IMPAX Asset Management

Impax Asset Management Group plc
Company Number 03262305

Annual Report and Accounts 2020

For the year ended 30 September 2020

Specialists in the transition to a more sustainable economy

IMPAX Asset Management

Impax 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.

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Highlights

Financial Highlights

AUM[1]

£20.2BN

2019: £15.1bn

Revenue

£87.5M

2019: £73.7m

Adjusted operating profit[2]

£23.3M

2019: £18.0m

Adjusted diluted earnings per share[2]

14.5P

2019: 11.5p

Profit before tax

£16.7M

2019: £18.9m

Dividend per share[3]

8.6P

2019: 5.5p

Shareholders' equity

£71.5M

2019: £63.2m

Cash reserves[4]

£37.4M

2019: £26.2M

Business Highlights

- **Business resilience and exceptional growth throughout the global pandemic**
- **Continuing strong net inflows from existing and new clients around the world**
- **All major investment strategies continued their five year record of out-performance versus their global comparator indices**
- **An increase in dividend of 56% in line with new dividend policy**

1 Assets under management and advice as at 30 September 2020. Assets under advice c. 2.6% of total AUM

2 Adjusted operating profit and adjusted diluted earnings per share are shown after removing the effects of contingent consideration credits, ongoing amortisation of intangibles acquired and market-to-market effects of National Insurance on equity award schemes. See page 62 for further information and note 4 of the financial statements for a reconciliation to the IFRS reported results

3 1.8p per share interim dividend and proposed final dividend of 6.8p per share

4 Represents cash and cash equivalents, plus cash invested in money market funds and deposit accounts, less cash held in research payment accounts, see page 62 for further information and note 21 of the financial statements for a reconciliation

Why Impax?

We believe

That the world is being profoundly shaped by global sustainability challenges, particularly climate change, increasing pollution, inadequate infrastructure, resource scarcity and rising inequality. These factors are creating commercial opportunities that are driving growth for well positioned companies as well as substantial risks for those unable or unwilling to adapt.

Fundamental analysis which incorporates long-term risks, including environmental, social and governance (ESG) factors is essential to identifying well-positioned companies and enhancing investment returns.

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.

An acknowledged global leader

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

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.

57

Investment team members[1] (UK, US, HK)

20+ years

of specialist manager experience

[1] Includes five members of the Executive Committee

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.

Commitment to our values and our stakeholders

Sustainability is important to us. We ensure our investee companies meet our rigorous ESG requirements and we hold ourselves accountable to the same high standards. We measure our own environmental footprint annually and aspire to run our business in line with best practices of governance, diversity and inclusion.

We value our commitment to our philanthropic partners. Our strong financial results allow us to support these partners both financially and through direct participation.

£20.2bn

AUM

"The COVID-19 pandemic has created a tragedy of exceptional proportions and has significantly impaired the global economy. However, against this backdrop, I am pleased to report that Impax has proved its resilience and has delivered another consecutive year of strong growth."

"Despite these difficult times and volatile financial markets, I am pleased to report that Impax has had an outstanding year."

Ian Simm
Chief Executive

I am pleased to report that Impax has had an outstanding year. During the 12 months ending 30 September 2020 (the "Period"), the Company's assets under discretionary and advisory management ("AUM") increased by 34% to £20.2 billion, which included £3.5 billion of net inflows into the funds and accounts that we manage. By 30 November 2020, AUM had reached £23.4 billion.

Impax has remained fully operational since the start of the pandemic. We have focused on protecting the health and safety of our colleagues, while continuing to provide a seamless service to clients and fulfilling obligations to our shareholders and other stakeholders. We have sustained strong investment performance while we have also been able to expand our operations and team in line with the needs of the business.

HIGHLY ATTRACTIVE INVESTMENT OPPORTUNITIES

Government policies around the world continue to support our investment thesis, and this year we have witnessed more debate than ever before on what a sustainable economy will look like.

Impax's investment thesis is based on our belief that companies that are benefiting from the transition to a more sustainable economy should, on average, out-perform their peers in other markets. Over the past 12 months we have seen further evidence supporting this view.

While global health care and related social issues have dominated the policy and media agendas in recent months, the impact of climate change has never been more keenly felt. This year has seen the worst wildfires in US history, and summer in the northern hemisphere has been the hottest since records began, with the coverage of Arctic sea-ice reaching another historical low. The impacts of climate change have been largely in line with scientific models, but the human and social cost appears to be much greater than expected.

Against this backdrop, there are many compelling reasons for optimism, with large flows of private capital into climate-mitigating technologies and business models, shareholder activism against the worst polluters, rapidly rising consumer interest, and ever more robust environmental regulation.

I would like to thank my colleagues for their dedication and resilience during the pandemic, which have allowed us to maintain our high standards.

As society responds to the challenges of sustainable development, our investment thesis continues to strengthen.

INVESTMENT PERFORMANCE

The Listed Equity strategies managed by our London-centred team have performed well. The two largest strategies, Water and Leaders, posted increases of 9.6% and 14.8% respectively for the Period, against their global comparator index, the MSCI All Country World ("ACWI") which returned 5.3%. The Specialists strategy, which is the basis for our UK investment trust, Impax Environmental Markets plc, returned 13.9%, and in March, this trust joined the FTSE 250 index.

The Asia-Pacific strategy was the standout performer with returns of 19.3% reflecting the strong recovery in most regional stock markets, while our fastest-growing strategy, Global Opportunities, returned 12.9%, outperforming the ACWI by 7.6%. The Sustainable Food strategy, which has a relatively defensive investment approach, returned 3.3%, 2% below ACWI but outperforming its specialist benchmark by 5.6%.

Performance from the Pax World Funds managed by our US-based team has improved considerably, with more than half of the funds significantly outperforming their benchmarks, and three funds ranked in the top decile of their respective peer groups. This fund range has had positive net inflows of over US$380 million over the Period, with allocations focused on the Pax Global Environmental Markets Fund, Pax Global Women's Leadership Fund and the Pax Large Cap fund.

A more detailed insight into our major investment strategies and their performance over one, three and five years is included on pages 26 to 34.

Real Assets

Our team investing in markets linked to renewable power generation made good progress in investing our third fund, Impax New Energy Investors III ("NEF III"), committing additional capital in Norway, France and Germany and making its first commitments in Spain.

Our AUM growth since inception

£20.2BN

In an increasingly competitive marketplace we have a large pipeline of potential investors, particularly for our Listed Equity strategies.

During the Period we received £3.5 billion in net new client money.

Our clients consistently point to our engagement and impact measurement work as important points of differentiation.

We have further strengthened our connections to the environmental science community.

We expect this fund to be fully invested by the end of 2021 and are advancing our plans to raise additional capital in this area.

CLIENT SERVICE AND BUSINESS DEVELOPMENT

Impax experienced another year of strong net inflows from investors around the world.

This year our business development in the UK has been particularly successful. The Global Opportunities mandate that we manage on behalf of St James's Place recorded net inflows of £877 million, while our Irish UCITS fund range received £269 million on a net basis. In Continental Europe total net inflows were £1.1 billion, with contributions from direct sales to institutional investors and from our distribution partners, particularly Formuepleje in Denmark, ASN Bank in the Netherlands, and BNP Paribas Asset Management ("BNPP") across multiple countries in the region.

In November 2020, we announced that BNPP had executed its plan to reduce its holding in the Company from c.24.5% to c.14.0%, having seen a very positive return on their original investment made in 2007. BNPP remains Impax's largest