth.

We also manage a Sustainable Food strategy, which includes a fund for BNPP AM, which invests globally in companies that are making food production more sustainable. The strategy was just behind the MSCI ACWI Index during the Period, principally due to the strategy's structural underweight exposure to the Financials sector.

PERCENTAGE RETURNS FOR ONE, THREE AND FIVE YEARS FOR ENVIRONMENTAL MARKETS STRATEGIES VERSUS BENCHMARK[1] (GBP)

	AUM	1-year	3-years	5-years
Leaders	£8.3 billion	24.2%	55.0%	94.0%
Water	£6.5 billion	33.4%	62.7%	106.2%
Specialists	£4.1 billion	40.5%	74.8%	116.1%
Climate	£3.0 billion	33.7%	76.7%	n/a
Sustainable Food	£1.4 billion	21.4%	34.0%	54.6%
MSCI ACWI Index[2]		22.2%	38.0%	79.0%

	AUM	1-year	3-years	5-years
Asian Environmental	£1.7 billion	23.4%	58.0%	84.6%
MSCI Asia Composite Index[3]		12.6%	23.7%	52.7%

Past performance is not necessarily a guide to future performance. The value of investments can fall as well as rise and you may get back less than you have invested. All data as at 30 September 2021.

1 AUM (GBP) as at 30 September 2021.
In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee, and are represented in sterling.
2 MSCI indices are total net return (net dividend re-invested).
3 MSCI AC AP Composite is a custom-made benchmark made up of 80% MSCI AC Asia Pacific ex-Japan and 20% MSCI Japan rebalanced daily. MSCI indices are total net return (net dividend re-invested).

£3.1bn

Net inflows into the Leaders strategy

Our Investment Strategies and Performance continued

Sustainability Lens Strategies

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.

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

LISTED EQUITIES

We launched the Global Opportunities equity strategy in January 2015. It is an all-cap global strategy which can now report almost seven years of outperformance versus global equities. In 2018, St James's Place Wealth Management selected it for their Sustainable and Responsible Equity Fund. The Global Opportunities strategy grew significantly during the Period, with net inflows from a range of investors around the world totalling £3.2 billion.

During the Period, we seeded a new Asian Opportunities strategy which leverages the proven process behind our Global Opportunities strategy, targeting a broader sustainability opportunity set in Asian equities. Both strategies are focused on companies demonstrating consistent growth and operational return profiles coupled with lower debt levels.

Our US Large Cap and US Small Cap strategies follow a similar regional strategy utilising our "Sustainability Lens" to help identify higher opportunity and lower risk companies that are well positioned to benefit from the transition to a more sustainable economy. Both the US Large Cap and the US Small Cap strategies had positive years, significantly outperforming their respective benchmarks.[6] Both also attracted double-digit percentage net inflows during the Period.

FIXED INCOME

We have also seen investor interest in our fixed income funds, in particular the High Yield Bond strategy. These utilise the "Sustainability Lens" to identify higher opportunity and lower risk sub-sectors in their respective investment universes.
Our proprietary ESG research provides additional fundamental insight to enhance risk management further. A significant portion of the Core Bond strategy portfolio is allocated to impact bonds that promote positive environmental and social outcomes. These include green bonds, community development notes, international development banks and other investments that support climate change mitigation, sustainable infrastructure, affordable housing, education and gender equality.

Over the Period, the Core Bond strategy was in line with its benchmark[7] in a challenging year for US investment-grade corporate bonds. The High Yield strategy meanwhile delivered positive returns, but underperformed its benchmark[8] in a Period when the bonds of lower-rated companies and more volatile sectors tended to outperform those of companies we believe to be more durable.

PERCENTAGE RETURNS FOR ONE, THREE AND FIVE YEARS FOR SUSTAINABILITY LENS STRATEGIES VERSUS RESPECTIVE BENCHMARKS (GBP)[4]

	AUM	1-year	3-years	5-years
Global Opportunities	£6.5 billion	24.9%	61.4%	121.5%
MSCI ACWI Index[5]		22.2%	38.0%	79.0%
US Large Cap	£1.0 billion	31.4%	67.7%	n/a
Benchmark[10]		24.7%	50.9%	n/a
US Small Cap	£500 million	59.2%	47.3%	77.1%
Benchmark[11]		47.7%	35.1%	87.9%

Past performance is not necessarily a guide to future performance. The value of investments can fall as well as rise and you may get back less than you have invested. All data as at 30 September 2021.

PERCENTAGE RETURNS FOR ONE, THREE AND FIVE YEARS FOR SUSTAINABILITY LENS FIXED INCOME STRATEGIES VERSUS THEIR RESPECTIVE BENCHMARKS (GBP)[9]

	AUM	1-year	3-years	5-years
High Yield Bond	£577 million	4.0%	20.2%	35.0%
Benchmark[12]		5.2%	18.1%	29.9%
Core Bond	£570 million	-4.6%	13.8%	12.0%
Benchmark[13]		-5.0%	13.1%	11.4%

Past performance is not necessarily a guide to future performance. The value of investments can fall as well as rise and you may get back less than you have invested. All data as at 30 September 2021.

4 AUM (GBP) as at 30 September 2021. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee, and are represented in sterling.
5 MSCI indices are total net return (net dividend re-invested).
6 S&P 500 Index / Russell 2000 Index respectively.
7 Bloomberg Barclays US Aggregate Index.
8 ICE BofAML US Cash Pay High Yield Constrained (BB-B) Index.
9 AUM (GBP) as at 30 September 2021. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee, and are represented in sterling.
10 S&P 500 Index.
11 Russell 2000 Index.
12 ICE BofA BB-B US HY Constrained.
13 Bloomberg Barclays US Agg. Bond.

Our Investment Strategies and Performance continued

Gender Lens Strategies

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

We believe companies with a greater proportion of women in leadership roles than their peers tend to have higher returns on capital, greater innovation, increased productivity and higher employee retention and satisfaction. The Impax Global Women's Leadership Index was first launched in 2014. This is the first index of its kind globally, comprising the highest-rated companies in the world for advancing women on boards and in executive management. To construct the index our Gender Analytics team rates companies on multiple criteria of gender leadership. These 400-plus companies are amongst the best in the world for promoting and advancing gender diversity. The AUM of our Gender Lens strategies totalled US$997 million at the end of the Period. The Global Women's Leadership strategy, a systematic gender lens strategy, trailed its benchmark[14] for the Period, but maintained its relative outperformance over five years.

Systematic Equities Strategies

Our US Sustainable Economy Fund and International Sustainable Economy Fund are systematic strategies that invest in companies we believe are positioned to benefit from the transition to a more sustainable economy. These both now integrate the Impax Sustainability Lens.

In March 2021, we relaunched our ESG Beta Dividend Fund as the Global Sustainable Infrastructure Fund. This systematic strategy focuses on investing in companies that enable or increase access to vital physical resources (clean energy, water, resource and waste management, food and agriculture) and societal resources (healthcare, education, finance, transportation, data and communications) that are essential to the transition to a more sustainable global economy. The systematic process optimises portfolio exposure to higher opportunity subsectors and companies — and away from riskier subsectors and companies.

14 MSCI World Index.

Multi-Asset Strategies

Our Multi-Asset strategies invest across all of Impax's strategies. They offer investors a risk-focused asset allocation strategy through diversification across a variety of US equity, US fixed income, developed non-US equity and global thematic investment strategies.

The Pax Sustainable Allocation Fund celebrated its 50th birthday in 2021. The Fund was the first publicly available mutual fund in the US to use social and environmental as well as financial criteria in the investment process. It has evolved into a multi-asset fund-of-funds strategy that invests across a wide range of Impax strategies. It has again performed strongly over the Period, outperforming most of its peer group of similar multi-asset strategies. Over three years, the Fund sits within the top 10% of this group.[15]

Private Markets Strategies

The Private Equity/ Infrastructure team follows an industrially focused, value-add strategy, investing in renewable power generation, including solar, onshore wind, hydropower and related assets. Currently all our assets are in Europe.

Impax is one of the longest established private markets teams in the large and rapidly growing renewable energy infrastructure sector. Over the Period, the team's focus has been on both investments and divestments in our third fund, Impax New Energy Investors III ("NEF III"). As of 30 June 2021, NEF III had invested and committed €233 million in a diversified portfolio including 12 investments in eight countries across four technologies.

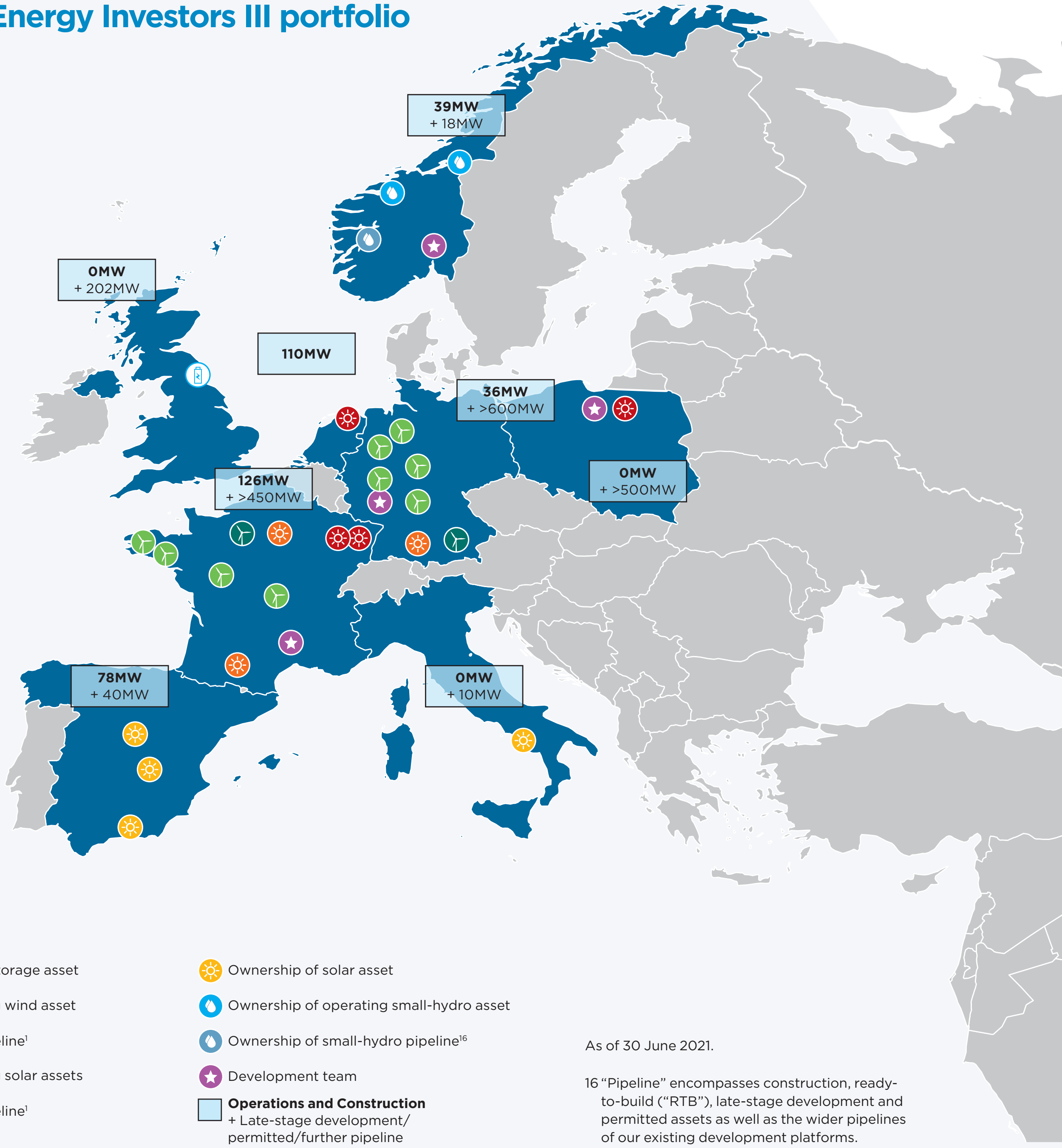
Since October 2020, the team has made four new investments for NEF III, including Spanish and Italian solar investments and a joint-venture partnership with a Polish developer focused on PV solar investments. It also includes our first battery storage investment, in the UK. NEF III also saw its first two successful exits in December 2020, with the sale of our 110MW Dutch solar PV plant and 2.7MW French rooftop solar portfolio.

Since January 2021, the team has also begun to fundraise for the next fund in the NEF Series – Impax New Energy Investors IV ("NEF IV"). We held a first close of NEF IV at the end of October 2021, with €238 million committed. The team has already acquired the first seed investment for NEF IV, which is a joint-venture partnership with a Polish developer focused on onshore wind investments.

15 Data as at 30 September 2021. Performance relates to institutional share class. Source: Morningstar.

Our Investment Strategies and Performance continued

Impax New Energy Investors III portfolio



Ownership of battery storage asset

Ownership of operating wind asset

Ownership of wind pipeline[1]

Ownership of operating solar assets

Ownership of solar pipeline[1]

Ownership of solar asset

Ownership of operating small-hydro asset

Ownership of small-hydro pipeline[16]

Development team

Operations and Construction
+ Late-stage development/
permitted/further pipeline

As of 30 June 2021.

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

Beyond Financial Returns

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

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

We select investee companies which have resilient business models and are able to adapt intelligently to changing conditions. We also expect them be inclusive and to value and encourage diversity, including gender and ethnic or racial representation. In this context, Impax engages to support and encourage investee companies to manage the risks and embrace the opportunities associated with the sustainable transition. We do not engage to radically change their core activities.

Engagement with companies allows us to better manage risks, by proactively identifying and mitigating issues, to better understand a company's character, and to strengthen companies over time by improving quality, processes, transparency and resilience. There is a welcome industry-wide shift in emphasis towards assessing, in more detail and rigour, what the actual outcomes of engagements were. This is the key objective of the recently updated UK Stewardship Code.

Impax is proud to be a signatory to the UK Stewardship Code, which sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. As a successful applicant in 2021, we demonstrated our commitment to stewardship in an updated review process.

Our integration of Environmental, Social and Governance ("ESG") factors in the investment process has also been recognised. In 2020, we maintained our top ratings from the UN-backed Principles for Responsible Investment ("PRI") in their most recent assessment of ESG integration efforts. Impax was awarded 'A+' and 'A' scores across all applicable categories for the seventh consecutive year. Impax is rated above most peers in every category and obtained the highest score, 'A+', for its overarching approach to ESG strategy and governance. In addition, Impax earned an 'A+' for Private Equity and all applicable Listed Equity categories, and improved its score to 'A' for all Fixed Income categories.

Signatory of: UK STEWARDSHIP CODE | 2021

Beyond Financial Returns continued

Impact

"Our annual impact report demonstrates how our intention to invest in the opportunities arising from the transition has been translated into action."

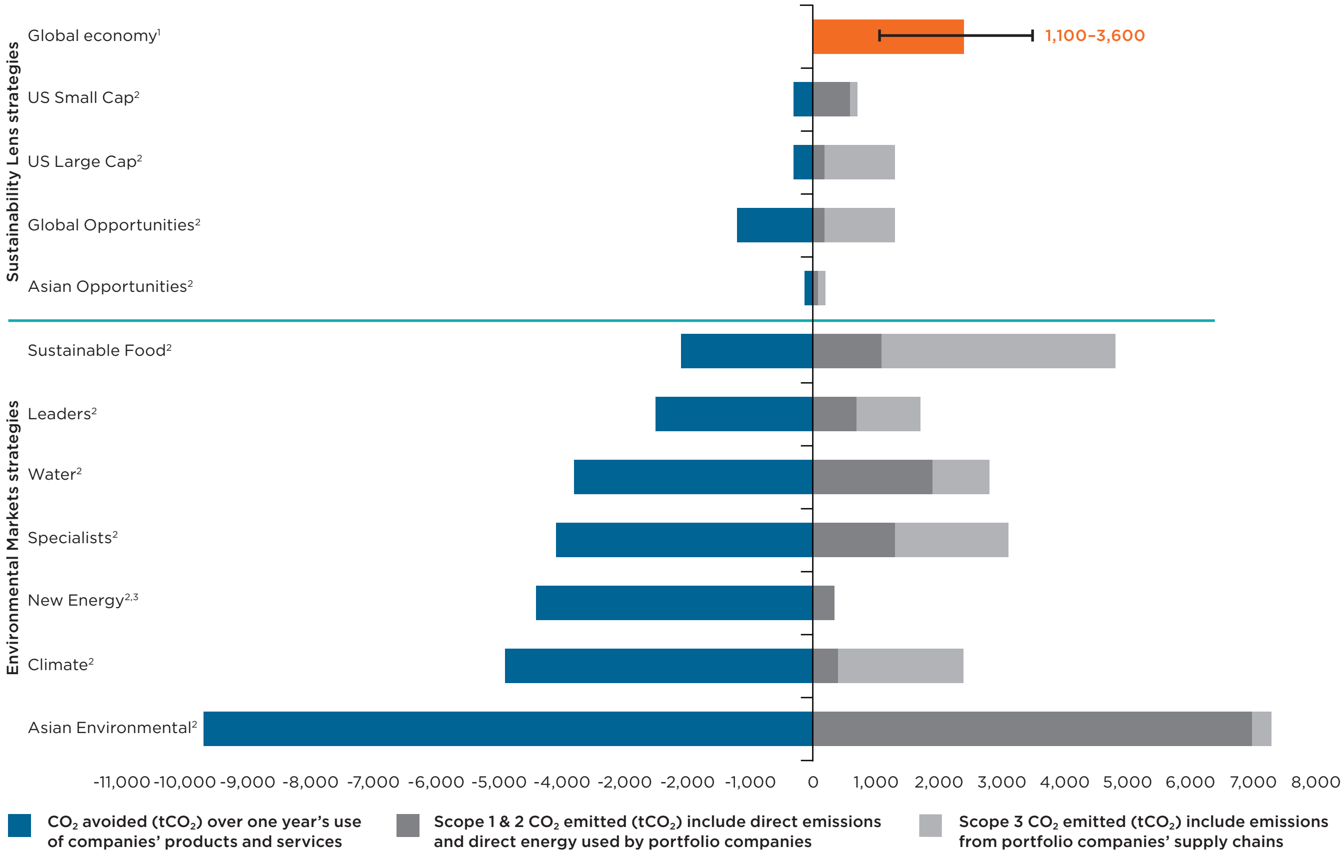
Meg Brown
Executive Director, Marketing & Business Development

At Impax, the investment strategies we manage are designed to intentionally allocate clients' capital towards those companies we expect to benefit as the global economy transitions to a more sustainable model.

Measuring impact is an evolving discipline, with a proliferation of methodologies and techniques, and none of the consistency that regulation and international standardisation has brought to financial accounting.

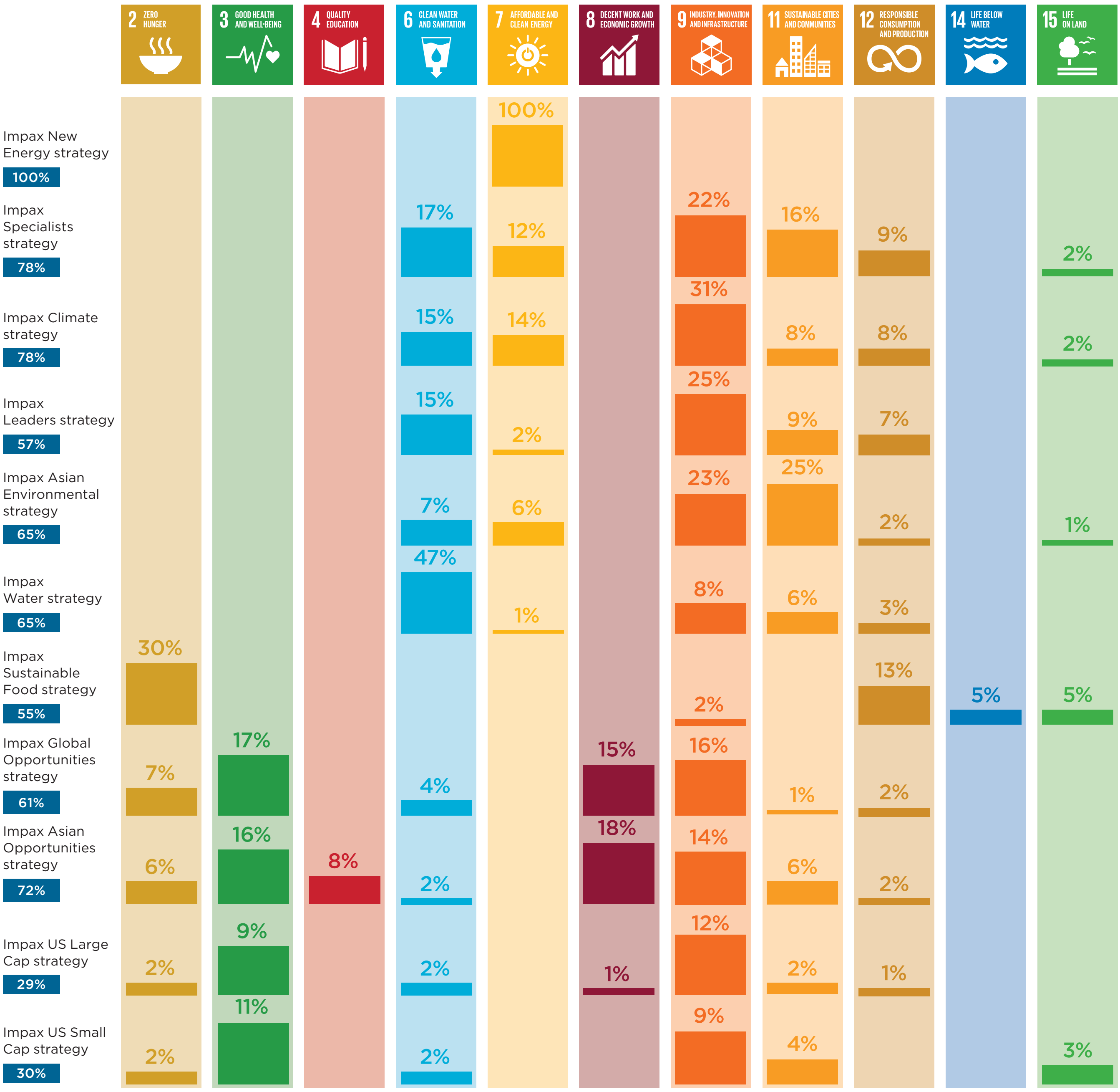
It is therefore important to set our impact reporting in context, especially with regard to the sustainability challenges that our portfolio companies are confronting.

CO_2 impact per US$10m invested for one year



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. Solar and wind emissions factors were taken from estimates provided by IPCC using the median lifecycle emissions. Hydro uses the NVE emission figures. Asian Opportunities AUM and holdings are as at 31 March 2021. 1 Source: Estimated total emissions 2020 ($GtCO_2e$) (orange bar) Global Carbon project, source: Carbon Brief using 2020 figures. This reflects total emissions divided by invested assets. Black bar reflects the range of estimates of value invested. Global AUM for 2020 as provided by PwC for the low figure and Global Wealth for 2020 as provided by Credit Suisse for the high figure. 2 Impax Asset Management, 31 December 2020. Impax's impact methodology is based on equity value. 3 No scope 3 emissions data available.

Portfolio company revenue alignment to the UN Sustainable Development Goals



Source: Data as at 31 December 2020. Figures are based on Impax internal data. Adopted by FTSE as a basis for Environmental Technologies and Environmental Markets index series since 2007. For our Sustainable Food strategy, we have also mapped to SDG 2, with a focus on sustainable food production and agriculture, not an 'environmental SDG'.

Beyond Financial Returns continued

Measuring impact is an evolving discipline with a proliferation of methodologies and techniques.

Impax's reporting principles are based on the belief that:

- Holistic reporting tells a more informative picture of a company's real-world impact
- Investing in carbon abatement solutions inevitably results in emissions today
- These are best understood in the context of avoidance delivered rather than just reporting a simple carbon footprint
- Investors benefit from understanding portfolio level aggregated metrics in addition to individual company level metrics
- A comparison with a real-world benchmark is helpful in providing context and challenge
- Although carbon offsets can certainly play a part in abating emissions, they are not included in our methodology (and do not contribute to building new energy systems, transport networks and driving innovation in carbon avoidance in basic materials)

Impax's impact reporting incorporates all these features. In our seventh annual update on the impact of investment strategies managed by Impax, we disclosed the quantified environmental benefits linked to our clients' investments in our portfolio companies in calendar year 2020.

Our impact reporting shows the contribution Impax portfolios are making, per

US$10m

invested for one year, to the transition to a lower carbon economy.

Our impact reporting shows the contribution Impax's investee companies in the portfolios are making, per US$10 million invested for one year, to the transition to a lower carbon economy. Impact metrics include net carbon emissions avoided, renewable energy generated, water treated, saved or provided, materials recovered and waste treated, and coal use displaced in Asian cities. For each strategy, we consider its specific investment objective when selecting the most relevant impact metrics to display.

We are proud of the achievements in emission avoidance demonstrated year-on-year. This year's analysis shows that our Sustainability Lens strategies have a low carbon impact overall. Our Environmental Markets strategies demonstrate significant net carbon benefits through the use of portfolio companies' products and services, assuming just one year of use when considering Scope 1 and 2 and emissions avoided.

Although our portfolio companies will continue to generate emissions for some time, we are mindful that a net-zero economy does not require every company, portfolio or person to emit no emissions at all.

EVOLVING OUR IMPACT REPORTING

Since introducing our net-carbon reporting in 2015, we have received positive feedback on the relevance of the metrics, which relate well to our investment objectives. We also receive questions seeking greater detail and in the context of the broader industry debate on avoided emissions. For greater transparency, this year we have responded by enhancing this reporting to share the emissions and avoidance data behind the net carbon figures.

By way of a benchmark, we include a "global economy" carbon intensity comparison which reflects total emissions divided by invested assets. We have removed the "2°C aligned economy" as an additional benchmark, to focus our comparison on today's economy and the overarching net-zero target. We have also separated out Scope 1, 2 and 3 emissions to provide additional context to our reporting.

This year, our reporting expands again to cover our private markets New Energy strategy and all six of our listed equity Environmental Markets strategies. It also introduces carbon and Sustainable Development Goals analysis of all of our four Sustainability Lens strategies.

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals ("SDGs"), agreed in 2015, comprise a series of 17 sets of targets to be met by 2030. A growing number of asset owners are seeking to assess how their investments contribute to the SDGs, as a means of measuring their impact.

As in 2020, we mapped Impax's equity strategies to the SDGs to indicate their level of alignment with this framework. We do so by identifying the proportion of portfolio companies' revenues related to activities described by the targets within each Goal.

Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful SDG alignment within the Environmental Markets as well as in the Sustainability Lens strategies with emerging market exposure.

For further details on our measurement of impact and reporting, download our Impact @ Impax 2021 report from our website.

Beyond Financial Returns continued

Engagement

"Engagement helps us both mitigate risk and enhance value and investment opportunities."

Lisa Beauvilain
Executive Director, Head of Sustainability & ESG

WHY WE ENGAGE

Engagement helps us both mitigate risk and enhance value and investment opportunities. The Impax investment process relies on a comprehensive understanding of the character and quality of our companies, including material ESG issues and areas of potential improvement.

HOW WE ENGAGE

Our engagement work takes the following forms:

1. Direct engagement and shareholder resolutions
2. Proxy voting
3. Collaborative engagement
4. Public policy advocacy

In 2020, our strategic engagements with companies fell into four primary focus areas:

- Climate, including physical climate risk
- Human capital development (including diversity, equality and inclusion)
- Sustainability management
- Corporate governance

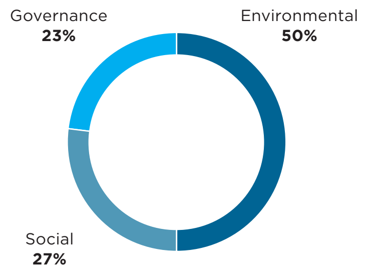
OUR RECORD (CALENDAR YEAR 2020)

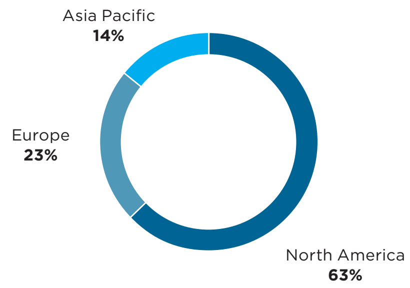
232
The number of companies we engaged with in 2020, over...

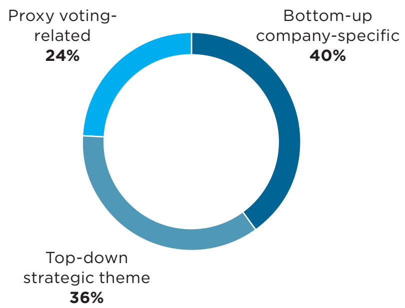
300
... engagement meetings, with...

6%
... of companies having more than two engagement meetings throughout the year.

Engagement update (calendar year 2020[4])







Our latest Engagement Report is available on our website. This gives further details on our wide range of activities and several interesting case studies.

Every year we engage with a significant percentage of our portfolio companies in our equity and fixed income investment portfolios. Over the course of calendar year 2020, Impax conducted 232 engagements, across 300 meetings, and achieved 40% positive outcomes.[5]

We also engage with various governmental entities whose actions can help level the financial playing field for companies with more sustainable operations. In 2020, we saw some agencies in the US act to increase barriers to sustainable investment while the EU and the UK worked to create rules to better define the sustainable investment landscape. The public policy landscapes of the world's economies have a lot to do with the present and future of sustainability in financial markets, and here, too, we see that investors' voices can make a positive difference.

EVOLVING PRIORITIES

2020 was a year unlike any other, and our engagement activities reflect that. We focused on issues arising from the COVID-19 pandemic, which brought many sustainability issues into sharper focus, especially in the 'S' – the social aspect – of ESG.

We analysed how companies responded to the Covid-19 crisis, including how they implemented furloughs, how they ensured the safety of their workers and customers, and how they handled executive pay. Most companies adapted well, although some initially struggled to obtain sufficient personal protective equipment for their front-line staff.

Racial inequalities also came under the spotlight during 2020, especially in the US, and it highlighted the need for us to zero in on environmental injustices that make some citizens more vulnerable than others.

We meanwhile continued to press on the issues that we believe pose significant challenges to the transition to a more sustainable economy, namely climate change, environmental issues, human capital issues, and corporate governance.

When it comes to climate change, we encouraged companies to hone their processes for the management of, and transparency around, climate-related physical risks and the risks they face amid the transition to a more sustainable economy. We sent letters to all companies in the S&P500 asking for location-data of their plants and facilities, to enable physical climate risk analysis.

In ShareAction's "Voting Matters 2020" report,[6] Impax's voting record ranked first out of 60 of the world's largest asset managers on 102 shareholder resolutions on climate change, climate-related lobbying and social issues.

40%

… of our company engagements led to positive outcomes directly related to the objectives we set.

14%

… of engagements led to positive outcomes that we believe were largely driven by Impax's engagement efforts.

4 Data for calendar year 2020, latest available.
5 Positive outcomes are classified as "some progress" or "milestone progress" as assessed by Impax against engagement objectives.
6 Jeanne Martin, Lauren Peacock, Martin Buttle, Rachel Hargreaves and Xavier Lerin, "Voting Matters 2020," ShareAction, December 2020.

Our People

Paving the way for our growth journey

Despite operating within the unpredictable and challenging landscape of the COVID-19 pandemic, 2021 was a year of positivity and progress across all facets of our People agenda.

Our values

We are proud of our dedicated and talented colleagues in the UK, US, Hong Kong and Ireland who delivered strong results for our clients and set up the firm for the next stage of its growth.

In total we hired 55 team members, growing our headcount by 24% to 216.[1] This included building out our operation in Dublin, capitalising on the excellent talent pool in Ireland, and establishing it as a strategic hub for Impax's future growth.

We expanded our internship programmes, providing our highest number to date of paid assignments for students over the summer period, including participating in the UK's 100 Black Interns initiative.

2,500

hours of learning completed by our colleagues during the Period.

Remote onboarding was implemented effectively across all locations, to enable the integration of new colleagues at an accelerated rate.

At the same time, we focused on the development of our own talent with 15% of our team promoted during the Period.

We continued to enhance our working environment and culture by further embedding our values and behaviours framework into all core people processes – including hiring, appraisals, development and rewards.

We enhanced our communications to all team members with regular town hall meetings to connect, inform and inspire. We worked with behavioural science experts Mind Gym to deliver live sessions globally with dedicated coaches providing sessions on resilience, empowerment and work/life balance. We also took the opportunity to review our work patterns in full and have switched to a hybrid working model to offer more choice to colleagues in how they balance work and personal commitments.

EMPLOYEE OPINION SURVEY: "A 5-STAR EMPLOYER"

Our global employee opinion survey generated very positive results against a challenging backdrop of global uncertainty. We achieved an overall engagement score of 88% – 14 percentage points above the industry benchmark – based on a 96% employee response rate. This resulted in Impax winning a 5-star employer rating from WorkBuzz, the survey organiser.

- "I am proud to work for Impax" – 97% / 19 points above industry benchmark
- "I recommend Impax as a great place to work" – 87% / 16 points above benchmark
- "I am motivated to do my best work" – 89% / 12 points above benchmark
- "I see myself working at Impax this time next year, even if another job with similar pay and benefits was available" – 81% / 8 points above benchmark

Colleagues strongly praised their managers in promoting a collaborative and supportive working environment during the Covid crisis, focusing particularly on the quality of communications and our attention to wellbeing.

1 Full-time equivalent.

Our People
Executive Committee

The Impax Executive Committee is responsible for setting the strategic direction of the business.

IAN SIMM
Founder & Chief Executive

Ian founded Impax in 1998. Prior to Impax, he was an engagement manager at McKinsey & Company advising clients on environmental strategy. Outside Impax, Ian is a member of the UK Government's Net Zero Innovation Board, which provides strategic oversight of public sector funding of energy innovation programmes. He is a board member of the Institutional Investors Group on Climate Change and a Commissioner of the Energy Transitions Commission.

CHARLIE RIDGE
Chief Financial Officer

Charlie is responsible for overseeing the Finance, Investor Relations and Legal teams at Impax. Charlie began his career in 1987. Before joining Impax he was a Managing Director within the Finance Division of Deutsche Bank, including serving as UK Asset and Wealth Management CFO, and previously holding various financial and market risk related roles for the Global Markets Division. Before working at Deutsche, Charlie worked at SG Warburg and qualified as a chartered accountant at Ernst & Young.

HUBERT AARTS

Deputy Chief Investment Officer, Listed Equities, Executive Director

Hubert serves as Deputy CIO, Listed Equities. He and Bruce Jenkyn-Jones, CIO Listed Equities, are responsible for the development of the investment process, research and team. Hubert researches stocks globally and specialises in Industrials and Consumer Discretionary.

Hubert joined Impax in 2007 from Cambrian Capital Partners LLP, where he was a partner and portfolio manager of the Curalium fund and Incremental Leveraged hedge funds. Hubert has extensive experience investing in Pan-European equities.

LISA BEAUVILAIN

Head of Sustainability & ESG, Executive Director

Lisa is responsible for the development and oversight of Impax's Sustainability and Environmental, Social and Governance ("ESG") analysis, including overseeing stewardship work in the Listed Equity team. She is the Chair of Impax's ESG, Sustainability Lens and Environmental Committees and co-heads Impax's impact investment work. Lisa started in the financial industry in 1999. Previously, she was an executive director in the Investment Management Division of Goldman Sachs.

MARY ALEXANDER

Chief People Officer, Executive Director

Mary is the Chief People Officer. Prior to joining Impax in 2020, Mary worked in several senior roles across digital businesses and mature industries. Her early HR career spanned FMCG/ manufacturing multinationals including BAT, Anglo American and PayPal, latterly as VP Human Resources for EMEA, Asia Pacific and the Americas. Mary was EVP for HR for Colt Technology, a Fidelity-owned company, before moving into private equity in a senior role at Montagu PE.

CATHERINE BREMNER

Chief Commercial Officer, Executive Director

Cath is responsible for Impax's risk & compliance, internal programmes, IT and operations as well as strategic projects working with the CEO. She joined Impax in August 2021. Cath has worked in financial services, the public sector and consultancies, and within green finance for over twenty years, with experience in sustainable development, finance, strategy and change management. Cath has worked in leadership roles in international energy and climate finance for the UK government, in environmental sustainability at ANZ bank and led operations at Low Carbon Australia.

Our People
Executive Committee continued

MEG BROWN
Executive Director, Marketing & Business Development

Meg leads marketing across Impax and the London-based sales team. Meg also co-heads our impact investing work. She has extensive experience in sustainable investing and research, having begun her career in 2002. As head of Citi's Climate and Sustainable Investment Research team she worked with clients across Europe on impact and responsible investment. Meg joined Impax in 2014 following a period as a consultant helping private sector and not-for-profit clients design responsible investment strategies. Meg is a Non-Executive Director of the Carbon Tracker Initiative.

BRUCE JENKYN-JONES
Chief Investment Officer, Listed Equities, Executive Director

Bruce serves as Impax's Chief Investment Officer, Listed Equities. He is responsible for supervising and overseeing investment process, policy and performance, regulatory oversight, and leads product design and development as well as the application of Impax's investment thesis across the Listed Equities product range. Bruce joined Impax in 1999 where he worked initially on venture capital investments before developing the Listed Equity business. Before joining Impax, he worked as a utilities analyst at Bankers Trust and as an environmental consultant for Environmental Resources Management ("ERM").

ED FARRINGTON
Head of Distribution, North America

Ed joined Impax in October 2021 and is responsible for leading the firm's institutional and intermediary sales and marketing efforts in North America.
Ed has extensive industry experience having worked in intermediary and institutional distribution, and in charitable giving and investment management throughout his career. Ed previously worked at Natixis leading the Institutional and Retirement business and served as a member of its Global Executive Committee. Ed serves on the Travis Roy Foundation board and the sustainability advisory board at the University of New Hampshire.

DARREN JOHNSON
Chief Operating Officer, Executive Director

Darren is responsible for global operations, including portfolio services, technology, project management and client onboarding. He also serves as a Non-Executive Director of Impax Asset Management's Irish subsidiary. Prior to Impax, Darren was Head of Operations at Talisman Global Asset Management. He has also worked for RAB Capital, AXA IM, Mercers, and Legal & General in various senior investment, operational, and accounting positions. Darren is an ambassador for Investment 20/20 and a board member for the Diversity Project in London.

JOSEPH KEEFE
**President,
North America**

Joe is President of Impax North America. Prior to joining the firm in May 2005, Joe was President of NewCircle Communications, he has served as Senior Advisor for Strategic Social Policy at Calvert Group from 2003–2005 and as Executive Vice President and General Counsel of Citizens Advisers from 1997–2000. He is a former member of the Board of Directors (2000–2006) of US SIF. Before entering the investment management industry, Joe worked in private law practice for 16 years.

DANIEL VON PREYSS
Head of Private Equity/Infrastructure, Executive Director

Daniel joined Impax in 2009 and heads Impax's Private Equity/ Infrastructure business. Daniel is a member of the investment committees for each of the New Energy Funds. Daniel has significant business and senior transactional experience within the energy and utility sectors. Before joining Impax he was responsible for Babcock & Brown's Northern European infrastructure activities where he focused on regulated utilities, gas storage and broader power generation.

DAVID RICHARDSON
Executive Director, Client Service & Business Development

David leads Client Service across Impax, as well as managing the Institutional Sales team in North America. David joined Impax in August 2012 from Global Energy Investors where he was a Managing Partner. He previously co-founded and served for 22 years as Managing Director of Dwight Asset Management Company. David is a member of the Global Leadership Council and the Sustainable Investment Advisory Council of the World Resources Institute and a member of the President's Council at Ceres.

ZACK WILSON
Group General Counsel, Executive Director

Zack serves as Group General Counsel and is also Company Secretary. Prior to joining Impax in 2011, Zack was Director & General Counsel for the investment management and corporate finance advisory 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 high-profile transactions including the Group's US$10 billion financial restructuring.

Our People
Equality, Diversity and Inclusion

Equality, diversity, and inclusion is central to Impax's philosophy, values, and mission.

Equality, diversity & inclusion ("E,D&I") are critical to our own organisational excellence, to the success of the companies in which we invest, and in creating opportunity in the communities in which we operate.

We are committed to using the tools we have as investors to address discrimination and inequality.

OUR BUSINESS

Our equality, diversity and inclusion vision is to continue to build an inclusive, equitable culture where everyone feels they belong, are valued as an individual, and can thrive.

We remain focused on increasing the number of women and racial and ethnic minorities, especially at senior levels, and to equal pay across the firm.

The Company made strong progress in executing its strategy during the Period.

Governance and accountability

Our Equality, Diversity & Inclusion Group ("E,D&I Group") is responsible for our strategy in this area and reports regularly to the Board. It is co-chaired by Ian Simm, Chief Executive, and Joe Keefe President, Impax North America, with Lindsey Brace Martinez as its Non-Executive Director sponsor.

We articulated two new E,D&I goals for December 2025:

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

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

Talent and hiring

We created an E,D&I statement for our third-party recruiters, setting out our expectations that we should assess diverse pools of candidates and finalists. We commenced our gender data analysis of selection pools, with plans to extend this analysis to cover race/ethnicity in the coming year.

A group of 50 hiring managers attended an interviewing masterclass designed to create an optimal experience for candidates, promote objectivity and guard against bias. We subscribed to a third-party software to help ensure the language we use in recruitment postings appeals to diverse audiences.

Increasing access: Impax internships

We participated in the 100 Black Interns programme for the second year running, aiming to address the under-representation of Black talent in investment management through industry experience. We welcomed one intern through the scheme, who completed an internship with the Listed Equities and Private Equities teams.

Progression

We recognise the importance of robust data and carried out a gender, race, and ethnicity survey to capture our baseline, with a plan to repeat the survey annually and to monitor trends.

RACE AND ETHNICITY

	Asian	Black	Other[2]	White	Prefer not to disclose
Total firm[1]	12%	5%	3%	77%	3%
Executive Committee	0%	8%	0%	92%	0%
Investment Team	13%	6%	4%	74%	4%
Promotions	17%	25%	40%	10%	20%

1 The reported data illustrate Impax's demographic profile based on self-reported, anonymous staff data collected in November 2020. The survey was conducted by an independent third party whereby all permanent staff across the firm globally were asked to self-identify or choose not to disclose, with a 90% response rate.
2 'Other' represents Hispanic or Latino, Middle Eastern, Two or More Races, or Mixed Heritage. Due to Impax's relatively small size and its focus on protecting staff privacy and individually identifiable data (also abiding by General Data Protection Regulation guidelines) Impax's race and ethnicity categories with relatively few respondents have been aggregated for the purposes of external reporting.

56%

of the new hires that we made this year were women

Our People
Equality, Diversity and Inclusion continued

Gender is a key facet of our overall equality, diversity and inclusion agenda.

46%
of our employees are women

GENDER PERSPECTIVE

Gender is a key facet of our overall equality, diversity and inclusion agenda. We believe a diverse workforce, where people feel a sense of inclusion, belonging and acceptance, can improve creativity and problem-solving, resulting in better decisions, more positive results, and greater innovation. We are focused on helping all colleagues reach their full potential and on addressing inclusion holistically, on the basis that none of us is defined by one aspect of our identity alone.

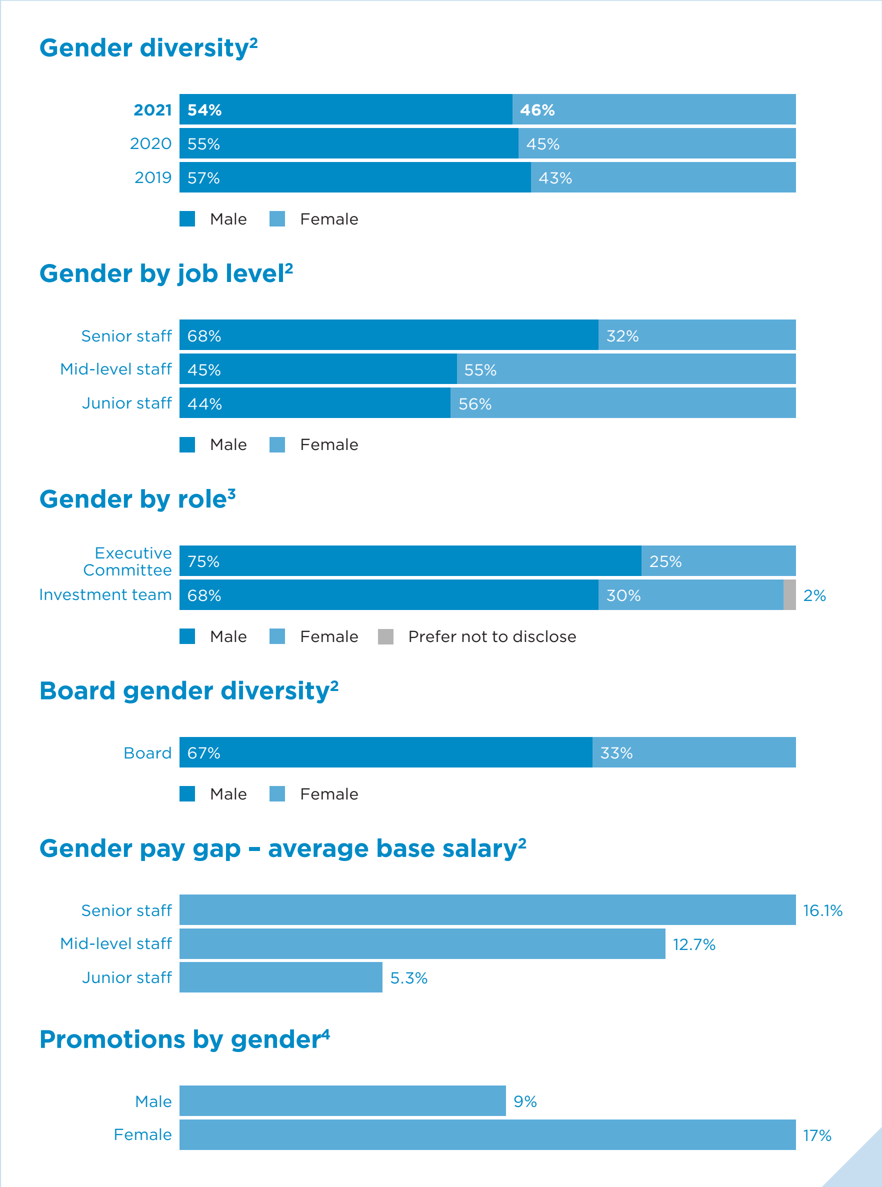
As at 5 April 2021, we employed 193 permanent staff across our global business, with a total of 89 women accounting for 46% of our workforce.[1] Across the job levels in the firm, women are well represented in junior and mid-level staff groups, 56% and 55% respectively. In the senior level group, the representation of women is 32%.

25% of our Executive Committee is female and 33% of our Board is female, including the Chair of the Board and the Chair of the Remuneration Committee.

Our gender pay gap analysis, which compares average base pay of men and women across all positions in three groups – junior staff, mid-level staff and senior staff – shows that the pay gap increases according to seniority, although in 2021 the gap at the most senior level reduced by 2% on the prior year. At the junior level, the gap is 5.3%, rising to 12.7% at the mid-level staff, and to 16.1% at the most senior level. The firm's low staff turnover and infrequent hiring into senior roles are major reasons why these gaps exist.

We remain focused on increasing the number of women in our business, especially at senior levels, and to the continued examination of in-level pay differences, including using robust external pay benchmarking data. Our ongoing review of our working patterns will enable more flexible working and part-time working and allow us to expand our talent pool. We are paying particular attention to opportunities to raise Impax's diversity when assessing new potential recruits. Our Equality, Diversity & Inclusion Group has prioritised gender as a key area of attention.

We continue to be committed to making progress in these areas and recognise that meaningful change requires dedication, focus and time.



1 Data is of 5 April 2021 to align with UK gender pay gap reporting.
2 As of 5 April 2021.
3 Self-reported, anonymous staff data collected in November 2020. The survey was conducted by an independent third party whereby all permanent staff across the firm globally were asked to self-identify or choose not to disclose, with a 90% response rate.
4 Proportion of group promoted. Self-reported, anonymous staff data collected in November 2020.

Our People

Equality, Diversity and Inclusion continued

Awareness

The E,D&I Group meets every two weeks to align on ideas, actions and progress and communicate feedback from colleagues. Regular communications included town hall presentations, a dedicated intranet page, launching a speaker series and highlighting diversity awareness days. We enlisted the help of external experts to increase our awareness and ongoing education in this important area.

PARTNERSHIPS AND SOCIAL IMPACT

We partner with organisations that spotlight the unique challenges faced by women and minorities within our industry. This year we became members of the Diversity Project (see page 51 for more information), which led to our participation in the City Hive and #TalkAboutBlack mentorship scheme.

CITY HIVE AND #TALKABOUTBLACK MENTORSHIP SCHEME

In our role as a lead sponsor of the City Hive mentoring scheme in association with #talkaboutblack, we aim to make progress towards addressing the gender and ethnicity gaps within the investment management industry and wider society.

Impax funds 12 places on the bespoke mentorship scheme, with eight Impax colleagues in the UK and US taking part in the scheme, including the Chair, and four funded mentor/mentee places from other businesses in the investments and savings industry.

Impax Founder and CEO Ian Simm said: "We're proud to support #TalkAboutBlack and City Hive to offer our colleagues the chance to share their skills and learn new ones. Mentorship has an important role to play as we work together to shift our industry towards more accurately reflecting society. This scheme will build networks, break down barriers and exchange ideas which will benefit our sector."

OUR INVESTMENTS

We invest 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 diversity, inclusion, and equality. Impax is a pioneer in gender lens investing. See page 28 for more information on these strategies.

E,D&I is a core part of our investment and engagement process, through consideration of diversity indicators in our fundamental ESG research, established track record of principled proxy voting, and our successful company and public policy engagements on E,D&I issues.

We withhold votes from companies that we believe lack sufficient diversity on their boards.

We engage with the companies in our investment portfolios to press for greater diversity on their leadership teams and equal pay for all staff irrespective of gender or race.

E,D&I ENGAGEMENT CASE STUDY: HUBBELL, INC., US

Objectives:

1. Raise awareness about the benefits of improved diversity (achieved)
2. Raise awareness about how to implement improved diversity (achieved)
3. Propel positive diversity outcomes within the company (achieved)
4. Encourage diversity-related policies and targets (ongoing)

Scope and process: When we first began conversing with energy efficiency company Hubbell in 2017, the company had little diversity on its board of directors. Our early engagements focused on helping the company understand the many benefits of a more diverse workplace, such as more innovation, more positive environmental impact and better financial performance.

In later conversations we shared practicable strategies for diversifying both its workforce and its board of directors. Hubbell has since welcomed two female independent non-executives to its board, with the most recent appointment in 2020.

We were delighted when the company let us know that our engagements had been instrumental in driving this positive change.

Today our engagements with Hubbell focus on helping the company improve its diversity policies and targets. Doing so will help cement its great strides on diversity into permanent practices within the company.

Impax in the Community

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

Our approach is built on three pillars:

- Working with strategic charitable and not-for-profit partners
- Delivering a high-impact approach to volunteering and charitable donations
- Engaging with colleagues to promote wellbeing and support Impax's culture

COMMUNITY PARTNERS

Impax partners with four organisations closely aligned with our focus on the transition to a more sustainable economy.

ASHDEN

Ashden is a London-based charity that champions applied, local energy solutions to reduce greenhouse gas emissions, protect the environment, combat poverty, and improve lives.

Impax and Ashden have worked in partnership for a decade, with Impax sponsoring the Ashden Award for Climate Innovation in the UK.

A team of Impax colleagues take part in the awards process each year, to help evaluate and judge award submissions, and provide ongoing mentoring and support to previous winners.

Kensa Group was awarded the 2021 Ashden Award for UK Climate Innovation, supported by Impax. Kensa's sustainable ground source heat pumps help to lower carbon emissions from the household energy sector. As well as reducing emissions, Kensa also tackles fuel poverty with a focus on supplying social housing: residents who have had the pumps installed have seen their heating costs halved. Kensa is investing in developing skills training and lobbying to increase the uptake of this pioneering low-carbon heating technology.

CERES

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

Impax has partnered with Ceres for more than eight years with programmatic support, grants and in-kind assistance. This supports the team at Ceres in their research and analysis, and in ensuring their findings are heard by investment leaders and the public.

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

DIAMOND AWARD 2021
PAYROLL GIVING

CLIENTEARTH

Impax has supported ClientEarth for five years through funding and collaboration. A non-profit environmental law organisation, ClientEarth's team of lawyers work to bring about end-to-end systemic change: informing, implementing and enforcing the law, advising decision-makers on policy, and training legal and judicial professionals. Successes include blocking Europe's largest planned coal plant and pressuring the world's largest multilateral lender to withdraw funding for fossil fuels.

DIVERSITY PROJECT

Impax joined Diversity Project as a member in June 2021, a cross-company membership organisation focused on improving the equality, diversity and inclusion on the UK investment management industry through building a more inclusive culture.

Founder and CEO Ian Simm sits on the CEO Advisory Board, which provides the strategic direction for Diversity Project. Head of ESG and Sustainability Lisa Beauvilain sits on the Steering Committee, meeting bi-monthly to share best practice across participating firms across all 13 workstreams, which cover a wide spectrum of E,D&I challenges.

Chief Operating Officer Darren Johnson is a member of the #TalkAboutBlack workstream and movement, that looks to "address the chronic under-representation of Black talent through building a sustainable pipeline of Black leaders in the asset management industry".

HIGH IMPACT VOLUNTEERING AND GIVING

As part of our mission, Impax is committed to making a positive impact and we encourage our colleagues to volunteer and play an active role in the communities in which we operate. All Impax employees are given paid leave to volunteer and Impax pledges to match all staff charitable donations up to £600 or US$750 a year.

Activity is coordinated by the colleague-run Volunteering Group, which includes representatives from across the business and holds regular meetings to plan fundraising and volunteering opportunities.

Participation in the UK Give As You Earn ("GAYE") scheme is at 33.5% for the period, an increase of 7.5% from the previous year. Impax has been awarded a Diamond Quality Mark from GAYE, as an outstanding participant in the scheme.

In the US, the Impax Management LLC Charitable Fund works with the New Hampshire Charitable Foundation to drive change in the New Hampshire area. New Hampshire employees have the opportunity to volunteer in partnership with United Way.

Impax in the Community continued

LOCAL OUTREACH: FIGHTING FOOD SCARCITY IN NEW HAMPSHIRE

Our New Hampshire volunteer team raised money to provide food to communities impacted by the pandemic, based off the coast of New Hampshire. From November 2020 the food drive donated a total of 845 sandwiches, or 65 sandwiches a week and raised US$9,600, providing more than 1,600 sandwiches to the community. Steve Falci, Head of Systematic & Multi-Asset Strategies, who led the initiative, said: "We wanted to support those in the local community who have been suffering as a result of the pandemic and help a local business at the same time. Thanks to everyone who donated, the money went a long way towards supporting those in the community who needed it the most."

ENGAGING TO SUPPORT OUR CULTURE AND WELLBEING

Employees participate in activities organised by our colleague-run groups, focused on the environment; wellbeing; equality, diversity and inclusion; and volunteering. This has continued through the Period, with an emphasis on virtual, or outdoor activities.

We share relevant community work within the organisation to motivate and inspire, working in collaboration with our partners and friends across non-profit, academic and financial industries as part of our regular Brown Bag Brunch event series.

Colleagues show their support for the International Women's Day Hands Up! campaign

Our Wellbeing Working Group's Mindful Movement event in October 2020 promoted colleague wellbeing and fundraised for educational charity SEO. The virtual event focused on inclusivity as colleagues participated with an activity of their choice, with £13,360 donated to SEO London, New York, and China.

***Global Clean-up Day** –*
In June 2021, colleagues in the UK, US, Ireland and Hong Kong took part in beach and river clean-ups

82%
of colleagues took part in the Mindful Movement event

Climate Impact

OUR CLIMATE IMPACT: COMMITTED TO NET ZERO

As an investment manager specialising in the transition to a sustainable economy, the greatest contribution Impax can make to achieving the goals of the Paris Climate Agreement is through our core activities. In particular, this is through our investment decisions, but also our engagement with the companies in which we invest, our collaboration with clients and other stakeholders, and our policy advocacy.

We have focused our efforts accordingly on reporting the environmental impact of our investments and the outcome of our engagement efforts, as presented respectively in our annual Impact and Engagement reports (see pages 30 to 37).

Reporting standards continually advance, broadening and deepening the decision-useful information that is prepared for investors and other stakeholders. We are an advocate of this shift in our industry and therefore welcome the reporting recommendations presented by the Task Force on Climate-Related Financial Disclosures ("TCFD"), which is becoming a global standard for reporting climate risks and opportunities.

In addition to our impact and engagement reporting, we also regularly provide updates in line with TCFD recommendations in our responses to CDP, PRI and other investor initiatives. We are also active advocates for the framework in our thought leadership and insights activity and in our conversations with clients, corporates and policymakers. We plan to build on this as we publish our inaugural TCFD report in 2022.

GOVERNANCE AND OVERSIGHT OF CLIMATE RISKS AND OPPORTUNITIES

The Impax Board has oversight of climate risks and opportunities. The management and monitoring of the firm's climate-related activities is delegated to the Executive Committee, several of whose members have sustainability and climate expertise.

Impax's investment committees oversee the Company's investment activities, investment performance and risk management, and regularly address climate-related issues. We also have specialist committees dedicated to climate and related topics, particularly the Impax Lens Committee and the ESG & Sustainability Committee.

Additionally, the Impax Environment Committee measures and monitors Impax's corporate environmental performance, reports to the Executive Committee and provides an annual update to the Board. Vince O'Brien is the Board Sponsor of the Environment Committee and attends its quarterly meetings.

CLIMATE RISKS AND OPPORTUNITIES AS PART OF OUR STRATEGY

Climate and environmental risks and opportunities have been at the heart of Impax's business and investment strategy for more than two decades. The majority of Impax's investments are in environmental and climate solutions, and all our investment strategies are aligned to the transition to a more sustainable economy. Please see pages 22 to 30 for more information on our investment strategies.

Across all Impax's investment strategies, climate and other material risks are assessed through integrated ESG analysis. We also actively engage with our investee companies to encourage improved climate risk management, processes and disclosures, across the four TCFD pillars.

We also place great emphasis on climate-related policy advocacy, collaborating with clients and stakeholders for further policy action to incentivise a low-carbon economy.

IMPAX AT COP26

We believe there is no greater challenge facing global society and investors than climate change, and in November 2021 participated fully in the COP26 climate summit in Glasgow.

The Impax team took part in panel events with policymakers and leaders in business and finance, on themes relating to accelerating progress towards global net zero and on the topic of climate adaptation and resilience.

Our on-the-ground involvement demonstrated Impax's engagement with policy discussions at the highest level. Impax joined several investor initiatives aimed at mobilising finance for the sustainable transition, including the Glasgow Declaration on Zero-Emission Cars and Vans; Natural Capital Investment Alliance; Net Zero Asset Managers Initiative; Powering Past Coal Alliance; Principles of Responsible Investment's Deforestation Commitment.

We are members of climate–focused organisations including: The Institutional Investors Group on Climate Change; Ceres; Climate Financial Risk Forum; Energy Transitions Commission; CDP and the Net Zero Asset Managers Initiative (a list of our memberships is included on page 147).

We support charities and non-profits focused on climate action: Ashden, ClientEarth, Ceres, and World Resources Institute through multi-year strategic partnerships (see page 50).

MANAGEMENT OF CLIMATE RISKS

We identify and manage climate-related risks and opportunities across the investment lifecycle:

1. **Investment universe formation** – we seek out companies that are well positioned to benefit from the transition to a more sustainable economy.

2. **Fundamental company analysis** – climate and other material risks are assessed through integrated company-level analysis.

3. **Company engagement** – we also actively engage with our investee companies to encourage improved climate risk management, processes and disclosures. Over the past 12 months, climate change has remained one of our strategic engagement priorities across all investment strategies. As part of our efforts Impax has also developed a proprietary model to assess investee companies' localised and asset-level physical climate risks. See page 36 and the Engagement Report for more information.

CLIMATE METRICS AND TARGETS

Climate and carbon metrics

1. Investment-related (financed) carbon/climate data

Impax's focus on investments in environmental solutions and sustainable companies has informed our approach to measuring the carbon profile of our investment activities. We believe that looking at the net carbon impact – including both direct and indirect carbon emissions, but also carbon avoidance at company and strategy levels – provides a more relevant and complete picture. Since 2015, we have reported this in our annual Impact reports (see page 32 for more information).

In the future we will continue to report the net carbon impact of our strategies and portfolios alongside carbon emissions data, as required by upcoming regulations.

1 As at 30 September 2021.

70%

of AUM is in Environmental Markets strategies[1]

Climate Impact continued

Impax has also contributed to the development of a proposal by the Climate Financial Risk Forum for "climate disclosure dashboards", outlining the most investment decision-useful and comparable metrics. This dashboard will provide guidance for Impax's evolving carbon/climate data reporting.

2.Operational carbon/climate data

Our carbon emissions for the Period (12 months to 30 September 2021)

	2021 (t CO_2e)	2020 (t CO_2e)	Change (%)	Change t CO_2e / FTE (%)	Change t CO_2e / AUM (%)
Operational (Scope 1&2, electricity consumed, market-based approach)	42.3	31.9	+32%	+9%	-28%
Value chain (Scope 3 business travel)	9.2	82.9	-89%	-91%	-94%
Impax total (Market-based)	51.5	114.8	-55%	-63%	-76%

97%

of Impax's firmwide electricity consumption is generated from renewable sources

89%

decrease in our business travel emissions, as a result of global travel restrictions

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

Our firmwide total carbon footprint (Scopes 1, 2 and 3) more than halved during the Period, driven by the consequences of the COVID-19 pandemic. As a result of global travel restrictions, our business travel emissions significantly decreased by 89%.

Our Dublin office opened in May 2021 and has been added to our reporting scope. This is the first fiscal year that we have data available to report Scope 1 heating-related emissions in both the London and Portsmouth (New Hampshire) offices.

Over the Period, our market-based Scope 2 emissions decreased by 68% due to a small reduction in consumption and a switch to renewable energy at the New Hampshire office in January 2021.

All our offices are in shared buildings where energy efficiency measures are centrally managed and largely out of our control. Our London headquarters are a certified green building (rated "excellent" by BREEAM and managed by an ISO 14001 aligned BMS), and we have been adjusting systems to minimise inefficiencies and seek energy-saving opportunities.

On an intensity basis, growth in assets under management ("AUM") has significantly outweighed this increase in heating-related emissions. Overall, the carbon intensity of our operations, including Scope 1, 2 and 3 emissions, fell by three-quarters during the Period as a proportion of AUM.

Physical climate risk – Impax offices

We have assessed the physical climate risks to our offices and concluded that these risks are relatively low. Notable future climate hazard exposures are elevated river or coastal flood risk at the Portsmouth (New Hampshire) and Hong Kong offices. Storm risk is also significant at the Hong Kong office.

Overall, our assessment indicated that the main risks were to connecting infrastructure and was transport related. But as the Covid-19 restrictions have shown, remote working at Impax has proven very effective and so dependence on transport for Impax's operations is relatively limited.

Climate and carbon targets

1. Investment-related (financed) climate management and targets

In November 2021, Impax joined the Net Zero Asset Managers ("NZAM") Initiative. Signatories commit to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°Celsius. It also commits to support investing aligned with net zero emissions by 2050 or sooner.

As a new signatory, Impax has one year from the date of joining to develop an interim target for 2030 using one of the approaches approved by the NZAM initiative, before submitting it to the Investor Agenda. We are comfortable that the NZAM initiative is well aligned with our existing investment philosophy and our 20+ years' experience as a specialist investor in climate solutions.

A list of initiatives and memberships is included on page 147.

Climate Impact continued

2. Operational carbon/climate data [2]

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, Scope 2). This stood at 97% across the company at the end of the Period, slightly down from 98% one year earlier.

Scope 3 emissions target:
Business travel has been largely on hold during the pandemic. During this Period, the Impax travel policy has been updated with measures to reduce future travel-related emissions. Air travel has historically been Impax's largest source of carbon emissions, and we now look to substitute short-haul air travel by rail or coach where possible. We also favour video conference meetings whenever practicable.

We have also reviewed our caterers and food suppliers with a view to procure more sustainable catering. In future, food served at Impax offices will be predominantly vegetarian, as meetings in the office restart.

Details of the methodology used:
Reporting according to the GHG Protocol: Scope 2 emissions figure stated above follows the market-based accounting methodology. Following a location-based approach, and disregarding the positive impact of renewable electricity procurement, total is 109 tonnes CO_2e.

Sources of emission factors applied to calculate emissions from electricity consumption: IEA (2020) UK electricity grid mix emission factor; IEA (2020) Ireland electricity grid mix emission factor; IEA (2020) Hong Kong China electricity grid mix emission factor; eGRID (2019) NEWE NPCC New England subregion electricity mix emission rate; Green-e (2021) NEWE NPCC New England subregion residual electricity mix emission rate.

Sources of emission factors applied in Scope 3 (air travel) emissions calculations: Susterra air travel emissions assessment methodology, aligned with EAA, DEFRA and a development of ICAO methodology (calculations based on route, carrier, travel type and travel class).

2 **Scope 1 emissions** – London (Headquarters, UK), Portsmouth, (New Hampshire, US), Dublin (Ireland) and Hong Kong offices: the heating requirements of these offices, which are all in shared buildings, are largely out of our control and the cost/accounting wrapped into the overall service charge portion of our rental agreements. We continue to work with building managements to find energy savings and methods of estimating respective consumption attributable to our offices.

Scope 1 & 2 emissions – Greenwich (Connecticut, US) and Portland (Oregon, US) offices: these are two very small offices (combined they account for <10 of Impax employees) with respective emissions from operational use likely to be immaterial in magnitude compared to the four main offices covered in this disclosure.

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	Our approach	2021 highlights
Shareholders	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 the highest 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. We have strong cost controls and a rising operating margin. The Company's dividend policy is to pay between 55% and 80% of adjusted profit after tax. We are committed to full disclosure and clear communications with institutional and private shareholders and hold meetings throughout the year.	• AUM grew by 84.4% • Revenue grew by 63.5% • Adjusted operating profits grew by 139.5% • Adjusted operating margin grew to 39.0% • Adjusted diluted EPS grew to 33.9p • Dividend: growth of 140% This year we appointed Berenberg as our joint broker who, together with Peel Hunt, maintain our contact with institutional investors. We continue to engage with groups including Equity Development, ShareSoc, Mello Events and Shares to support our interaction with private investors.

Engaging with our Stakeholders continued

Stakeholder	Our approach	2021 highlights
Clients	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 impact reporting; policy and advocacy; and thought leadership. Our client teams build long-term relationships and a deep understanding or 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.	Continued strong investment performance with eight out of the largest ten strategies, accounting for a combined 91% of AUM, outperforming their benchmarks over three years. Of the eight that have five-year track records, seven have outperformed their benchmarks. Net inflows of £10.7 billion across our direct sales and distribution partner channels globally. We saw particularly strong allocations to our Global Opportunities and Leaders strategies. Significant new mandate wins. We continue to focus on managing our capacity and have significant headroom within our existing strategies. We have evolved our impact reporting to include additional data on carbon emissions and water. Thought leadership highlights included a report on water impact.
Colleagues	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 to ensure we have the skills needed to develop the business. We are committed to equality, 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 ED&I activities. We remain focused on addressing the gender pay gap, particularly at senior management level. We learn from and act on the feedback from our colleagues.	We launched a "behavioural competency" framework, which sets out the standards we expect from colleagues on a day-to-day basis. We consulted with our colleagues before updating our post-lockdown HR policies. We remain an office-based business, with extra flexibility for colleagues that require it. Our employee engagement survey revealed an 88% engagement score, 14 points ahead of the industry benchmark. We focused on five E,D&I priorities under Leadership, Talent & Attraction, Data & Benchmarking, Awareness, and Social Impact. We have set goals at an organisational level and in managers' objectives and performance evaluations. We became members of the Diversity Project, lead sponsors of the City Hive mentorship scheme and participated in the 100 Black Interns Programme for a second year.

Stakeholder	Our approach	2021 highlights
Distribution partners	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.	Net inflows of £7.5 billion by funds distributed by our partners. We developed further our relationship with BNP Paribas Asset Management by signing a new distribution agreement on very similar terms to the Memorandum of Understanding that has been in place since 2007. We signed a new distribution agreement with Fidante Partners Limited for it to be Impax's exclusive distribution partner in Australia and New Zealand. In the US, we saw notable flows into the Leaders strategy, particularly via intermediaries, including JP Morgan and won major new mandates in Canada through NEI and Desjardins.
Investee companies	We are long term investors and develop strong relationships with many of our holding companies. We conduct deep, on-going research into all areas of their businesses. We engage with companies to minimise risks, protect shareholder value, promote greater transparency and encourage companies to become more resilient over time. We take a supportive rather than activist approach and often work in collaboration with other asset managers or organisations.	We prioritised four strategic areas of engagement: climate, with focus on physical climate risk; human capital development; sustainability management; and corporate governance. In 2020 we took part in over 230 engagements. We were a successful applicant to the UK Stewardship Code in 2021.
External service providers	We engage specialist external service partners to supplement our own infrastructure so that we can deliver key services more cost effectively. The Audit & Risk Committee reviews the Company's material outsource providers annually. We expect our suppliers to reflect our values around social inclusion, sustainability, and the environment. We seek to develop deep relationships and regularly engage with our external suppliers.	We invested in our corporate services functions, including risk, compliance and IT. We are focusing particularly on improving our data capabilities, managing cyber risk, and increasing our operational resilience.

Engaging with our Stakeholders continued

Stakeholder	Our approach	2021 highlights
Community and the environment	We are committed to operating to the highest standards of corporate responsibility, recognising our responsibility to the community in which we operate, and to a wider society. We support a low-carbon economy, primarily through our investment decisions, company engagement, our collaboration with clients and stakeholders and policy advocacy. We are committed to reducing our operational emissions; Scope 1, 2 & 3. Vince O'Brien is the Board Sponsor of the Environment Committee. Equality Diversity & Inclusion is central to Impax's philosophy, values, and mission. This informs the way we operate; our investment and engagement process; and how we measure our collaboration with partners and our social impact. Impax partners with four organisations aligned with our focus on the transition to a more sustainable economy: Ashden, Ceres, Client Earth, and Diversity Project. 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.	In the UK, 34% of colleagues, an increase of 8% for the year, now take part in our matched charitable giving scheme (GAYE). This year we were awarded a Diamond Quality Mark by GAYE as an outstanding participant. Impax colleagues volunteered over 300 hours with charitable organisations and donated a total of £42,974 to charities from their payroll globally. In November 2021 we joined the Net-Zero Asset Managers Initiative.
Industry wide groups	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 147.	We have focused on the real economy transition (e.g. Investor Agenda COP26 Investor Statement); physical climate risk (e.g. IIGCC Investor Perspectives on Physical Climate Risk); and biodiversity (e.g. prep. work for Taskforce on Nature-related Financial Disclosures).
Financial industry regulators	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 engaged with the Securities and Exchange Commission in regard to its intention to issue a rule requiring companies to report certain kinds of climate change disclosures. In the UK, we have participated in the Climate Financial Risk Forum (FCA/Bank of England) and the Bank of England Productive Finance Working Group.

Risk Management and Control

The Board strives to achieve a balance between appropriate levels of risk and return.

How we manage risk

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: Audit

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

Impax has adopted a risk management framework which takes into account the key principles of risk identification, risk measurement, risk mitigation, risk monitoring and reporting. The Board strives to achieve a balance between appropriate levels of risk and return and to ensure that the risks taken by the firm are appropriately managed.

Although the Board sets the overall business risk strategy and appetite, all staff are responsible for identifying, monitoring and reviewing risks across their team and business functions.

The Chief Risk Officer is responsible for maintaining an enterprise risk management framework, including an on-going programme to monitor internal controls and processes designed to mitigate the risks identified. This includes reporting to the Group's Audit & Risk Committee on a quarterly basis.

The principal risks that the Group faces are described in this section. Further information on financial risk is given in note 29 to the financial statements.

Risk Management and Control continued

Risk	Description	How we mitigate the risk
Reputational risk	Reputational risk can arise from any of the key risks described below and relates to the Impax brand and relationships with our stakeholders.	Integrity and appropriate conduct are an integral part of the Impax culture and values, and all our business dealings. The integrity and reputation of staff is regularly assessed, and the controls below help to mitigate the risk of incidents that may have a reputational impact.
Market risk	The Group charges management fees based on AUM and accordingly its revenue is exposed to market risk. The Group seeds investments in its own Listed Equity funds in order to build a track record to market those funds more effectively. It is therefore directly exposed to the market performance of the funds. The Group also invests in its own Private Equity funds and is therefore exposed to the performance of these funds.	The Group operates a number of different strategies which themselves are diversified by geography and industry. The Group's investment teams have to follow defined investment processes. All investments are overseen by the Group's Investment Committees. The Group attempts to mitigate this risk through the use of hedging instruments where appropriate and intends to divest from these investments when commercial and market conditions allow.
Currency risk	A significant percentage of Impax LN's business income is based on assets denominated in foreign currencies whilst the majority of costs are in sterling. For the Impax NH business the majority of income is based on assets denominated in US dollars and all costs are in US dollars. Goodwill and intangible assets arising on the Impax NH acquisition are held in US dollars.	For the year ended 30 September 2021, and on an on-going basis, the Group's strategy for the Impax LN business has been to put in place hedges, in the form of forward rate contracts, where there is sufficient predictability over the income to allow for an effective and cost-efficient hedge. Otherwise foreign currency income is converted to sterling as soon as practically possible after receipt.

Risk	Description	How we mitigate the risk
Liquidity risk	Liquidity risk in relation to client portfolios is the risk that funds cannot be generated to meet redemptions or other obligations as they arise. Liquidity issues can arise as a result of market conditions or through holdings of illiquid investments. Liquidity risk also applies to the Group's own financial obligations, in the event that cash resources are insufficient to meet liabilities as they fall due.	We actively monitor the liquidity of individual stocks and portfolios. Adjustments to fund holdings are made where necessary to ensure that we are able to meet fund redemptions. The Group's approach to managing its own liquidity risk is to ensure that it has sufficient cash on hand to meet liabilities when due under both normal and stressed conditions, and to satisfy regulatory requirements. The Group produces cash flow forecasts covering a 12 month period. The Group's management and Board review these forecasts. As shown in note 21 to the financial statements the Group has adequate cash reserves.
Credit risk	The Group is exposed to the risk of counterparty default. Our counterparties include banks holding the Group's cash reserves.	The Group seeks to manage this risk by only depositing cash with institutions with high credit ratings and by allocating its cash holdings to at least four institutions at any time.
Regulatory risk	The Group's operations are subject to financial services legislation and regulations, including minimum capital requirements and compliance requirements, in each of the jurisdictions in which it operates.	The Group 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. The Group has a permanent and independent compliance function. In view of the future regulatory uncertainty following Brexit, Impax is monitoring any potential UK divergence from EU requirements.

Risk Management and Control continued

Risk	Description	How we mitigate the risk
People risk	The success of the Group depends on the support and experience of its key employees, and in particular of its senior managers. The loss of key employees could have a material adverse effect on its result or operations.	The Group seeks to manage this risk by offering competitive remuneration packages, including share schemes and carried interest in Private Equity funds, and by creating a supportive and enjoyable working environment. We have developed robust succession and development plans. The senior investment team has been stable for many years.
Operational risk	Operational risk arises in our investment management activities, distribution activities and in the operation of our corporate infrastructure.	The Group has established control frameworks so that the risk of financial loss to the Group through operational failure is minimised. As part of this the Group obtains full "ISAE 3402" internal controls assurance every year, for its UK Listed Equity business. Impax also maintains plans to manage operational business risks in the case of an emergency or crisis situation. These involve specific responses to enable business contingency and recovery procedures. The Group has insurance cover which is reviewed each year prior to policy renewal.

Risk	Description	How we mitigate the risk
Cyber risk	Cyber attacks against financial services firms are growing in number and sophistication and would result in business disruption and/or data loss.	The Group has put in place measures to minimise and manage possible technology risks and to ensure the safety of data and compliance with data protection legislation. Information and cyber security is enforced throughout the business. This ensures devices such as laptops and mobile devices are fully protected. All staff globally receive regular cyber awareness training. In addition, external and internal penetration tests are carried out on an annual basis. We also carry out Company-wide phishing tests, and have global security certifications.

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

Ian Simm
Chief Executive
1 December 2021

IMPAX Asset Management

Governance

Chair's Introduction

"I have been inspired by the team's ongoing dedication and delivery to our clients."

Sally Bridgeland
Chair

The publication of this report marks a year since I succeeded Keith Falconer as Chair of the Board.

Having served on the Board since 2015, I am honoured to have taken up the role at such an exciting point in Impax's history. I relish the opportunity to build on the legacy that Keith forged with Ian, the management team and the Directors, and would like to thank them all for their continuing support over the last year.

I would also like to acknowledge the dedication of my Impax colleagues. While we have benefitted from unprecedented growth in 2021, working mostly virtually has meant that we have had few opportunities to celebrate this success in person. I have been inspired by the team's ongoing dedication and delivery to our clients; this is a tribute to Ian and the management team for their leadership and the strong culture that they have built together.

A YEAR OF SIGNIFICANT ACHIEVEMENT

Against any measure, this has been an excellent year for the Company. Assets under discretionary and advisory management ("AUM") grew by 84.4%, revenues by 63.5% and the majority of our investment strategies maintained their record of outperformance against global equity indices.

We have expanded our team to ensure that we have the necessary resources to match increasing client demand. By the end of the Period the team had grown by 24%, with hires across the investment management, client services and corporate services teams.

During the Period we also completed the acquisition of our New Hampshire-based business, acquiring the remaining 16.7% of the business held by management. We are delighted with the progress of the integration of the business, which has helped further establish Impax in the strategically-important North American market.

INVESTING IN A MORE SUSTAINABLE ECONOMY

Impax's mission is to invest in the transition to a more sustainable economy; this informs how we create value for all our stakeholders and how we think about risk.

At a time when all businesses are assessing their response to climate change, our own approach draws on Impax's long heritage in backing the companies at the forefront of sustainable development. This encompasses our investment specialism; our policy and advocacy activity; and how we manage our own business operations.

We are committed to reducing our operational emissions across Scope 1, 2 and 3, and will measure and report our results in this area in line with established practices. We have included additional reporting in this year's Strategic Report and will publish more detail in this area using the Taskforce for Climate-related Financial Disclosures ("TCFD") framework, in our 2022 Annual Report.

Our approach is coordinated by the Environment Committee, for which Vince O'Brien acts as Sponsor on behalf of the Board. Please see pages 54 to 58 of the Strategic Report for more details.

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 2021 of 17.0 pence, a total for the year of 20.6 pence, representing 60% of adjusted profit after tax and an increase for the total dividend of 140% on 2020. Further details are provided in the Financial Review on pages 18 to 21 of the Strategic Report.

OUR COMMITMENT TO THE HIGHEST GOVERNANCE STANDARDS

The Directors recognise the importance of strong corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code. More information on our approach is provided on page 74 of this report. We were also pleased to be accepted as signatories to the Financial Reporting Council's UK Stewardship Code 2021.

As a Board we believe that diversity and inclusion is vital to performance of the business and a critical governance topic for a fast-growing firm where we are making new appointments at all levels and face new risks. I have a personal commitment to this topic, reflecting my own career experiences and my still rare position as a woman chairing an asset management company. Lindsey Brace Martinez acts as the Board Sponsor of our focus on equality, diversity & inclusion ("ED&I") and attends the meetings of the staff ED&I Group. Please see pages 44 to 49 of the Strategic report for more details.

The Company has made some important progress in formalising its ED&I strategy this year. This has included a stated aim that by December 2025 our overall gender mix should be 48–52% women and that the representation of women and racial or ethnic minorities in key roles should be meaningfully ahead of the industry average.[1] We believe that this focus will also reduce the senior management gender pay gap. Please see pages 46 and 47 of the Strategic Report for more details.

BOARD STRUCTURE

Following the retirement of Keith Falconer, we were pleased to welcome Simon O'Regan as a Director in December 2020. Simon is a highly knowledgeable investment industry Non-Executive Director and business leader, with a background as a CEO of the US business of investment consultancy firm, Mercer. He adds considerable international expertise to the existing mix of skills and experience on the Board across relevant sectors and markets.

I stepped down from the Audit & Risk Committee on becoming the Board Chair in December. Vince O'Brien succeeded me as Chairman of the Audit & Risk Committee and Lindsey Brace Martinez replaced Vince as Chair of the Remuneration Committee. Simon O'Regan has joined the Audit & Risk Committee and the Remuneration Committee. In line with best practice for Non-Independent Directors, as our shareholder-nominated Director, Arnaud de Servigny stepped down as both a member of the Remuneration Committee and Audit & Risk Committee but participates as an observer at both Committees' meetings.

BOARD STRATEGY

The Board held 10 formal meetings during the Period, with significant time devoted to strategic topics and the choices available to us as a growing company. In June the Non-Executive Directors held a focused strategy discussion to discuss topics including succession planning, brand development and Impax's global footprint.

Throughout the year, in line with government guidelines, the Company reduced corporate travel considerably, and Board meetings have been held by video conference with some physical attendance where practicable from Board members. There has been no material impact on effective communications or decision making.

COMMUNICATIONS AND OUR AGM

This year we appointed Berenberg as joint broker who, together with Peel Hunt, maintain our contact with institutional investors. We engage with groups including Equity Development, ShareSoc, Mello Events and Shares to support our interaction with private investors.

Our next AGM will take place on 29 March 2022. We hope that we will 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 you to present on the Company's progress and hear your questions and feedback. Details of the AGM, and the proposed resolutions, are covered in the separate Notice of Meeting.

Sally Bridgeland

1 December 2021

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

Board of Directors

SALLY BRIDGELAND
Chair

Joined the Board 2015

Appointed Chair 2020

Previous roles & experience
Sally qualified as a Fellow of the Institute of Actuaries with consultants Bacon & Woodrow (now Aon) 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 and as a trustee of the pension funds at Nest and Lloyds Bank.

External appointments
Non-Executive Director, Royal London, Pension Insurance Corporation plc, Royal & Sun Alliance Insurance Limited and Chair of Local Pensions Partnership Ltd Investments. Honorary Group Captain with 601 Squadron of the Royal Auxiliary Air Force. Strategic adviser to Darwin Alternatives.

Qualifications & experience
Fellow of the Institute of Actuaries. 30 years' experience in the UK pensions and actuarial sector.

IAN SIMM
Founder & Chief Executive

Joined the Board 2001

Previous roles & 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 Net Zero Innovation Board.

In November 2019 Ian was appointed to the board of the Institutional Investors Group on Climate Change ("IIGCC"). He is a Commissioner with the Energy Transitions Commission and a Board member of the Confederation of British Industry's Energy & Climate Change Board.

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

LINDSEY BRACE MARTINEZ
Non-Executive Director

Joined the Board 2015

Previous roles & experience
Lindsey served as a member of the Executive Team and was a Managing Director at Cambridge Associates. She held multiple roles during her 15-year tenure including Global Head of Consulting Services and External Relations.

Prior to this, Lindsey was a portfolio analyst and manager for the Hancock Natural Resource Group and a senior consultant at Booz Allen.

External appointments
Founder and CEO, StarPoint Advisors, LLC. Advisory Board Co-Chair of the Yale Center for Business and the Environment. Trustee of Pax World Funds Series Trust I and III, Board member of Seven Islands Land Company and Chair of the People and Culture Committee, Onward Energy.

Qualifications & experience
MBA and Master of Environmental Studies from Yale University. Over 25 years' experience in investment advisory, natural resources portfolio management, institutional marketing and sales, and management consulting.

ARNAUD DE SERVIGNY
Non-Executive Director

Joined the Board 2018

Previous roles & 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 and President of Queens Field SAS.

Qualifications & experience
Arnaud has been a Visiting and then Adjunct Professor at Imperial Business School since 2005. He has written five books on monetary policy, credit, structured finance and money management.

VINCE O'BRIEN

Non-Executive Director

Joined the Board 2009

Previous roles & experience
Vince served as a director of Montagu Private Equity for over 23 years. He was part of the core team which led the buyout of Montagu from HSBC in 2003. Prior to that he worked in audit and corporate finance for Coopers & Lybrand, now PwC. He is a past chairman of the British Venture Capital Association.

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

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

Over 30 years' experience in the private equity industry.

SIMON O'REGAN

Non-Executive Director

Joined the Board 2020

Previous roles & experience
Formerly CEO of Mercer in Australia, in the UK, in Europe and in the USA/Canada.

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
Non-Executive Director of Mercer Africa Limited and Alexander Forbes Group Holdings Ltd.

Qualifications & experience
Fellow of the Faculty of Actuaries (UK) with 40 years' experience in the insurance, pensions and asset management industries.

ZACK WILSON

Group General Counsel and Company Secretary

Assumed roles 2011

Previous roles & experience
Prior to joining Impax in 2011, 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 served for eight years as a Non-Executive Director of Impax Funds (Ireland) plc.

External appointments
Member of the Advisory Board of Prime Advocates Limited.

Qualifications & experience
Qualified as a solicitor in 2000 at the global law firm Norton Rose.

Master of Arts in Jurisprudence from Oxford University.

Committee membership

Remuneration

Audit & Risk

C Chair of Committee

Corporate Governance Report

COMPLIANCE WITH QUOTED COMPANIES ALLIANCE CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code").

The correct application of the QCA code requires the Company to apply its ten principles and also to publish certain related disclosures either on our website or in this Annual Report or a combination of both. We have chosen to use a combination of both.

Our website includes disclosure, updated annually, considering each principle in turn and references where the appropriate disclosure is given.

The QCA Code recommends that all members of a remuneration committee must be independent. As noted below, Arnaud de Servigny is not considered to be independent because he is a representative of a significant shareholder. However, the Board had previously determined that it is appropriate for Arnaud de Servigny to serve on the Remuneration Committee on account of his independence from the executive function of the Group. In February 2021, Arnaud de Servigny retired as a member of both the Remuneration Committee and the Audit & Risk Committee. He participates as an observer at both Committee meetings. All members of the Remuneration Committee and Audit & Risk Committee are now considered to be independent in accordance with the recommendations of the QCA Code.

THE BOARD OF DIRECTORS

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

Board composition

The Board consists of a Non-Executive Chair, four Non-Executive Directors and the Chief Executive. Details of the current Board members are given on pages 72 and 73 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 Board has appointed one of the Non-Executive Directors (Vince O'Brien) to act as the Senior Independent Director. The Board considers that the Chair (Sally Bridgeland) and three of the Non-Executive Directors (Vince O'Brien, Lindsey Brace Martinez and Simon O'Regan) are independent as envisaged by the QCA Code. Arnaud de Servigny is not considered to be independent as he represents a significant shareholder. The Non-Executive Directors and Chair all have or have had senior executive experience and offer insightful judgement on Board matters. The Non-Executive Directors do not participate in any bonus schemes or share ownership schemes and their appointments are non-pensionable.

The Company anticipates a time commitment from the Non-Executive Directors of 20 days per annum. This includes attendance at regular Board meetings, participation in the Audit & Risk and Remuneration Committees and a number of regular meetings to review and discuss progress with the Executive team. The Chief Executive works full time in the business and has no other significant outside business commitments.

Board Committees

The Board has two standing Committees: the Audit & Risk Committee and the Remuneration Committee. The Board may appoint other Committees from time to time to consider specific matters.

The Audit & Risk Committee is responsible for overseeing financial reporting, external audit, risk management, internal audit, whistleblowing effectiveness, fraud prevention or detection, and internal controls. Vince O'Brien chairs this committee, succeeding Sally Bridgeland in December 2020. The Committee's report is provided on page 81.

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, succeeding Vince O'Brien in December 2020. The Committee's report is provided on page 83.

The Board considers the skills and knowledge of individual members of each committee upon appointment and periodically, to ensure that each committee includes members with appropriate expertise and who are able to offer an independent outlook.

These committees report to the Board on a regular basis. They have clearly defined Terms of Reference which are published on the Company's website.

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 below.

Meeting Attendance	Board	Audit & Risk Committee	Remuneration Committee
Total number of meetings	10	5	4
Ian Simm	10	1 as observer	4 as observer
Vince O'Brien	10	4 as member	3 as member
Sally Bridgeland [1]	10	1 as member, 4 as observer	4 as member
Lindsey Brace Martinez	10	5 as member	4 as member
Arnaud de Servigny [2]	10	2 as member, 3 as observer	4 as member
Simon O'Regan [3]	9	4 as member	1 as member
Keith Falconer [4]	1	1 as observer	2 as observer

Appointment of new Directors

There is a rigorous procedure to appoint new Directors to the Board which is led by the Chair. At appropriate times the Board considers the balance of skills, experience, independence and knowledge of the Group on the Board and its diversity, how the Board works as a unit and other factors relevant to its effectiveness.

Where new Board appointments are considered, the search for candidates will be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Board also considers appropriate and effective succession planning.

All Directors are subject to reappointment by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years.

1 Retired as member of Audit & Risk Committee 8 December 2020. Following this, attends as an observer.
2 Retired as member of Audit & Risk Committee and Remuneration Committee 19 February 2021. Following this, attends as an observer.
3 Appointed as Board member and member of Audit & Risk Committee and Remuneration Committee 8 December 2020.
4 Retired 8 December 2020.

Corporate Governance Report continued

Performance evaluation

The Board carries out an evaluation of its performance annually.

The Chair leads a formal evaluation to assess the performance of the Board and the individual Directors. The Board also completes an evaluation of the Chair's performance which is led by the Senior Independent Director.

For the process this year the Chair updated the evaluation questionnaire to take account of feedback from last year's exercise and to assess whether the priority issues identified last year had been addressed. The steps in the process were similar to the prior year. Directors completed online questionnaires which were followed up with discussions with the Chair.

The evaluations confirmed a high rating for performance. Directors noted that their colleagues were engaged with the Company's agenda, contributed well in Board meetings and that the papers were of high quality, inviting discussion and constructive challenge.

Areas of focus in the discussions included:

- in light of continued strong business growth, the increasing importance of maintaining the Company's culture and values, talent management and resourcing;
- development of the Board's non-financial goals and risk appetite;
- evolution of the Board and Committee agendas to reflect the Company's increasing size and complexity;
- the role and responsibilities of the Chair; and
- further ways the Directors can support the Executive by drawing on their insight and experience.

The Board was satisfied that the issues raised in the previous year's evaluation had been addressed, including having greater clarity around both the financial goals for the business for the next three to five years and the further enhancement of the Company's risk appetite framework. The Board's annual strategy discussions focused on the business plan, opportunities in North America and other geographical markets and succession planning across the firm.

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 and Chief Risk and Compliance Officer (Europe & Asia Pacific) support the Chair in addressing the training and development needs of Directors.

The Board will continue to monitor its approach to the evaluation of effectiveness including the use of external facilitation from time to time.

Resources

The Board uses external advisers where necessary 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 specific areas such as internal audit, remuneration and regulatory compliance.

Indemnity

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

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal controls including financial, operational, compliance and risk management controls.

The Group performs regulated activities in multiple jurisdictions globally, which are supervised by a number of supervisory authorities: the UK Financial Conduct Authority ("FCA"), the US Securities and Exchange Commission ("SEC"), the Central Bank of Ireland ("CBI"), and the Hong Kong Securities and Futures Commission ("SFC"). The Board has adopted procedures and controls designed to ensure its obligations are met.

Details of the key risks facing the Group and internal controls acting to control or mitigate the risks are set out on pages 63 to 67 of the Strategic Report.

DIALOGUE WITH SHAREHOLDERS

The Company reports formally to shareholders at the half-year and year end. At the Annual General Meeting of the Company, a presentation is usually given and Directors are available to take questions, both formally during the meeting, and informally after the meeting. The Chief Executive, Chair and/or Senior Independent Director are available for dialogue with major shareholders on the Company's plans and objectives and meet with them at appropriate times. Management (typically the Chief Executive and Chief Financial Officer) meet formally with institutional shareholders, usually after the interim and final results announcements, presenting Company results, articulating strategy and updating shareholders on progress. Management also holds webinars and attend investor forums for private investors.

The Board recognises the Annual General Meeting as an important opportunity to meet private shareholders. While dialogue with our shareholders through in-person meetings has been more difficult this year, 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, particularly Equity Development and ShareSoc, to support our interaction with private investors.

CULTURE

Integrity and appropriate conduct are an integral part of the Impax culture and values, and all our business activities. The Company undertakes regular review and monitoring of its policies in specific areas such as anti-bribery and corruption, anti-money laundering, Code of Ethics compliance, conflicts of interest, whistleblowing and information security.

The Company has a strong collegial culture which continues to evolve. Meritocracy, openness, fairness and transparency are valued.

This year the Company continued to enhance our working environment and culture by further embedding our values and behaviours framework into all core people processes – including hiring, appraisals, development and rewards.

In April 2021 the Group carried out an employee engagement survey. This generated very positive results against a challenging backdrop of global uncertainty. The Group achieved an overall engagement score of 88%, 14 points above the industry benchmark, based on a 96% employee response rate. This resulted in Impax winning a 5-star employer rating from WorkBuzz, the survey organiser.

Impax is committed to equality, diversity and inclusion ("E,D&I"). Our E,D&I vision is to continue to build an inclusive, equitable culture where everyone feels they belong, are valued as an individual, and can thrive. The Company made strong progress in executing its E,D&I strategy during the Period. Please see page 44 for more details.

Directors' Report

DIVIDENDS

The Directors propose a final dividend of 17.0 pence per share (2020: 6.8 pence) which together with the interim dividend of 3.6 pence per share (2020: 1.8 pence) gives a total for the year ended 30 September 2021 of 20.6 pence per share (2020: 8.6 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 2022.

The final dividend for the year ended 30 September 2020 was paid on 26 March 2021, being 6.8 pence per share. The trustees of the Impax Employee Benefit Trusts ("EBT") waived their rights to part of these dividends, leading to a total dividend payment of £8,871,104. The interim dividend of 3.6 pence for the year ended 30 September 2021 was paid on 16 July 2021 and totalled £4,745,376 after the EBT waiver. These payments are reflected in the statements of changes in equity.

SHARES

During the year the Company issued 2.0 million new ordinary shares to the Impax Asset Management Group plc Employee Benefit Trust 2012 ("EBT 2012"). The EBTs hold shares for restricted share awards until they vest or will use them to satisfy option exercises. The Directors continue to plan that future options exercises will primarily be satisfied by the EBTs. The Company also issued a further 181,467 shares to part fund the acquisition of the remaining interest in Impax Asset Management LLC held by that company's management.

DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors' interests and those of their connected persons in the Ordinary Shares of the Company, all of which are beneficial, at 30 September 2021 and 30 September 2020 were:

	30 September 2021	30 September 2020
Ian Simm[1]	**9,576,740**	9,575,880
Vince O'Brien	**110,000**	110,000
Sally Bridgeland	**6,000**	–
Lindsey Brace Martinez[2]	**6,000**	–
Arnaud de Servigny	**–**	–
Simon O'Regan[3]	**6,000**	–

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 8 December 2020.

There have been no changes to the above holdings since 30 September 2021.

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

Ian Simm was granted 60,000 Restricted Share Awards in December 2017 which vest in three equal tranches between December 2020 and 2022, a further 30,000 in December 2018 which vest in three equal tranches between February 2023 and February 2025 and a further 20,000 in December 2020 which vest in three equal tranches between February 2024 and February 2026.

SUBSTANTIAL SHARE INTERESTS

The following interests in 3% or more of the issued Ordinary Share capital have been notified to the Company as at 1 December 2021:

	Number	Percentage
BNP Paribas Asset Management Holding	18,258,112	13.8
Funds managed by Liontrust Investment Partners LLP	11,418,806	8.6
Funds managed by abrdn plc	11,063,315	8.3
Ian R Simm[1]	9,580,247	7.2
Blackrock Investment Management	7,916,944	6.0
Hargreaves Lansdown Asset Management	6,640,739	5.0
Janus Henderson Investors	5,496,658	4.1
Rathbone Investment Managers	4,921,619	3.7
Bruce Jenkyn-Jones[1]	4,401,864	3.3
Canaccord Genuity Group Inc	4,333,338	3.3
Grandeur Peak Global Advisors, LLC	4,006,776	3.0
Impax Asset Management Group plc Employee Benefit Trust	4,003,395	3.0

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 63 to 67 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.

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 2021 were 25 (2020: 18).

CHARITABLE DONATIONS

During the year the Group has made donations to charities totalling £183,198 (2020: £184,511).

ENERGY CONSUMPTION

Details of the Group's energy consumption and measures taken to achieve energy efficiencies are provided on pages 56 to 58 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

1 December 2021

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

Audit & Risk Committee Report

> **"The foundation of our risk management framework is a strong risk-aware culture with clear oversight responsibilities. Management actively monitor both current and emerging risks."**
>
> Vince O'Brien
> Chairman, Audit & Risk Committee

COMMITTEE MEMBERS

The Audit & Risk Committee is comprised of the following Non-Executive Directors: Vince O'Brien (Committee Chairman); Lindsey Brace Martinez; and Simon O'Regan. Sally Bridgeland and Arnaud de Servigny also attend the meetings.

MEETINGS

During the year the Committee met five times. Details of attendance at the meeting are shown on page 75.

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; and
- the implementation of new accounting standards and policies.

External Auditors

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

Risk Management

- reviewing the Group's risk management processes, risk appetite and risk reports;
- monitoring of the internal financial control procedures;
- reviewing and recommending to the Board for approval the Company's Internal Capital Adequacy Process ("ICAAP") and Internal Capital and Risk Assessment ("ICARA") process;
- reviewing and recommending to the Board for approval the Risk Appetite Statement.

Internal Audit

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

Whistleblowing and Fraud Detection

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

Audit & Risk Committee Report continued

KEY ACTIVITIES DURING THE YEAR

Financial Reporting

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

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

The Committee supports the Board in its assessment of going concern. The Committee considered a report from management setting out a number of factors such as the Group's current financial position, budget and cash flow forecasts, liquidity and the impact of downside scenarios. The Committee concluded that it was appropriate to prepare the accounts on a going concern basis for the year ended 30 September 2021.

External Auditor

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

Details of fees paid to the Company's auditor are shown in note 7 to the financial statements. The Committee considered and agreed the audit fee during the Period. Total fees paid for non-audit services were £86,000. Other non-audit work as a percentage of total fees paid was 31%. In the opinion of the Board, none of the non-audit services provided caused any concern as to the auditor's independence or objectivity. The Committee also considered if there were any other factors impacting the auditors' independence and objectivity and concluded that there were none. As part of this assessment the committee received and considered a report from KPMG which confirmed that in their view they were independent.

Risk Management

The Company's risk management process and the risks which are considered to be the key risks facing the Group are described on pages 64 to 67. The committee has received and considered reports from the Chief Risk Officer and Head of Risk Management, at each of its Meetings and reviewed all material risk events and associated reviews of the control environment.

The Committee has overseen the review and approval of a revised Risk Appetite Statement and continues to monitor the Group capital adequacy framework, most notably the 2021 transition from the Group's ICAAP to a new ICARA process.

Internal Audit

The Group uses Grant Thornton to provide internal audit services who complete internal audits of both business functions and cross-functional topics. Grant Thornton presented a new four-year internal audit programme for Committee approval in November 2021.

Whistleblowing and Fraud Detection

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

Vince O'Brien

Chairman, Audit & Risk Committee

1 December 2021

Remuneration Committee Report

"Effective remuneration planning is essential to encourage shareholder value in the short and long term."

Lindsey Brace Martinez
Chair, Remuneration Committee

COMMITTEE MEMBERS

The Remuneration Committee is comprised of the following Non-Executive Directors: Lindsey Brace Martinez (Chair); Vince O'Brien; Sally Bridgeland; and Simon O'Regan. Arnaud de Servigny also attends the meetings.

Details of attendance are shown on page 75.

REMUNERATION ACTIVITIES DURING THE YEAR

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

- review and recommend the remuneration and terms and conditions of service of the Directors and senior employees;
- approve the overall remuneration policy to ensure that this is designed to be in line with the business strategy, objectives and long-term interests of the wider group;
- approve all share-based awards;
- ensure that the Company's policies and practices are compliant with the FCA Remuneration Code and associated remuneration-related regulations; and
- review and recommendation of updates to the Terms of Reference of the Remuneration Committee.

POLICY ON DIRECTORS' AND SENIOR EMPLOYEES' REMUNERATION

The remuneration and terms and conditions of service of the Directors and senior employees are determined by the Board, based on recommendations made by the Remuneration Committee. The Committee recognises the importance of providing a remuneration package that will, without promoting undue risk, attract, retain and incentivise as well as encourage increased shareholder value in the short and longer term.

For the year ended 30 September 2021 there are potentially three main elements of the remuneration packages for the Chief Executive and senior employees.

(i) Basic salary and benefits

Basic salaries are recommended to the Board by the Remuneration Committee taking into account the performance of the individual and the rate for similar positions in comparable companies. Benefits include income protection, critical illness insurance, life assurance and private medical insurance.

(ii) Variable remuneration

Variable remuneration consists of a cash bonus and share-based awards. Variable remuneration will typically be capped at 45% of relevant operating earnings before variable remuneration, interest and taxes.

(a) Cash bonus

The cash bonus is determined based on the profitability of the relevant area where the employee works and on the individual's personal performance.

Remuneration Committee Report continued

(b) Share-based awards

The Group has approved the award of 389,750 restricted shares to Impax employees under the Group Restricted Share Scheme ("RSS") and 378,475 options under the Group's Long Term Employee Share Ownership Plan ("LTOP") in respect of services during the Period. The award of these shares and options will be communicated to the relevant employees following announcement of the Group's results for the year ended 30 September 2021.

Under the RSS shares awarded to employees are initially held by a nominee and the employee only gains unfettered access to the shares after three-, four- and five-year periods (one third at each stage) subject to continued employment. During the period that the shares are held by the nominee, the employee will receive dividends and be able to vote on the shares but will not be able to sell them.

Options awarded under the LTOP have a 900p exercise price and vest after five years subject to continuous employment and are then subject to a holding period of a further five years.

The Chief Executive and other employees continue to benefit from share-based awards made under the previous share-based incentive plans as more fully described in note 9 to the financial statements. Certain of the senior managers previously held shares in Impax NH. As announced on 15 February 2021, these shares were acquired by the Company pursuant to the finalisation of the acquisition of Impax NH (see note 28 of the financial statements for further information). Following the completion of the acquisition certain senior employees of Impax NH were awarded 912,084 RSS shares which vest over up to a three-year period.

In addition, the Chief Executive and certain senior employees have been awarded interests in Impax Carried Interest Partner LP, Impax Carried Interest Partner II LP and INEI III CIP LP (the "Partnerships"). The Partnerships will receive payments from the Group's private equity funds depending on the fund's performance. Ian Simm received a distribution of €26,064 from Impax Carried Interest Partner II LP during the year.

(iii) Pensions

The Group pays a defined contribution to the pension schemes of certain employees. The individual pension schemes are private and their assets are held separately from those of the Group.

Pension contribution rates for Executive Directors are aligned with those available to the wider workforce, in accordance with the Group Remuneration Policy.

DIRECTORS' REMUNERATION DURING THE YEAR

Details of each Director's remuneration are shown below.

	Fees/ salary £	Benefits in kind £	Bonus £	2021 Total £	2020 Total £
Keith Falconer[1]	13,282	–	–	**13,282**	70,000
Ian Simm	287,643	8,878	2,000,000	**2,296,521**	1,405,561
Arnaud de Servigny	60,000	–	–	**60,000**	52,500
Vince O'Brien	70,000	–	–	**70,000**	62,500
Simon O'Regan[2]	49,154	–	–	**49,154**	–
Sally Bridgeland	102,718	–	–	**102,718**	62,500
Lindsey Brace Martinez	62,763	–	–	**62,763**	53,964
	645,560	8,878	2,000,000	**2,654,438**	1,707,025

Lindsey Brace Martinez is also a Director of the Board of Pax World Funds acting as the Group's representative on this Board. The Company paid her £55,318 for this service (2020: £54,183).

1 Retired 8 December 2020.
2 Appointed 8 December 2020.

Ian Simm exercised options over a total of 100,000 shares during the Period generating a profit of £613,100 (2020: 100,000 options exercised, profit of £277,548). 20,000 restricted shares held by Ian Simm also vested during the year when the shares were valued at £122,744 (2020: nil).

Ian Simm was granted 20,000 restricted share awards in February 2021, which vest in three annual tranches between February 2024 and January 2026. At the end of the Period, Ian Simm held no options (2020: 100,000) and 90,000 restricted shares (2020: 90,000).

SERVICE CONTRACTS

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

INTERESTS IN SHARES

The Directors' beneficial interests in the Company's ordinary share capital are disclosed on page 78.

POLICY ON NON-EXECUTIVE DIRECTORS' REMUNERATION

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 McLagan in relation to benchmarking of employee compensation and Ashurst LLP and ACA Compliance Europe in relation to regulatory requirements of the remuneration policy.

Lindsey Brace Martinez
Chair, Remuneration Committee
1 December 2021

IMPAX Asset Management

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 Company") for the year ended 30 September 2021 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 statements, Company statement of financial position, Company cash flow statement, Company statement of changes in equity and the related notes, including the accounting policies in notes 32 and 33.
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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Overview	
Materiality: Group financial statements as a whole	£2m (2020: £932k) 4.5% (2020: 5.6%) of profit before tax
Coverage	91% (2020: 99%) of Group profit before tax
New Group key audit matter	Revenue recognition
Recurring Parent Company key audit matter	Recoverability of Parent Company's investment in subsidiaries and intercompany debtor

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 on the following page:

	The risk	Our response
Revenue recognition (£143 million; 2020: £88 million) *Refer to page 126 (accounting policy) and page 104 (financial disclosures).*	**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 income which results from the business activities of the Group. The two key components to management fee calculations are fee rates to be applied and the amount of assets under management. The following are identified as the key risk for recurring 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 sample of AUM used in the calculation of revenue we obtained independence confirmation of the AUM from the third party custodian. **General procedures:** • **Test of details:** We recalculated or performed analytical procedures to create an expectation of all material revenue transactions for in scope components with reference to the signed investment management agreement, fee letter or fund prospectuses and the AUM.
Recoverability of Parent Company's investment in subsidiaries and intercompany debtors (£58.9 million; 2020: £53.4 million) *Refer to page 135 (accounting policy) and page 135 (financial disclosures).*	**Low risk, high value** The carrying amount of the Parent Company's investment in subsidiaries represents 75% (2020: 66%) of the Parent Company total assets. The recoverability is not considered to contain a high risk of significant misstatement or be subject to significant judgement. However, given the size of the balance in the context of the Parent Company financial statements, these are considered to be the areas 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:** Comparing the carrying amount of 100% of investments and intercompany debtors with the subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and therefore coverage exists of the debt owed, as well as assessing whether those subsidiaries have historically been profit making. • **Comparing valuations:** For the investments and debtors where the carrying amount exceeded the net asset value of the company, comparing the carrying amount of the investment and debtor with the expected value of the business based on a value in use calculation or inspecting the future cash flow forecasts of the business.

We continue to perform procedures over the impairment of intangible assets. However, given that there were no indicators of impairment, we have not assessed this as a significant risk in our current year audit and, therefore, it is not separately identified in our report this year. We continue to test the impairment of intangible assets as part of our audit procedures.

Independent Auditor's Report continued

to the members of Impax Asset Management Group plc

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 £2,040k (2020: £932k), determined with reference to a benchmark of Group profit before tax of which it represents 4.5% (2020: 5.6%).

Materiality for the Parent Company financial statements as a whole was set at £751k (2020: £559k), determined with reference to a benchmark of the Parent Company total assets, of which it represents 1.0% (2020: 0.7%).

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% (2020: 75%) of materiality for the financial statements as a whole, which equates to £1,530k (2020: £699k) for the Group and £563k (2020: £419k) 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 £102k (2020: £47k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 24 (2020: 21) components, we subjected 4 (2020: 4) to full scope audits for Group purposes. The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 9% (2020: 1%) of Group profit before tax, 3% (2020: 2%) of total Group assets and 1% (2020: 3%) of total Group revenue is represented by 20 (2020: 17) components, none of which individually represented more than 6% (2020: 3%) 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.

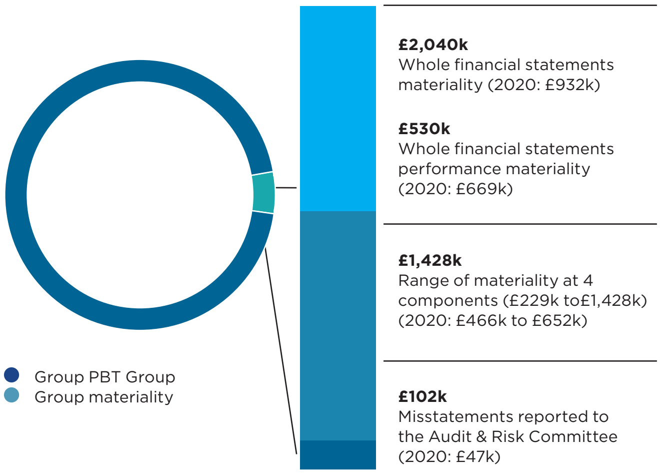
The audit of the components and the Parent Company was performed by the Group team. The component materiality ranged from £229k (2020: £466k) to £1,428k (£652k), having regard to the mix of size and risk profile of the Group across the components.

Group profit before tax

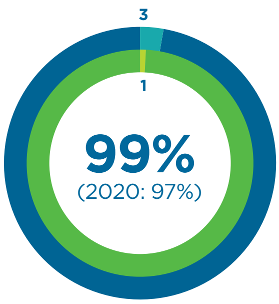
£45.7m (2020: £16.7m)

Group Materiality

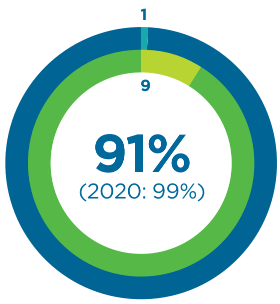
£2,040k (2020: £932k)



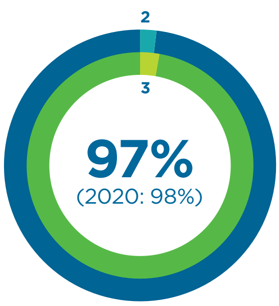
Group revenue



Group profit before tax



Group total assets



- Full scope for Group audit purposes 2021
- Full scope for Group audit purposes 2020
- Residual components 2021
- Residual components 2020

4. GOING CONCERN

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

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

- The impact of adverse movements in assets under management;

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively 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 risks and dependencies. We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent 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 and 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 identifying and responding to risks of material misstatement due to fraud
- Reading Board minutes and attending Group Audit & Risk Committee meetings
- Considering remuneration incentive schemes and performance targets for management and Directors.

Independent Auditor's Report continued

to the members of Impax Asset Management Group plc

5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT CONTINUED

Identifying and responding to risks of material misstatement due to fraud continued

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 other than those professional standards require us to consider.

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.

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, 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 and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

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

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

Context of the ability of the audit to detect fraud or breaches of law or regulation

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

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

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

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

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

Strategic report and Directors' report

Based solely on our work on the other information:

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

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

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

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

We have nothing to report in these respects.

8. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 80, 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

to the members of Impax Asset Management Group plc

8. RESPECTIVE RESPONSIBILITIES CONTINUED

Auditor's responsibilities

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

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

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

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

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

Chartered Accountants

15 Canada Square E14 5GL

1 December 2021

Consolidated Income Statement

For the year ended 30 September 2021

	Notes	2021 £000	2020 £000
Revenue	6	**143,056**	87,511
Operating costs	7	**(95,622)**	(69,928)
Finance income	10	**286**	1,020
Finance expense	11	**(1,971)**	(1,921)
Profit before taxation		**45,749**	16,682
Taxation	12	**(5,504)**	(2,944)
Profit after taxation		**40,245**	13,738
Earnings per share			
Basic	13	**31.5p**	10.6p
Diluted	13	**30.3p**	10.5p
Dividends per share			
Interim dividend paid and final dividend declared for the year	14	**20.6p**	8.6p

Adjusted results are provided in note 4.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2021

	2021 £000	2020 £000
Profit for the year	**40,245**	13,738
Change in value of cash flow hedges	**137**	(70)
Tax on change in value of cash flow hedges	**(26)**	13
Exchange differences on translation of foreign operations	**(1,075)**	(487)
Total other comprehensive income	**(964)**	(544)
Total comprehensive income for the year attributable to equity holders of the parent	**39,281**	13,194

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 99 to 130 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2021

Company No: 03262305

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Assets					
Goodwill	15	**11,816**		12,306	
Intangible assets	16	**17,473**		20,871	
Property, plant and equipment	17	**9,435**		10,857	
Deferred tax assets	12	**11,895**		5,492	
Total non-current assets			**50,619**		49,526
Trade and other receivables	18	**39,800**		20,735	
Investments	19	**7,564**		4,387	
Current tax asset		**134**		224	
Cash invested in money market funds and long term deposit accounts	21	**38,066**		18,516	
Cash and cash equivalents	21	**36,172**		20,245	
Total current assets			**121,736**		64,107
Total assets			**172,355**		113,633
Equity and liabilities					
Ordinary shares	24	**1,326**		1,304	
Share premium and merger reserve		**10,824**		9,291	
Exchange translation reserve		**374**		1,449	
Hedging reserve		**–**		(111)	
Retained earnings		**97,998**		59,515	
Total equity			**110,522**		71,448
Trade and other payables	22	**50,107**		27,984	
Lease liabilities	17	**1,330**		1,410	
Current tax liability		**1,923**		190	
Total current liabilities			**53,360**		29,584
Lease liabilities	17	**8,102**		9,261	
Deferred tax liability	12	**371**		3,340	
Total non-current liabilities			**8,473**		12,601
Total equity and liabilities			**172,355**		113,633

Authorised for issue and approved by the Board on 1 December 2021. The notes on pages 99 to 130 form part of these financial statements.

Ian R Simm,
Chief Executive

Consolidated Statement of Changes in Equity

For the year ended 30 September 2021

	Note	Share capital £000	Share premium and merger reserve* £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
1 October 2019		1,304	9,291	1,936	(54)	50,504	62,981
Transactions with owners of the Company:							
Dividends paid	14	–	–	–	–	(7,442)	(7,442)
Acquisition of own shares		–	–	–	–	(4,223)	(4,223)
Cash received on option exercises		–	–	–	–	489	489
Tax credit on long-term incentive schemes		–	–	–	–	4,636	4,636
Share based payment charges	9	–	–	–	–	1,813	1,813
Total transactions with owners of the Company		–	–	–	–	(4,727)	(4,727)
Profit for the year		–	–	–	–	13,738	13,738
Other comprehensive income:							
Change in value of cash flow hedge		–	–	–	(70)	–	(70)
Tax on change in value of cashflow hedges		–	–	–	13	–	13
Exchange differences on translation of foreign operations		–	–	(487)	–	–	(487)
Total other comprehensive Income		–	–	(487)	(57)	–	(544)
30 September 2020		**1,304**	**9,291**	**1,449**	**(111)**	**59,515**	**71,448**
Transactions with owners of the Company:							
New shares issued		**22**	**1,533**	**–**	**–**	**(20)**	**1,535**
Dividends paid	14	**–**	**–**	**–**	**–**	**(13,616)**	**(13,616)**
Cash received on option exercises		**–**	**–**	**–**	**–**	**597**	**597**
Purchase of Impax NH shares	28	**–**	**–**	**–**	**–**	**(2,239)**	**(2,239)**
Tax credit on long-term incentive schemes		**–**	**–**	**–**	**–**	**8,634**	**8,634**
Share based payment charges	9	**–**	**–**	**–**	**–**	**4,882**	**4,882**
Total transactions with owners of the Company		**22**	**1,533**	**–**	**–**	**(1,762)**	**(207)**
Profit for the year		**–**	**–**	**–**	**–**	**40,245**	**40,245**
Other comprehensive income:							
Change in value of cash flow hedge		**–**	**–**	**–**	**137**	**–**	**137**
Tax on change in value of cashflow hedges		**–**	**–**	**–**	**(26)**	**–**	**(26)**
Exchange differences on translation of foreign operations		**–**	**–**	**(1,075)**	**–**	**–**	**(1,075)**
Total other comprehensive Income		**–**	**–**	**(1,075)**	**111**	**–**	**(964)**
30 September 2021		**1,326**	**10,824**	**374**	**–**	**97,998**	**110,522**

The notes on pages 99 to 130 form part of these financial statements.

* Includes merger reserve of £1,533,000.

Consolidated Cash Flow Statement

For the year ended 30 September 2021

	Note	2021 £000	2020 £000
Operating activities			
Cash generated from operations	27	**59,812**	24,382
Corporation tax paid		**(4,445)**	(607)
Net cash generated from operating activities		**55,367**	23,775
Investing activities			
Net acquisition of property, plant & equipment and intangible assets		**(257)**	(182)
Net (investments into)/redemptions from unconsolidated Impax funds		**(2,529)**	1,191
Settlement of investment related hedges		**(455)**	(156)
Purchase of Impax NH shares		**(704)**	–
Investment income received		**93**	222
Increase in cash held in money market funds and long-term deposit accounts		**(19,550)**	(3,281)
Net cash used by investing activities		**(23,402)**	(2,206)
Financing activities			
Acquisition of non-controlling interest		**(191)**	(201)
Interest paid on bank borrowings		**(129)**	(136)
Payment of lease liabilities		**(1,691)**	(1,699)
Acquisition of own shares		**–**	(4,223)
Cash received on exercise of Impax staff share options		**597**	489
Dividends paid		**(13,616)**	(7,442)
Net cash used by financing activities		**(15,030)**	(13,212)
Net increase in cash and cash equivalents		**16,935**	8,357
Cash and cash equivalents at beginning of year		**20,245**	11,939
Effect of foreign exchange rate changes		**(1,008)**	(51)
Cash and cash equivalents at end of year	21	**36,172**	20,245

Cash and cash equivalents under IFRS does not include deposits in money market funds and cash held in deposits with more than an original maturity of three months. The Group however considers its total cash reserves to include these amounts. Cash held in RPA accounts are not included in cash reserves (see note 21).

Movements on cash reserves are shown in the table below:

	At the beginning of the year £000	Cashflow £000	Foreign exchange £000	At the end of the year £000
Cash and cash equivalents	20,245	16,935	(1,008)	36,172
Cash invested in money market funds and long-term deposit accounts	18,516	19,550	–	38,066
Cash in RPAs	(1,363)	(2,726)	–	(4,089)
Total Group cash reserves	**37,398**	**33,759**	**(1,008)**	**70,149**

Notes to the Financial Statements

For the year ended 30 September 2021

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 131 to 142.

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 ("Adopted 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 32.

The financial statements are presented in sterling. All amounts have been rounded to the nearest thousand unless otherwise indicated.

Going concern

The Board has made an assessment covering a period of 12 months from the date of approval of these financial statements which indicates 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. In making this assessment the Board has considered the potential ongoing impact of COVID-19. The Group has sufficient cash balances and no debt and, at the year-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 Group has operated without disruption during the lockdown periods to date and expects to continue to do so. Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements management has made estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Revisions to estimates are recognised prospectively.

The Group has not identified any significant judgements and estimates at the end of the reporting period. However the key areas that include judgement and/or estimates are set out in notes 15 and 16.

Notes to the Financial Statements continued

For the year ended 30 September 2021

4 ADJUSTED PROFITS AND EARNINGS

The reported operating earnings, profit before tax and earnings per share are substantially affected by business combination effects 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 2021			
		Adjustments		
	Reported – IFRS £000	Business combination effects £000	Other £000	Adjusted £000
Revenue	**143,056**			**143,056**
Operating costs	**(95,622)**			**(87,272)**
Amortisation of intangibles arising on acquisition		**2,358**		
Acquisition equity incentive scheme charges		**1,649**		
Contingent consideration adjustment		**167**		
Mark to market charge on equity awards*			**4,176**	
Operating profit	**47,434**	**4,174**	**4,176**	**55,784**
Finance income	**286**		**(89)**	**197**
Finance costs	**(1,971)**			**(1,971)**
Profit before taxation	**45,749**	**4,174**	**4,087**	**54,010**
Taxation	**(5,504)**			**(9,084)**
Adjustment re historical tax charges			**(2,803)**	
Tax credit on adjustments			**(777)**	
Profit after taxation	**40,245**	**4,174**	**507**	**44,926**
Diluted earnings per share	**30.3p**	**3.2p**	**0.4p**	**33.9p**

* The charge is offset by £8,634,000 of tax credits shown in the statement of changes in equity.

	Year ended 30 September 2020			
		Adjustments		
	Reported – IFRS £000	Business combination effects £000	Other £000	Adjusted £000
Revenue	87,511			87,511
Operating costs	(69,928)			(64,261)
Amortisation of intangibles arising on acquisition		2,535		
Acquisition equity incentive scheme charges		135		
Mark to market charge on equity awards*			2,997	
Operating profit	17,583	2,670	2,997	23,250
Finance income	1,020		(124)	896
Finance expense	(1,921)			(1,921)
Profit before taxation	16,682	2,670	2,873	22,225
Taxation	(2,944)			(3,490)
Tax credit on adjustments			(546)	
Profit after taxation	13,738	2,670	2,327	18,735
Diluted earnings per share	10.5p	2.1p	1.8p	14.5p

* The charge is offset by £4,636,000 of tax credits shown in the statement of changes in equity.

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 New Hampshire based company acquired in January 2018, and are amortised over their 11 year life. This charge is not linked to the operating performance of the Impax NH business so is excluded from adjusted profit.

Acquisition equity incentive scheme charges

Impax NH staff have been awarded share-based payments in respect of the acquisition of Impax NH. Charges in respect of these relate to the acquisition rather than the operating performance of the Group and are therefore excluded from adjusted profit.

Contingent consideration adjustment

Until the time it was settled, the Group was required to review and adjust our estimate of the contingent consideration payable in respect of the Impax NH acquisition. Adjustments were recorded through income but excluded from adjusted profit. These adjustments are not linked to the operating performance of the Impax NH business and are therefore eliminated from operating costs.

Notes to the Financial Statements continued

For the year ended 30 September 2021

4 ADJUSTED PROFITS AND EARNINGS CONTINUED

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") some of which have not vested at the balance sheet date. Employers National Insurance Contributions ("NIC") are payable on the option awards when they are exercised and on the RSS awards when they vest, based on the valuation of the underlying shares at that point. The Group does however receive a corporation tax credit equal to the value of the awards at the date they are exercised (options) or vest (RSS awards). A charge is accrued for the NIC within IFRS operating profit based on the share price at the balance sheet date. Similarly a credit for the corporation tax is accrued within equity.

These two charges 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.

Taxation

The IFRS tax charge for 2021 includes a credit in respect of historical tax charges related to private equity income. This does not reflect the current year performance of the Group and is therefore excluded from adjusted profit.

5 SEGMENTAL REPORTING

(a) Operating segments

For the year ended 30 September 2020 and prior years, the Group had two reportable segments being Impax LN, the primarily London based manager of listed equity and real asset funds and accounts, and Impax NH. For the current year the Group is managed on an integrated basis and there are no reportable segments. Financial information is therefore reported for Impax LN and Impax NH for the prior year only in the following table.

The segment information presented is on the same basis as that provided for internal reporting purposes to the Group's chief operating decision maker, the Chief Executive.

Year ended 30 September 2020

	Impax LN £000	Impax NH £000	Adjustments £000	Total £000
Revenue				
External customers	61,906	25,605	–	87,511
Inter-segment	3,147	–	(3,147)	–
Total revenue	65,053	25,605	(3,147)	87,511
Segment profit – adjusted operating profit	22,176	1,074	–	23,250

(b) Geographical analysis

An analysis of revenue by the location of client is presented below:

	Revenue	
	2021 £000	2020 £000
UK	**26,733**	15,104
North America	**50,608**	34,705
France	**12,680**	9,478
Luxembourg	**35,448**	19,066
Netherlands	**3,359**	2,912
Ireland	**9,412**	3,553
Other	**4,816**	2,693
	143,056	87,511

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

	Non-current assets	
	2021 £000	2020 £000
UK	**6,952**	7,882
United States	**31,594**	36,131
Hong Kong	**7**	21
Ireland	**171**	–
	38,724	44,034

(c) Non-cash items

Operating expenses include the following non-cash items:

Year ended 30 September 2020

	Impax LN £000	Impax NH £000	Total £000
Share based payments	1,678	135	1,813
Depreciation and amortisation	1,221	3,039	4,260
	2,899	3,174	6,073

Notes to the Financial Statements continued

For the year ended 30 September 2021

6 REVENUE

See accounting policy at note 32 (D)

The Group's main source of revenue is investment management and advisory fees. The Group may also earn carried interest from its Private Equity funds. Management and advisory fees are generally based on an agreed percentage of the valuation of assets under management ("AUM") for Listed Equity and Fixed Income funds. For Private Equity funds they are generally based on an agreed percentage of commitments made to the fund by investors during the fund's investment period and thereafter on the cost price of investments made and not exited. Carried interest is earned from Private Equity funds if the cash returned to investors exceeds an agreed return.

The Group determines the investment management and advisory fees to be a single revenue stream as they are all determined through a consistent performance obligation. Should AUM reduce as result of equity market downturns or allocation of capital away from equity markets then the revenue would reduce.

None of the Group's funds individually represented more than 10% of Group revenue in the current or prior year.

Revenue includes £140,236,441 (2020: £84,163,120) from related parties.

7 OPERATING COSTS

The Group's largest operating cost is staff costs. Other significant costs include direct fund costs, premises costs (depreciation on office building leases, rates and service charge), amortisation of intangible assets, mark to market charges on share awards and IT and communication costs.

See accounting policy at note 32 (E) for leases and note 32 (F) for placement fees.

	2021 £000	2020 £000
Staff costs (note 8)	**66,215**	44,728
Direct fund expenses	**5,542**	5,570
Premises costs	**1,015**	1,062
Research costs	**780**	570
Professional fees	**3,321**	2,555
IT and communications	**4,457**	4,017
Depreciation and amortisation	**4,057**	4,260
Mark to market charges on share awards	**4,176**	3,243
Other costs	**5,892**	3,923
Sub-total	**95,455**	69,928
Contingent consideration	**167**	–
Total	**95,622**	69,928

Operating costs include £898,000 (2020: £774,000) in respect of placing agent fees paid to related parties.

Other costs includes £291,000 (2020: £275,000) paid to the Group's auditor which is analysed below:

	2021 £000	2020 £000
Audit of the Group's Parent Company and consolidated financial statements	**75**	130
Audit of subsidiary undertakings	**130**	69
Tax compliance	**–**	28
Audit-related assurance services	**86**	48
	291	275

8 STAFF COSTS AND EMPLOYEES

Staff costs include salaries, a variable bonus, social security cost (principally UK Employers' National Insurance 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.

	2021 £000	2020 £000
Salaries and variable bonuses	**51,510**	34,081
Social security costs	**5,181**	3,702
Pensions	**1,069**	948
Share-based payment charge (see note 9)	**4,882**	1,813
Other staff costs	**3,573**	4,184
	66,215	44,728

See accounting policy for pensions in note 32 (G)

The Group contributes to private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to these funds. Contributions totalling £82,000 (2020: £64,000) were payable to the funds at the year end and are included in trade and other payables.

Other staff costs include the cost of providing health and other insurances for staff, Non-Executive Directors' fees, contractor fees, recruitment fees and termination costs.

Directors and key management personnel

Details related to emoluments paid to Directors and Directors' rights to share awards are included in the Remuneration Committee Report under the "Directors' remuneration during the year" heading on page 84 and in the Directors' Report under the "Directors and their interests in shares" heading on page 78.

Key management personnel are related parties and are defined as members of the Board and/or the Executive Committee. The remuneration of key management personnel, including pension contributions, during the year was £14,080,503 with £1,024,156 of share-based payments (2020: £9,112,098 plus £704,580 of share-based payments). No Board members received pension contributions during the year (2020: nil).

Notes to the Financial Statements continued

For the year ended 30 September 2021

8 STAFF COSTS AND EMPLOYEES CONTINUED

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 195 (2020: 171).

	2021 No.	2020 No.
Portfolio Management	**69**	57
Private Equity	**12**	12
Client Service and Business Development	**63**	53
Group	**51**	49
	195	171

9 SHARE-BASED PAYMENT CHARGES

See accounting policy at note 32 (H)

The total expense recognised for the year arising from share-based payment transactions was £4,882,000 (2020: £1,813,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS") and the Group's Employee Share Option Plan ("ESOP") which are described below. Share based payment charges also arose in respect of the Put and Call arrangement made with Impax NH management to acquire their shares in Impax NH. Details of all outstanding options are provided at the end of this note. The charges for each scheme are:

	2021 £000	2020 £000
RSS	**3,636**	1,253
ESOP	**1,003**	426
Put and Call	**243**	134
	4,882	1,813

Restricted Share Scheme

Restricted shares have been granted to employees in prior years which are not wholly vested.

During the Period 361,500 restricted shares were granted under the 2020 plan and post year end the Board approved the grant of a further 389,750 restricted shares under the 2021 plan. 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.

A further 912,084 restricted shares were also granted to employees of Impax NH following the acquisition of the remaining shares held by management in that business (see note 28). These have the same conditions as described above except that unfettered access is gained to all of the shares after a period of 3 years.

Full details of the awards granted 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.

	2015 RSS	2017 RSS	2018 RSS	2019 RSS	2020 RSS	2021 RSS
Awards originally granted	3,140,000/ 1,000,000	2,550,000/ 500,000/ 675,000	478,250	67,250	361,500	912,084/ 389,750
In respect of services provided for period from	1 Oct 2014/ 9 Feb 2016	14 Dec 2016/ 11 May 2017/ 1 Oct 2016	1 Oct 2017	1 Oct 2018	1 Oct 2019	28 Oct 2020/ 24 Nov 2020/ 1 Oct 2020
Award value	42.1p/41.5p	52.2p/ 87.7p/161.6p	201.3p	236.8p	506.2p	497.98p/ 564.51p/ 1,144.7p
Weighted average share price on grant	41.4p	77.4p	202.8p	239.0p	510.0p	709.1p
Expected volatility	32%/31%	29%/29%/29%	30%	31%	32%	32%
Weighted average award life on grant	4.9yrs	4.3yrs	5.3yrs	5.3yrs	5.3yrs	3.4yrs
Expected dividend rate	3%	4%/2%/2%	1%	2%	1%	1%
Risk free interest rate	1.2%/0.8%	0.6%/0.6%/0.7%	1.2%	0.3%	0.0%	0.35%/0.67%

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.

Restricted shares outstanding	
Outstanding at 1 October 2020	**4,747,722**
Granted during the year	**1,273,584**
Vested during the year	**(2,683,473)**
Forfeited during the year	**(15,000)**
Outstanding at 30 September 2021	**3,322,833**

Employee Share Option Plan ("ESOP")

Options granted in 2017

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, which was £1.80. 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. Once vested, the options have an exercise period of three years.

The valuation was determined using the Black-Scholes-Merton model.

Options granted between 2018 and 2020

The strike price of the 2018 and 2019 options was set at £1. The strike price of the 2020 options was set at £3. These options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment for 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 and the strike price).

Post year end the Board approved the grant of 378,475 options under the 2021 plan with a £9 strike price and with the other conditions the same as the 2018, 2019 and 2020 plans.

The valuation was determined using the binomial model.

Share options are equity settled.

Notes to the Financial Statements continued

For the year ended 30 September 2021

9 SHARE-BASED PAYMENT CHARGES CONTINUED

Options outstanding

An analysis of the outstanding options arising from the Company's ESOP is provided below:

	Number	Weighted average exercise price Pence
Options outstanding at 1 October 2020	2,450,000	140.7
Options granted	610,000	300.0
Options exercised	(400,000)	148.6
Options outstanding at 30 September 2021	**2,660,000**	**176.0**
Options exercisable at 30 September 2021	**1,000,000**	**180.2**

The weighted average remaining contractual life of options outstanding at the end of the period was 6.0 years.

10 FINANCE INCOME

	2021 £000	2020 £000
Fair value gains	**161**	798
Interest income	**36**	98
Other investment income	**89**	124
	286	1,020

Fair value gains represent those arising on the revaluation of investments held by the Group (see note 19) and any gains or losses arising on related hedge instruments held by the Group.

The fair value gain comprises realised losses of £487,000 and unrealised gains of £648,000 (2020: £53,000 of realised losses and £851,000 of unrealised gains).

11 FINANCE EXPENSE

	2021 £000	2020 £000
Interest on lease liabilities	**468**	514
Finance costs on bank loans	**85**	295
Foreign exchange losses	**1,418**	1,112
	1,971	1,921

Commitment fees are payable on the revolving credit facility which the Group retains (see note 23). Foreign exchange losses mainly arise on the retranslation of intercompany loans.

See accounting policy at note 32 (J)

12 TAXATION

See accounting policy at note 32 (K)

The Group is subject to taxation in the countries in which it operates (the UK, the US, Hong Kong and Ireland) at the rates applicable in those countries. The total tax charge includes taxes payable for the reporting period (current tax) and also charges relating to taxes that will be payable in future years due to income or expenses being recognised in different periods for tax and accounting periods (deferred tax).

(a) Analysis of charge for the year

	2021 £000	2020 £000
Current tax expense:		
UK corporation tax	**5,960**	124
Foreign taxes	**235**	219
Adjustment in respect of prior years	**73**	342
Total current tax	**6,268**	685
Deferred tax (credit)/expense:		
Charge for the year	**2,104**	3,388
Adjustment in respect of prior years	**(2,868)**	(1,129)
Total deferred tax	**(764)**	2,259
Total income tax expense	**5,504**	2,944

Tax credits of £8,634,000 are also recorded in equity in respect of tax deductions on share awards arising due to the share price increase (2020: £4,636,000). Tax credits of £26,000 on cash flow hedges have been reclassified from equity to the income statement during the year on maturity of the hedges (2020: tax credits recorded in equity of £13,000).

A tax credit of £713,000 has been recorded in respect of prior year tax losses that previously had not been recognised.

The deferred tax adjustment in respect of prior years in 2020 and 2021 mainly reflects reductions in the tax expected to be payable on private equity income, recorded in prior years, as a result of transactions which took place in the year.

Adjustments in 2020 also include a credit of £175,000 to reflect the cancellation of the planned reduction in the UK tax from 19% to 17% that was due to come in to effect from 1 April 2020.

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 2021, to the extent that they are expected to reverse after the rate increase comes into effect.

Notes to the Financial Statements continued

For the year ended 30 September 2021

12 TAXATION CONTINUED

(b) Factors affecting the tax charge for the year

The UK tax rate for the year is 19%. The tax assessment for the period is lower than this rate (2020: lower). The differences are explained below:

	2021 £000	2020 £000
Profit before tax	**45,749**	16,682
Tax charge at 19% (2020: 19%)	**8,692**	3,170
Effects of:		
Non-taxable income	**(18)**	–
Non-deductible expenses and charges	**316**	13
Adjustment in respect of historical tax charges	**(2,795)**	(787)
Effect of higher tax rates in foreign jurisdictions	**22**	85
Tax losses not recognised	**–**	463
Recognition of prior year tax losses	**(713)**	–
Total income tax expense	**5,504**	2,944

(c) Deferred tax

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

	Share-based payment scheme £000	Other assets £000	Total assets £000	Income not yet taxable £000	Other liabilities £000	Total liabilities £000
As at 1 October 2019	3,519	238	3,757	(3,833)	(167)	(4,000)
Credit to equity	4,636	13	4,649	–	–	–
Exchange differences on consolidation	–	–	–	6	–	6
Credit/(charge) to the income statement	(2,953)	40	(2,913)	697	(43)	654
As at 30 September 2020	5,202	291	5,493	(3,130)	(210)	(3,340)
Credit to equity	8,634	(26)	8,608	–	–	–
Exchange differences on consolidation	–	–	(1)	–	–	–
Credit/(charge) to the income statement	(3,243)	1,038	(2,205)	2,969	–	2,969
As at 30 September 2021	**10,593**	**1,303**	**11,895**	**(161)**	**(210)**	**(371)**

Other assets include carried forward losses of £681,000 as at 30 September 2021 (2020: nil).

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
2021			
Basic	**40,245**	**127,644**	**31.5p**
Diluted	**40,245**	**132,669**	**30.3p**
2020			
Basic	13,235	124,572	10.6p
Diluted	13,235	125,825	10.5p

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

	2021 £000	2020 £000
Weighted average issued share capital	**131,772**	130,415
Less own shares held	**(4,128)**	(5,843)
Weighted average number of ordinary shares used in the calculation of basic EPS	**127,644**	124,572
Additional dilutive shares regarding share schemes	**5,983**	2,451
Adjustment to reflect option exercise proceeds and future service from employees receiving share awards	**(958)**	(1,198)
Weighted average number of ordinary shares used in the calculation of diluted EPS	**132,669**	125,825

Notes to the Financial Statements continued

For the year ended 30 September 2021

14 DIVIDENDS

Dividends are recognised as a reduction in equity in the period in which they are paid or in the case of final dividends when they are approved by shareholders. The reduction in equity in the year therefore comprises the prior year final dividend and the current year interim dividend.

Dividends declared/proposed in respect of the year

	2021 pence	2020 pence
Interim dividend declared per share	**3.6**	1.8
Final dividend proposed per share	**17.0**	6.8
Total	**20.6**	8.6

The proposed final dividend of 17.0p will be submitted for formal approval at the Annual General Meeting to be held on 29 March 2022. 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 £22,409,000.

Dividends paid in the year

	2021 £000	2020 £000
Prior year final dividend – 6.8p, 4.0p	**8,871**	5,140
Interim dividend – 3.6p, 1.8p	**4,745**	2,302
	13,616	7,442

15 GOODWILL

See accounting policy at note 32 (L)

The goodwill balance within the Group at 30 September 2021 arose from the acquisition of Impax Capital Limited on 18 June 2001 and the acquisition of Impax NH in January 2018.

	Goodwill £000
Cost	
As at 1 October 2019	12,804
Foreign exchange	(498)
As at 30 September 2020	12,306
Foreign exchange	(490)
As at 30 September 2021	**11,816**

Impax NH consists of only one cash-generating unit ("CGU"). Goodwill is allocated between CGUs at 30 September 2021 as follows – £10,187,000 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. The cash flow forecasts were derived taking into account the budget for the year ended 30 September 2022, which was approved by the Directors in October 2021.

The goodwill on the Listed Equity and Private Equity CGUs arose over 15 years ago and the business has grown significantly in size and profitability since that date. There is accordingly significant headroom before an impairment is required. The main assumptions used to calculate the cash flows in the impairment test for these CGUs were that assets under management would continue at current levels and margins would continue at current levels, that fund performance for the Listed Equity business would be 5% per year (2020: 5%) and a discount rate of 12.5% (2020: 12.5%). The discount rate was derived from the Group's weighted average cost of capital. There has been no impairment of goodwill related to these segments to date and there would have to be significant asset outflows over a sustained period before any impairment was required. If the discount rate increased by 3% there would no impairment and if fund performance reduced to zero there would be no impairment (2020: 3% increase in discount rate, no impairment).

The impairment test for the Impax NH CGU showed no impairment (2020: no impairment) was required and used the following key assumptions – average fund inflows of US$0.38 billion (2020: US$0.57 billion), fund performance of 5% (2020: 5%), an average operating margin of 17% (2020: 20%) and a discount rate of 12.5% (2020: 12.5%). The following plausible changes in assumptions would individually not give rise to an impairment: a consistent 10% decrease in inflows (2020: 10% decrease); a 100 basis point annual reduction in performance each year (2020: 100 basis point reduction); a 1% annual reduction in operating margin (2020: 1% reduction), a 1% increase in discount rate (2020: 1% increase).

16 INTANGIBLE ASSETS

See accounting policy at note 32 (M)

Intangible assets mainly represent 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 2019	29,016	515	29,531
Additions	–	14	14
Foreign exchange	(1,309)	–	(1,309)
As at 30 September 2020	27,707	529	28,236
Foreign exchange	(1,266)	–	(1,266)
As at 30 September 2021	**26,441**	**529**	**26,970**
Accumulated amortisation			
As at 1 October 2019	4,621	392	5,013
Charge for the year	2,535	66	2,601
Foreign exchange	(249)	–	(249)
As at 30 September 2020	6,907	458	7,365
Charge for the year	2,358	51	2,409
Foreign exchange	(277)	–	(277)
As at 30 September 2021	**8,988**	**509**	**9,497**
Net book value			
As at 30 September 2021	**17,453**	**20**	**17,473**
As at 30 September 2020	20,800	71	20,871
As at 30 September 2019	24,395	123	24,518

The management contracts were acquired with the acquisition of Impax NH in January 2018 and are amortised over an 11 year life. An impairment test was completed on this asset for the year ended 30 September 2020 and showed no impairment was required. The test used the following key assumptions – inflows of new assets of US$0.34 billion per annum on average, future equity fund performance of 5%, an average operating margin of 20% and a discounted cost of capital of 13.5%.

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For the year ended 30 September 2021

16 INTANGIBLE ASSETS CONTINUED

The assumptions around fund performance, operating margin and discounted cost of capital that we would use in an impairment test performed at 30 September 2021 remain the same as at 30 September 2020. Future inflows would be greater. Actual asset inflows, fund performance and operating margin for the year ended 30 September 2021 have however been significantly in excess of those assumed and accordingly there are no indicators of impairment.

17 PROPERTY, PLANT AND EQUIPMENT

See accounting policy at note 32 (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 2019	10,693	2,071	1,701	14,465
Additions	87	22	146	255
Foreign exchange	(225)	–	–	(225)
As at 30 September 2020	10,555	2,093	1,847	14,495
Additions	194	–	257	451
Disposals	–	(19)	–	(19)
Foreign exchange	(222)	–	(14)	(236)
As at 30 September 2021	**10,527**	**2,074**	**2,090**	**14,691**
Accumulated depreciation				
As at 1 October 2019	–	970	1,023	1,993
Charge for the year	1,249	146	264	1,659
Foreign exchange	(9)	2	(7)	(14)
As at 30 September 2020	1,240	1,118	1,280	3,638
Charge for the year	1,236	145	267	1,648
Disposals	–	(10)	–	(10)
Foreign exchange	(14)	–	(6)	(20)
As at 30 September 2021	**2,462**	**1,253**	**1,541**	**5,256**
Net book value				
As at 30 September 2021	**8,065**	**821**	**549**	**9,435**
At 30 September 2020	9,315	975	567	10,857
As at 30 September 2019	10,693	1,101	678	12,472

Lease arrangements

Property, plant and equipment includes right-of-use assets in relation to operating leases for the Group's office buildings.

The carrying value of the Group's right-of-use assets, associated lease liabilities and the movements during the period are set out below.

	Right-of-use asset £m	Lease liabilities £m
At 1 October 2020	9,315	10,671
New leases	194	202
Lease payments	–	(1,691)
Interest expense	–	468
Depreciation charge	(1,236)	–
Foreign exchange movement	(208)	(218)
At 30 September 2021	**8,065**	**9,432**
	Current	1,330
	Non-current	8,102
		9,432

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

	2021 £000	2020 £000
Within 1 year	**1,694**	1,702
Between 1 and 5 years	**6,452**	6,461
Later than 5 years	**3,110**	4,862
Total undiscounted lease liabilities	**11,256**	13,025

The Company's London office lease has an extension option of a further five years from June 2027, subject to a rent review, which is not included in the above numbers on the basis that it is not yet reasonably certain that it will be exercised.

18 TRADE AND OTHER RECEIVABLES

See accounting policy at note 32 (O)

	2021 £000	2020 £000
Trade receivables	**8,679**	3,512
Other receivables	**1,717**	685
Prepayments and accrued income	**29,404**	16,538
	39,800	20,735

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

Notes to the Financial Statements continued

For the year ended 30 September 2021

18 TRADE AND OTHER RECEIVABLES CONTINUED

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

	2021 £000	2020 £000
0–30 days	**6,865**	2,317
Past due but not impaired:		
31–60 days	**1,052**	–
61–90 days	**762**	1,195
	8,679	3,512

At the date of this report, substantially all of the trade receivables above have been received. As at 30 September 2021, the assessed provision under the IFRS 9 expected loss model for trade receivables and prepayments and accrued income was immaterial (2020: immaterial).

£34,685,000 of trade receivables and accrued income were due from related parties (2020: £16,302,700).

19 CURRENT ASSET INVESTMENTS

See accounting policy at note 32 (P)

The Group makes seed investments into its own Listed Equity funds and also invests in its Private Equity funds. Where the funds are consolidated the underlying investments are shown in the table below. Investments made in unconsolidated funds are also included. Further details of when funds are consolidated are described in note 32 (A).

	Total £000
At 1 October 2019	4,626
Additions	758
Fair value movements	952
Repayments/disposals	(1,949)
At 30 September 2020	4,387
Additions	2,832
Fair value movements	648
Repayments/disposals	(303)
At 30 September 2021	**7,564**

The investments include £3,474,000 in related parties of the Group (2020: £2,434,000).

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 2020	1,953	–	2,434	4,387
Additions	1,832	–	1,000	2,832
Fair value movements	305	–	343	648
Repayments/disposals	–	–	(303)	(303)
At 30 September 2021	**4,090**	**–**	**3,474**	**7,564**

There were no movements between any of the levels in the Period.

The level 3 investments are in the Group's private equity investment funds. If the net asset value of those funds changed by +/– 10% then the valuation of those investments would change by +/– £347,000.

Market risk and investment hedges

See accounting policy for derivatives at note 32 (Q)

Investments made are subject to market risk. Where appropriate the Group has attempted to hedge against the risk of market falls by the use of derivative contracts. The derivative contracts consist of short positions against a global equity index and are arranged through BNP Paribas, a related party. Any outstanding amounts on the short positions are settled daily.

20 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

See accounting policy at note 32 (A) and note 32 (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 2021, AUM managed within unconsolidated structured entities was £37.21 billion (2020: £20.18 billion) and within consolidated structured entities was £nil (2020: £nil).

£143,056,000 (2020: £87,511,000) 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:

	2021 £000	2020 £000
Management fees receivable (including accrued income)	**36,356**	18,126
Investments	**3,474**	2,434
	39,830	20,560

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 29.

Notes to the Financial Statements continued

For the year ended 30 September 2021

21 CASH AND CASH EQUIVALENTS, CASH INVESTED IN MONEY MARKET FUNDS AND LONG-TERM DEPOSITS

See accounting policy for cash at note 32 (R)

Cash and cash equivalents under IFRS does not include deposits in money market funds or cash held in deposits with an original maturity of more than three months. However, the Group considers its total cash reserves to include these amounts. Cash held by consolidated funds is not considered to be available to the Group so it is not included in cash reserves. Cash held in Research Payment Accounts ("RPAs") is collected from funds managed by the Group and can only be used towards the cost of researching stocks. A liability of an equal amount is included in trade and other payables. This cash is also excluded from cash reserves. A reconciliation is shown below:

	2021 £000	2020 £000
Cash and cash equivalents	**36,172**	20,245
Cash invested in money market funds and long-term deposit accounts	**38,066**	18,516
Less: cash held in RPAs	**(4,089)**	(1,363)
Cash reserves	**70,149**	37,398

The Group is exposed to interest rate risk on the above balances as interest income fluctuates according to the prevailing interest rates. The average interest rate on the cash balances during the year was 0.05% (2020: 0.3%). A 0.5% increase in interest rates would have increased Group profit after tax by £212,000. An equal change in the opposite direction would have decreased profit after tax by £212,000.

The credit risk regarding cash balances of the operating entities of the Group is spread by holding parts of the balance with RBS International, Lloyds Bank, Citizens Financial Group (all with Standard & Poor's credit rating A-2) and the Bank of New Hampshire (unrated) and the remainder in money market funds managed by BlackRock and Goldman Sachs (both with a Standard & Poor's credit rating of AAA).

22 TRADE AND OTHER PAYABLES

See accounting policy at note 32 (S)

	2021 £000	2020 £000
Trade payables	**852**	305
Taxation and other social security	**5,160**	3,285
Other payables	**4,655**	4,550
Accruals and deferred income	**39,440**	19,844
	50,107	27,984

The most significant accrual at the year end relates to variable staff remuneration.

23 LOANS

See accounting policy at note 32 (T)

The Group retains a US$13 million revolving credit facility ("RCF") with RBS International which expires in January 2023. No amounts were drawn down or repaid in the current period or in the prior year.

24 ORDINARY SHARES

See accounting policy at note 32 (U)

Issued and fully paid	2021 No. of shares/000s	2020 No. of shares/000s	2021 £000	2020 £000
At 1 October and 30 September	**132,597**	130,415	**1,326**	1,304

Ordinary shares have a par value of £0.01 per share. Each ordinary share carries the right to attend and vote at general meetings of the Company. Holders of these shares are entitled to dividends as declared from time to time. On 16 February 2021, 2,000,000 new shares were issued to the Impax Asset Management Group plc Employee Benefit Trust 2012 (the "EBT") and a further 181,467 shares were issued to management of Impax NH as part of the consideration for the acquisition of that business that occurred in 2018 (see note 28).

25 OWN SHARES

See accounting policy at note 34 (V)

	No. of Shares	£000
At 1 October 2019	9,025,766	6,878
Satisfaction of option exercises and RSS vesting	(5,105,507)	(3,891)
EBT 2012 purchases	1,266,608	4,223
At 30 September 2020	5,186,867	7,210
Issuance of shares to EBT 2012	2,000,000	–
Satisfaction of option exercises and RSS vesting	(3,083,472)	(3,093)
At 30 September 2021	**4,103,395**	**4,117**

Included within Own Shares are 3,322,833 shares held in a nominee account in respect of the Restricted Share Scheme as described in note 9.

26 FINANCIAL COMMITMENTS

At 30 September 2021 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €203,000 (2020: €203,000) into Impax New Energy Investors LP; this amount could be called on in the period to 31 December 2021;
- €113,000 (2020: €113,000) into Impax New Energy Investors II LP; this amount could be called on in the period to 22 March 2022;
- €1,567,000 (2020: €2,137,000) into Impax New Energy Investors III LP; this amount could be called on in the period to 31 December 2026; and
- €449,616 (2020: £nil) into Impax New Energy Investors IV SCSp; this amount could be called on in the period to 31 October 2031.

Notes to the Financial Statements continued

For the year ended 30 September 2021

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.

	2021 £000	2020 £000
Profit before taxation	**45,749**	16,682
Adjustments for income statement non-cash charges/income:		
Depreciation of property, plant and equipment and amortisation of intangible assets	**4,057**	4,260
Finance income	**(286)**	(1,020)
Finance expense	**1,971**	1,921
Share-based payment charges	**4,882**	1,813
Adjustment for statement of financial position movements:		
Increase in trade and other receivables	**(19,021)**	(3,995)
Increase in trade and other payables	**22,460**	4,721
Cash generated from operations	**59,812**	24,382

28 COMPLETION OF ACQUISITION OF IMPAX NH

On 16 February 2021, the Company exercised its call option, issued as part of the acquisition of Impax NH in 2018, to acquire the remaining 16.7% of the shares held by Impax NH's management for total consideration, after repayment of loans made by Impax NH to the individuals, of US$3,006,000, US$979,000 (£704,000) was paid in cash and US$2,027,000 was paid in the Company's shares with the number of shares being determined based on the average share price for the 20 trading days to 27 January 2021. The shares were however issued on 16 February 2021 and have been valued in these financial statements at a total of £1,535,000 using the share price on that date.

The award and subsequent purchase of the shares was treated as a share based payment classified as equity settled as the Company had the option of settling in cash or shares. The completion of the acquisition is therefore accounted for as a reduction in equity of £2,239,000 being the sum of the cash paid of £704,000 and the £1,535,000 value of the shares issued.

The amount of contingent consideration due in respect of the acquisition was also finalised with US$270,000 (£167,000) payable. This amount has been recorded as a charge to profit.

29 FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. There are systems of controls in place to create an acceptable balance between the potential cost should such a risk occur and the cost of managing those risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Group's exposure to financial risks and describes the methods used by management to control such risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle their financial and contractual obligations to the Group, as and when they fall due. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Group's primary exposure to credit risk relates to its cash and cash equivalents and cash in money market funds and long-term deposits that are placed with regulated financial institutions (see note 21). The Group is also exposed to credit risk on trade receivables, representing investment management fees due. An analysis of the aging of these is provided in note 18.

The Group makes no provision for credit loss as all receivable counterparties are funds managed by the Group. All funds have sufficient resource 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. For the UK-based business, a significant amount of the Group's income is denominated in Euros and US dollars whilst the majority of expenses are in Sterling. For the US-based business, all income and all expenditure are in US dollars. Assets in the US along with the goodwill and intangible assets arising on its acquisition are denominated in US dollars.

The strategy for the UK-based business for the year ended 30 September 2021 has been to convert income earned in currencies other than US dollars and Sterling back to Sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. During the year the Group had forward rate foreign currency contracts to sell Euro and buy Sterling. These have been designated as cash flow hedges against Euro income and were recognised in profit in October 2020, and in January, April, July 2021. There were no outstanding forward rate foreign currency contracts as at 30 September 2021. £137,000 was reclassified from equity to the income statement during the year on maturity of the hedges.

The Group's exposure to foreign exchange rate risk, including that arising from consolidated funds, at 30 September 2021 was:

	EUR/GBP £000	USD/GBP £000	Other/ GBP £000
Assets			
Current asset investments	3,472	4,091	–
Trade and other receivables	16,875	6,696	3,125
Cash and cash equivalents	1,382	11,736	1,544
	21,729	**22,523**	**4,669**
Liabilities			
Trade and other payables	160	7,329	90
	160	**7,329**	**90**
Net exposure	**21,493**	**15,194**	**4,579**

The Group's exposure to foreign exchange rate risk at 30 September 2020 was:

	EUR/GBP £000	USD/GBP £000	Other/ GBP £000
Assets			
Current asset investments	2,434	1,953	–
Trade and other receivables	392	17,812	622
Cash and cash equivalents	488	8,769	860
	3,314	**28,534**	**1,482**
Liabilities			
Trade and other payables	1,861	1,253	–
	1,861	**1,253**	**–**
Net exposure	**1,453**	**27,281**	**1,482**

Notes to the Financial Statements continued

For the year ended 30 September 2021

29 FINANCIAL RISK MANAGEMENT CONTINUED

The following table demonstrates the estimated impact on Group post-tax profit and net assets caused by a 5% variance in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit will either increase or (decrease) as shown.

	Post-tax profit	
	2021 £000	2020 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, down 5%	**(612)**	(1,098)
GBP weakens against the USD, up 5%	**612**	1,098
GBP strengthens against the EUR, down 5%	**(868)**	(56)
GBP weakens against the EUR, up 5%	**868**	56

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 2021, the Group had cash and cash equivalents and cash in money market funds and long-term deposit accounts of £74,238,000. This is £24,131,000 in excess of trade and other payables. The Group in addition had other current assets of £47,498,000. The Group has access to a revolving credit facility it can draw on to finance any shortfalls in cash, see note 23.

On a consolidated group basis the Group has capital of £46.9 million, a surplus of £18.1 million against our internally determined capital requirement of £28.8 million. Our main regulated entity Impax Asset Management Limited has similar levels of capital surplus.

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.

Market risk

The significant holdings that are exposed to equity market price risk is 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 2021	Financial assets measured at FVTPL £000	Financial assets/ liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
Goodwill and intangible assets	–	–	–	29,289	29,289
Property, plant and equipment	–	–	–	9,435	9,435
Deferred tax assets	–	–	–	11,895	11,895
Trade and other receivables	–	10,396	10,396	29,404	39,800
Investments	7,564	–	7,564	–	7,564
Current tax asset	–	–	–	134	134
Cash invested in money market funds and long-term deposit accounts	38,066	–	38,066	–	38,066
Cash and cash equivalents	–	36,172	36,172	–	36,172
Trade and other payables	–	(5,507)	(5,507)	(44,600)	(50,107)
Lease liabilities	–	(9,432)	(9,432)	–	(9,432)
Deferred tax liabilities	–	–	–	(371)	(371)
Current tax liability	–	–	–	(1,923)	(1,923)
Total	**45,630**	**31,629**	**77,259**	**33,263**	**110,522**

30 September 2020	Financial assets measured at FVTPL £000	Financial assets/ liabilities at amortised cost £000	Total financial instruments £000	Non-financial instrument £000	Total £000
Goodwill and intangible assets	–	–	–	33,177	33,177
Property, plant and equipment	–	–	–	10,857	10,857
Deferred tax assets	–	–	–	5,492	5,492
Trade and other receivables	–	4,197	4,197	16,538	20,735
Investments	4,387	–	4,387	–	4,387
Current tax asset	–	–	–	224	224
Cash invested in money market funds and long-term deposit accounts	18,516	–	18,516	–	18,516
Cash and cash equivalents	–	20,245	20,245	–	20,245
Trade and other payables	–	(4,855)	(4,855)	(23,129)	(27,984)
Lease liabilities	–	(10,671)	(10,671)	–	(10,671)
Deferred tax liabilities	–	–	–	(3,340)	(3,340)
Current tax liability	–	–	–	(190)	(190)
Total financial assets	**22,903**	**8,916**	**31,819**	**39,629**	**71,448**

* FVTPL = Fair value through profit and loss.

Notes to the Financial Statements continued

For the year ended 30 September 2021

30 RELATED PARTY TRANSACTIONS

Private equity funds managed by the Group, entities controlled by these funds and the Impax Global Resource Optimization 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 holding a seat 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 their 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 prior year a loan facility was first provided to an executive for the sole purpose of investment in a fund managed by the Group. The loan is provided at an interest rate of LIBOR plus 2% per annum on amounts drawn, calculated on a daily basis. Interest of €3,868 was accrued on the loan during the year. The balance on the loan is €76,536 at the reporting date (2020: €89,029).

31 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.

32 ACCOUNTING POLICIES

(A) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intra-Group transactions and balances are eliminated in full on consolidation.

Subsidiaries are those entities, including investment funds, over which the Group has control. The Group is deemed to have control if it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity.

The entities included in the consolidation may vary year on year due to restructuring of the Group (including acquisition and disposals) and the level of investments made in investment funds (see below).

Subsidiaries are accounted for using the acquisition method of accounting whereby the Group's results include the results of the acquired business from the date of acquisition until the date of disposal.

The Company includes certain assets and liabilities of the EBT 2004 and EBT 2012 (together the "EBTs") within its statement of financial position. In the event of the winding up of the Company, neither the shareholders nor the creditors would be entitled to the assets of the EBTs.

Investment funds and structured entities

The Group acts as a fund manager to investment funds that are considered to be structured entities under IFRS. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control, for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group has interests in structured entities as a result of the management of these investment funds.

Where the Group holds a direct interest in an investment fund it manages, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not. Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, carried interest and expected management fees (including performance fees).

The Group concludes that it acts as a principal when the power it has over the fund is deemed to be exercised for self-benefit, considering the level of aggregate economic exposure in the fund and the assessed strength of third-party investors' kick-out rights. The Group concludes that it acts as an agent when the power it has over the fund is deemed to be exercised for the benefit of third-party investors. The Group concludes that it has control and, therefore, will consolidate a fund as if it were a subsidiary where the Group acts as a principal. If the Group concludes that it does not have control over the fund, the Group accounts for its interest in the fund as a financial asset.

In cases where investment funds are consolidated, the third-party interest is recorded as a financial liability. The consolidation has no net effect on the income statement. The treatment continues until the Group loses control as defined by IFRS.

Details of funds that are recorded as a financial asset are provided in note 20.

(B) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 15). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards ("replacement awards") are required to be exchanged for awards held by the acquiree's employees ("acquiree's awards"), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service. Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

In instances where the non-controlling interest 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.

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32 ACCOUNTING POLICIES CONTINUED

(C) Foreign currency

(i) Functional and presentational currency

The financial information of each of the Group's entities are initially recorded in the currency of the primary economic environment in which the entity operates (the "functional currency"). This is mainly Sterling but for some entities it is the Euro and the US dollar. The consolidated financial statements are presented in Sterling which is both the Company's functional and presentational currency as well as the currency in which the majority of the Group's revenue streams, assets and liabilities are recorded.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Foreign currency gains or losses resulting from the settlement of such transactions and their translation at year end rates are recorded in the income statement.

(iii) Consolidation

On consolidation, the results and financial position of all Group entities that have a functional currency different from Sterling (the "presentational currency") are translated into Sterling as follows:

- assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- income and expenses are translated at the date of the transaction or at average exchange rate for the year; and
- any resulting exchange differences are recognised as a separate component of the statement of comprehensive income.

(D) Revenue

Management fee revenue is recognised as the service is provided and it is probable that the fee will be received. Where fees are calculated and billed in arrears amounts are accrued and estimated based on the statement of financial position date.

Revenue also includes transaction based fees. These fees are recorded as income as the service is provided and the receipt of income is almost certain.

Performance fees arising upon the achievement of the specified targets are recognised when the fees are confirmed as receivable.

(E) Leases

The Group's lease arrangements primarily consist of operating leases relating to office space. The Group initially records a lease liability in the Group's consolidated statement of financial position reflecting the present value of the future contractual cash flows to be made over the lease term, discounted using the Group's incremental borrowing rate. A right-of-use ("ROU") asset is also recorded at the value of the lease liability plus any directly related costs and estimated dilapidation expenses and is presented within property, plant and equipment (see note 17). Interest is accrued on the lease liability using the effective interest rate method to give a constant rate of return over the life of the lease whilst the balance is reduced as lease payments are made. The ROU asset is depreciated over the life of the lease as the benefit of the lease is consumed. The Group considers whether the lease term should include options to extend or cancel the lease. Relevant factors that could create an economic incentive to exercise the option are considered and the option is included if it is reasonably certain to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects the likelihood that it will exercise (or not exercise) the option.

(F) Placement fees

Placement fees incurred that are directly attributable to securing an investment management contract are deferred and amortised over the investment period of the related fund. Such charges are included in other costs in note 7 – Operating costs.

(G) Pensions

Pension contributions made to defined contribution schemes by the Group are charged to the consolidated income statement as they become payable.

(H) Share-based payments

The fair value of employee services received in exchange for the grant of restricted shares or share options is recognised as an expense. The fair value of the shares and share options awarded is determined at the date the employee is deemed to be fully aware of their potential entitlement and all conditions of vesting (termed the "grant date"). The expense is charged over the period starting when the employee commenced the relevant services (termed the "service commencement date") to the vesting date. In instances where the grant date occurs after the date of signing these financial statements, the fair value is initially estimated 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 expense

Interest expense is recognised using the effective interest method.

(K) Taxation

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits may differ from "profit before tax" as reported in the income statement due to timing differences of when expenditure or income are included or due to disallowing certain expenditure or income. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date. In the United Kingdom, tax deductions are available in respect of the award of the Company's shares. In instances where the tax deduction is greater than the associated share-based payment charge due to differences in the Company's share price, that amount is recognised in equity.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are not recognised to the extent that their recoverability is uncertain.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date and regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements continued

For the year ended 30 September 2021

32 ACCOUNTING POLICIES CONTINUED

(L) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that its value might be impaired.

Where the cost of acquisition includes contingent consideration this is initially estimated and discounted. The unwinding of the discount is recorded through other financial expense in the income statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(M) Intangible assets

Intangible assets are stated at cost (fair value for assets acquired via a business combination) less accumulated depreciation and any accumulated impairment losses.

Amortisation is provided on a straight-line basis over the estimated useful lives shown below:

Management contracts	11 years
Other items	three – five years

(N) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful lives shown below:

Leasehold improvements	life of the lease
Fixtures, fittings and equipment	three years

(O) Trade and other receivables

Trade and other receivables 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.

(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 a 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

For the year ended 30 September 2021

32 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% (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 2021

Company No: 03262305

		2021		2020*	
	Notes	£000	£000	£000	£000
Assets					
Property, plant and equipment	34	**5,301**		6,182	
Investments	35	**42,699**		36,465	
Deferred tax assets	39	**1,581**		611	
Trade and other receivables	36	**16,264**		16,969	
Total non-current assets			**65,845**		60,227
Trade and other receivables	36	**3,850**		3,078	
Investments	37	**7,564**		4,387	
Cash invested in money market funds and long term deposit accounts		**50**		9,163	
Cash and cash equivalents		**750**		3,670	
Total current assets			**12,214**		20,298
Total assets			**78,059**		80,525
Equity and liabilities					
Ordinary shares	24	**1,326**		1,304	
Share premium and merger reserve		**10,824**		9,291	
Retained earnings		**38,876**		40,423	
Total equity			**51,026**		51,018
Trade and other payables	38	**21,825**		23,513	
Current tax liability		**32**		–	
Lease liabilities	34	**856**		1,032	
Total current liabilities			**22,713**		24,545
Lease liabilities	34	**4,320**		4,962	
Total non-current liabilities			**4,320**		4,962
Total equity and liabilities			**78,059**		80,525

Authorised for issue and approved by the Board on 1 December 2021. The notes on pages 134 to 142 form part of these financial statements.

Ian R Simm,
Chief Executive

* An amount of Trade and other receivables has been reclassified from current to non-current. Refer to note 36 for further details.

Company Statement of Changes in Equity

For the year ended 30 September 2021

	Note	Share capital £'000	Share premium and merger reserve* £'000	Retained earnings £'000	Total £'000
30 September 2019		**1,304**	**9,291**	**27,780**	**38,375**
Profit for the year		–	–	21,287	21,287
Transactions with owners					
Dividends paid	14	–	–	(7,442)	(7,442)
Acquisition of own shares		–	–	(4,223)	(4,223)
Tax credit on long-term incentive schemes		–	–	719	719
Cash received on option exercises		–	–	489	489
Long-term incentive scheme charge		–	–	1,813	1,813
Total transactions with owners		–	–	(8,644)	(8,644)
30 September 2020		**1,304**	**9,291**	**40,423**	**51,018**
Profit for the year		**–**	**–**	**5,250**	**5,250**
Transactions with owners					
New shares issued		**22**	**1,533**	**(20)**	**1,535**
Dividends paid	14	**–**	**–**	**(13,616)**	**(13,616)**
Tax credit on long-term incentive schemes		**–**	**–**	**1,539**	**1,539**
Cash received on option exercises		**–**	**–**	**597**	**597**
Long-term incentive scheme charge		**–**	**–**	**4,703**	**4,703**
Total transactions with owners		**22**	**1,533**	**(6,797)**	**(5,242)**
30 September 2021		**1,326**	**10,824**	**38,876**	**51,026**

The notes on pages 134 to 142 form part of these financial statements.

* Includes merger reserve of £1,533,000.

Company Statement of Cash Flows

For the year ended 30 September 2021

	2021 £000	2020 £000
Cash generated from/(used by) operations	**3,259**	(1,717)
Corporation tax	**(47)**	(250)
Net cash generated from/(used by) operations	**3,212**	(1,967)
Investing activities:		
Dividend received	**2,190**	19,500
Investments in new subsidiaries	**(770)**	(228)
(New investments)/proceeds on sale of investments	**(2,529)**	1,192
Settlement of investment related hedges	**(455)**	(156)
Interest received	**646**	977
Decrease/(increase) in cash held in money market funds	**9,113**	(4,477)
Purchase of property, plant and equipment	**(166)**	(137)
Net cash generated from investing activities	**8,029**	16,671
Financing activities:		
Interest paid on bank borrowings	**(84)**	(137)
Payment of lease liabilities	**(1,058)**	(1,061)
Dividends paid	**(13,616)**	(7,442)
Acquisition of own shares	**–**	(4,223)
Cash received on exercise of Impax share options	**597**	489
Net cash used in financing activities	**(14,161)**	(12,374)
Net (decrease)/increase in cash and cash equivalents	**(2,920)**	2,330
Cash and cash equivalents at beginning of year	**3,670**	1,341
Effect of foreign exchange rate changes	**–**	(1)
Cash and cash equivalents at end of year	**750**	3,670

Notes to the Company Financial Statements

For the year ended 30 September 2021

33 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 £5,250,000 (2020: £21,287,000).

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 2019	5,582	2,038	1,297	8,917
Additions	–	23	114	137
As at 30 September 2020	5,582	2,061	1,411	9,054
Additions	–	–	166	166
As at 30 September 2021	**5,582**	**2,061**	**1,577**	**9,220**
Depreciation				
As at 1 October 2019	–	954	877	1,831
Charge for the year	722	142	177	1,041
As at 30 September 2020	722	1,096	1,054	2,872
Charge for the year	719	144	184	1,047
As at 30 September 2021	**1,441**	**1,240**	**1,238**	**3,919**
Net book value				
As at 30 September 2021	**4,141**	**821**	**339**	**5,301**
As at 30 September 2020	4,860	965	357	6,182
As at 1 October 2019	5,582	1,084	420	7,086

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 2020	4,860	5,994
Lease payments	–	(1,058)
Interest expense	–	240
Depreciation charge	(719)	–
At 30 September 2021	**4,141**	**5,176**
	Current	856
	Non-current	4,320

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

	2021 £000	2020 £000
Within 1 year	**1,059**	1,059
Between 1 and 5 years	**4,235**	4,235
Later than 5 years	**529**	1,588
Total undiscounted lease liabilities	**5,823**	6,882

35 NON-CURRENT INVESTMENTS

Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment.

	Total £000
At 1 October 2019	34,583
Additions	228
Capital contribution	1,654
At 30 September 2020	36,465
Additions	770
Capital contribution	5,464
At 30 September 2021	**42,699**

Notes to the Company Financial Statements continued

For the year ended 30 September 2021

35 NON-CURRENT INVESTMENTS CONTINUED

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
Climate Property (GP) Limited	UK	100%	General partner to property fund
Impax Carried Interest Partner (GP) Limited	UK	100%	General partner to private equity fund
Impax Carried Interest Partner II (GP) Limited	UK	100%	General partner to private equity fund
Impax Global Resource Optimization Fund (GP) Limited	UK	100%	General partner to listed equity fund
Impax US Holding Limited	UK	100%	Holding company
Impax New Energy Investors (GP) Limited	UK	100%	Holding company
Impax New Energy Investors II (GP) Limited	UK	100%	Holding company
Impax Capital Limited	UK	100%	Dormant
Impax New Energy Investors Management SARL	Luxembourg	100%	General partner to private equity fund
Kern USA Inc	USA	100%	Holding company for US assets
Impax Asset Management (Hong Kong) Ltd**	Hong Kong	100%	Fund management
Impax Asset Management (US) LLC	USA	100%	Fund management
Impax Asset Management Ireland Limited****	Ireland	100%	Fund management
INEI III Team Co-Investment LP	UK	80%	Investment Partnership
IAM US Holdco, Inc.	USA	100%	Holding company
INEI IV GP S.a.r.l.	Luxembourg	100%	General partner to private equity fund

* FCA regulated
** Hong Kong SFC regulated
*** SEC regulated
**** CBI regulated

Companies incorporated in the UK are registered at 30 Panton Street, London. The entity incorporated in Hong Kong has the address Unit 15, 16/F, Nexxus Building, 41 Connaught Road, Hong Kong. Impax New Energy Investors Management SARL has the address 15 Boulevard F. W. Raiffeisen – L-2411 Luxembourg, BP 2501, L-1025 Luxembourg. Impax Asset Management LLC has the address 30 Penhallow St, Suite 400, Portsmouth, NH 03801. Impax Asset Management (US) LLC has the address 1209 Orange Street, Delaware, USA and IAM US Holdco, Inc. has the address 251 Little Falls Drive, New Castle County, Delaware, USA. INEI IV GP S.a.r.l. has the address 42–44 Avenue de la Gare, Luxembourg, 1610.

Charges relating to options or other share awards over the Company's shares granted to employees of subsidiary undertakings are accounted for in the subsidiary undertaking. In the Company financial statements the capital contribution in respect of this charge has been recognised as an increase in the investment in subsidiaries.

Investments in subsidiary undertakings are divided between interest in shares and capital contributions as follows:

	2021 £000	2020 £000
Interest in shares	**21,008**	20,238
Capital contribution	**21,691**	16,227
	42,699	36,465

36 TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000 Restated
Current:		
Amounts owed by Group undertakings	**1,872**	479
Other receivables	**999**	734
Prepayments and accrued income	**979**	1,865
	3,850	3,078
Non-current:		
Amounts owed by Group undertakings	**16,264**	16,969
	16,264	16,969

The comparative amount of £16,969,000 of amounts owed by group undertakings as at 30 September 2020 has been reclassified from current to non-current assets as the Company did not intend for this amount to be settled within 12 months of that reporting date.

37 CURRENT ASSET INVESTMENTS

	Investments £000
At 1 October 2019	4,351
Additions	757
Fair value movements	1,228
Repayments/disposals	(1,949)
At 30 September 2020	4,387
Additions	2,832
Fair value movements	648
Repayments/disposals	(303)
At 30 September 2021	**7,564**

Notes to the Company Financial Statements continued

For the year ended 30 September 2021

38 TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Trade payables	**374**	–
Amounts owed to Group undertakings	**12,806**	18,666
Taxation and other social security	**819**	542
Other payables	**99**	462
Accruals and deferred income	**7,727**	3,843
	21,825	23,513

39 DEFERRED TAX

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

	Accelerated capital allowances £000	Other temporary differences £000	Share-based payment scheme £000	Total £000
As at 30 September 2019	(47)	(68)	357	242
Credit/(charge) to the income statement	(35)	(59)	463	369
As at 30 September 2020	(82)	(127)	820	611
Credit/(charge) to the income statement	–	–	970	970
As at 30 September 2021	**(82)**	**(127)**	**1,790**	**1,581**

40 FINANCIAL COMMITMENTS

At 30 September 2021 the Company had outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €203,000 (2020: €203,000) into Impax New Energy Investors LP; this amount could be called on in the period to 31 December 2021;
- €113,000 (2020: €113,000) into Impax New Energy Investors II LP; this amount could be called on in the period to 22 March 2022; and
- €1,567,000 into Impax New Energy Investors III LP (2020: €2,137,000); this amount could be called on in the period to 31 December 2026; and
- €449,616 into Impax New Energy Investors IV SCSp (2020: nil); this amount could be called on in the period to 31 October 2031.

41 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2021 £000	2020 £000
Operating activities:		
Profit before taxation	**5,822**	21,820
Adjustments for:		
Depreciation of property, plant and equipment	**1,047**	1,041
Finance income	**(3,029)**	(21,548)
Finance expense	**1,361**	1,596
Share-based payment	**458**	222
Adjustments for statement of financial positions movements:		
(Increase)/decrease in trade and other receivables	**(456)**	1,830
Decrease in trade and other payables	**(1,944)**	(6,678)
Cash generated from operations	**3,259**	(1,717)

42 FINANCIAL RISK MANAGEMENT

The risk management processes of the Company are aligned to those of the Group as a whole. The Company's specific risk exposures are explained below.

Credit risk

The Company's primary exposure to credit risk relates to cash and deposits that are placed with regulated financial institutions and amounts due from subsidiaries.

At the statement of financial position date, the credit risk regarding cash and cash equivalent balances of the asset management business was spread by holding part of the balance with RBS and part with Lloyds (Standard & Poor's credit rating A-2) and the remainder in a money market fund managed by BlackRock which has a Standard & Poor's credit rating of AAA. The risk of default is considered minimal.

Notes to the Company Financial Statements continued

For the year ended 30 September 2021

42 FINANCIAL RISK MANAGEMENT CONTINUED

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 2021 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	3,472	4,091	–
Trade and other receivables	275	18,732	–
Cash and cash equivalents	45	71	–
	3,792	**22,894**	**–**
Liabilities			
Trade and other payables	3	894	–
	3	**894**	**–**
Net exposure	**3,789**	**22,000**	**–**

The Company's exposure to foreign currency exchange rate risk at 30 September 2020 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	2,434	1,953	–
Trade and other receivables	492	16,431	–
Cash and cash equivalents	8	2,937	–
	2,934	**21,321**	**–**
Liabilities			
Trade and other payables			
	332	104	4
	332	**104**	**4**
Net exposure	**2,602**	**21,217**	**(4)**

The following table demonstrates the estimated impact on Group post-tax profit and net assets and Company post-tax profit and net assets caused by a 5% movement in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. Post-tax profit either increases or (decreases).

	Post-tax profit	
	2021 £000	2020 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, down 5%	**(891)**	(859)
GBP weakens against the USD, up 5%	**891**	859
GBP strengthens against the EUR, down 5%	**(153)**	103
GBP weakens against the EUR, up 5%	**153**	(103)

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, including bank overdrafts and cash held in money market deposits balance of £800,000 (2020: £13,024,000), were its only financial instruments subject to variable interest rate risk. The impact of 0.1% increase or decrease in interest rate on the post-tax profit is not material to the Company.

Market pricing risk

The Company has made investments in its own managed funds and the value of these investments is subject to equity market risk.

Financial instruments by category

The Directors consider there to be no difference between the carrying value of the Group's financial assets and liabilities and their fair value.

30 September 2021	Financial assets measured at FVTPL* £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
Property, plant and equipment	–	–	–	5,301	5,301
Non-current investments	–	–	–	42,699	42,699
Deferred tax assets	–	–	–	1,581	1,581
Trade and other receivables	–	19,135	19,135	979	20,114
Investments	7,564	–	7,564	–	7,564
Cash invested in money market funds and long-term deposit accounts	50	–	50	–	50
Cash and cash equivalents	–	750	750	–	750
Current tax liability	–	–	–	(32)	(32)
Trade and other payables	–	(13,279)	(13,279)	(8,546)	(21,825)
Lease liabilities	–	(5,176)	(5,176)	–	(5,176)
Total	**7,614**	**1,430**	**9,044**	**41,982**	**51,026**

* FVTPL = Fair value through profit and loss.

Notes to the Company Financial Statements continued

For the year ended 30 September 2021

30 September 2020	Financial assets measured at FVTPL* £000	Financial assets / liabilities at amortised cost £000	Total financial instruments £000	Non-financial instruments £000	Total £000
Property, plant and equipment	–	–	–	6,182	6,182
Non-current investments	–	–	–	36,465	36,465
Deferred tax assets	–	–	–	611	611
Trade and other receivables	–	18,182	18,182	1,865	20,047
Investments	4,387	–	4,387	–	4,387
Cash invested in money market funds and long-term deposit accounts	9,163	–	9,163	–	9,163
Cash and cash equivalents	–	3,670	3,670	–	3,670
Trade and other payables	–	(19,128)	(19,128)	(4,385)	(23,513)
Lease liabilities	–	(5,994)	(5,994)	–	(5,994)
Total	**13,550**	**(3,270)**	**10,280**	**40,738**	**51,018**

* FVTPL = 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 2020	1,953	–	2,434	4,387
Additions	1,832	–	1,000	2,832
Fair value	305	–	343	648
Disposals	–	–	(303)	(303)
At 30 September 2021	**4,090**	**–**	**3,474**	**7,564**

There were no movements between any of the levels in the year (2020: £nil).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Impax Asset Management Group plc (the "Company") will be held at the offices of the Company, 7th floor, 30 Panton Street, London SW1Y 4AJ at 3pm on 29 March 2022 for the following purposes:

AS ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 30 September 2021 together with the Directors' report and the auditor's report on those accounts.
2. To receive and approve the Directors' Remuneration Report, which is set out on pages 83 to 85 of the Annual Report and Accounts for the year ended 30 September 2021. The vote is advisory and the directors' entitlement to remuneration is not conditional on the resolution being passed.
3. To re-elect Sally Bridgeland as a Director.
4. To re-elect Ian R Simm as a Director.
5. To re-elect Arnaud de Servigny as a Director.
6. To re-elect Vincent G O'Brien as a Director.
7. To re-elect Lindsey Brace Martinez as a Director.
8. To re-elect William Simon O'Regan as a Director.
9. To reappoint KPMG LLP as auditor of the Company.
10. To authorise the Directors to fix the remuneration of the auditor.
11. To declare a final dividend in respect of the financial year ended 30 September 2021 of 17 pence per Ordinary Share payable to the holders of Ordinary Shares on the register of members at the close of business on 11 February 2022.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, resolution 12 of which will be proposed as an ordinary resolution and resolutions 13, 14 and 15 of which will be proposed as special resolutions:

12. THAT, in substitution for any subsisting authorities to the extent unused, the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

    (a) up to an aggregate nominal amount of £441,988 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below in excess of £441,988); and

Notice of Annual General Meeting continued

(b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £883,977 (such amount to be reduced by the nominal amount of any shares allotted or rights granted pursuant to the authority in paragraph (a) above) in connection with an offer by way of a rights issue:

(i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to Treasury Shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, close of business on 29 June 2023) except that the Company may at any time before such expiry make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

13. THAT, subject to the passing of resolution 12 above dealing with the authority to allot pursuant to section 551 of the Companies Act 2006 (the "Act"), the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 12 above or by way of a sale of Treasury Shares, as if section 561 of the Act did not apply to any such allotment or sale, provided that the power conferred by this resolution shall be limited to:

(a) the allotment or sale of equity securities, either in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities, subject only to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with any Treasury Shares, fractional entitlements or legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and

(b) the allotment or sale (otherwise than pursuant to resolution 13(a)) of equity securities or sale of Treasury Shares up to an aggregate nominal value of £66,298,

the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 29 June 2023), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

14. THAT, subject to the passing of resolution 12 above, the Directors of the Company be and are hereby empowered in addition to any authority granted under resolution 13(b) to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as Treasury Shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

    (a) limited to the allotment of equity securities or sale of Treasury Shares up to a nominal amount of £66,298; and

    (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

    the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 29 June 2023), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

15. THAT the Company be and is generally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1 pence each provided that:

    (a) the maximum aggregate number of Ordinary Shares that may be purchased is 13,259,655;

    (b) the minimum price which may be paid for each Ordinary Share is 1 pence;

    (c) the maximum price which may be paid for each Ordinary Share is not more than 105 per cent of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange for the five business days immediately preceding the day of purchase; and

    (d) unless previously renewed, varied or revoked, the authority conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Zack Wilson
Company Secretary
20 December 2021

Notice of Annual General Meeting continued

Notes:

1 You can vote:

- by logging on to www.signalshares.com and following the instructions; or
- you may request a hard copy form of proxy directly from the registrars, Link Group on tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid please ensure that you have recorded proxy details with Link Group by 3.00 p.m. on 25 March 2022.

2 Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his or her stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. Completion and return of a form of proxy or CREST Proxy Instruction (as described in note 5) will not preclude a member from attending and voting in person at the meeting should he or she so decide. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3 To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power of authority) must be deposited at the offices of Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by 3.00 pm on 25 March 2022. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the notes to the form of proxy. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

4 To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered in the Register of Members at close of business on 25 March 2022 (or, in the event of any adjournment, close of business on the date which is two days before the time of the adjourned meeting).

5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Group (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

6 As at 15 December 2021 (being the last practicable date prior to the publication of this notice) the total number of Ordinary Shares in the Company in issue was 132,596,554 and the Company held no Shares in treasury. The total number of voting rights on that date was therefore 132,596,554.

7 Members have a right under section 319A of the Companies Act 2006 to require the Company to answer any question raised by a member at the annual general meeting, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

8 A copy of this notice of annual general meeting and other information required by section 311A of the Companies Act 2006, can be found at www.impaxam.com.

Memberships

Impax is a member of many organisations where we work collaboratively, in many cases with peers in the investment management industry, to support the expansion of sustainable finance.

Here is a selection of our current memberships.

- Asian Corporate Governance Association (ACGA)
- Carbon Disclosure Project (CDP)
- Ceres
- Climate Financial Risk Forum (CFRF)
- Confederation of British Industry (CBI)
- Council of Institutional Investors (CII)
- Energy Transitions Commission (ETC)
- The Forum for Sustainable and Responsible Investment (US SIF)
- Global Impact Investing Network (GIIN)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- Investor Environmental Health Network (IEHN)
- Natural Capital Investment Alliance (NCIA)
- Net Zero Asset Managers Initiative (NZAM)
- NH Businesses for Social Responsibility
- Principles for Responsible Investment (PRI)
- Shareholder Rights Group
- Taskforce on Climate-related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Thirty Percent Coalition
- UK Stewardship Code
- UK Sustainable Investment and Finance Association (UKSIF)
- UN Global Compact (UNGC)

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;
- fair value movements in contingent consideration payable on the acquisition of Impax NH;
- significant tax credits related to the prior year; and
- mark-to-market charges in respect of National Insurance payable on share awards

These performance measures are reported as they facilitate comparison with prior periods and provide an appropriate comparison with our peers. Excluding amortisation of intangible assets arising from acquisitions is consistent with peers and therefore aids comparability. It also aids comparison to businesses which have grown organically, and do not have such charges. Fair value movements on contingent consideration are excluded as they are one-off items and not representative of the operating performance of the Group. Mark to market charges in respect of National Insurance are excluded as they arise due only to changes in the share price and therefore do not reflect the operating performance of the Group.

A reconciliation to the relevant IFRS terms is provided in note 4 of the financial statements.

ADJUSTED OPERATING MARGIN

This is calculated as the ratio of adjusted operating profit to revenue. This number is reported as it gives a good indication of the underlying profitability of the company and how this has changed year on year.

ADJUSTED EARNINGS PER SHARE AND ADJUSTED EARNINGS PER SHARE

This is calculated as the adjusted profit after tax divided by the diluted number of shares used in the calculation of IFRS diluted earnings per share.

This is used to present a measure of profitability per share in line with adjusted profits.

A reconciliation to IFRS diluted earnings per share is shown in note 4 of the financial statements.

RUN RATE REVENUE AND RUN RATE ADJUSTED OPERATING PROFIT

Run rate revenue is the revenue that the Group would report if the AUM for the year remained static at that shown at 30 September and fee rates were those at 30 September. Run rate revenue margin is the ratio of run rate revenue to AUM.

Run rate adjusted operating profit is the run rate revenue less adjusted operating costs for the month of September extrapolated for 12 months. Adjustments are made to exclude any one-off items.

Run rate numbers are reported as they give a good indication of the current profitability of the Group.

CASH RESERVES

Cash reserves is the sum of cash and cash equivalents and cash held in money market accounts or fixed term deposit accounts less cash held in research payment accounts and cash held by consolidated funds. The calculation of cash reserves is shown in note 21 to the financial statements.

Cash reserves are reported as they give a good indication of the total cash resources available to the Group.

Officers & Advisers

DIRECTORS

Sally Bridgeland (Chair)[1]
Ian Simm (Chief Executive)
Lindsey Brace Martinez (Non-Executive)
Arnaud de Servigny (Non-Executive)
Vince O'Brien (Non-Executive)
Simon O'Regan (Non-Executive)[2]
J Keith R Falconer (former Chairman)[3]

SECRETARY

Zack Wilson

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LS1 4DL

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EC2M 2AT

JOINT BROKER

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(Joh. Berenberg, Gossler & Co. KG, London Branch)
60 Threadneedle Street
London
EC2R 8HP

SOLICITOR

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

1 Appointed Chair, 8 December 2020.
2 Appointed Director, 8 December 2020.
3 Retired, 8 December 2020.

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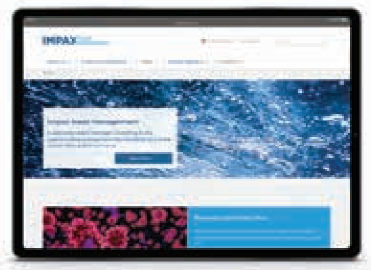

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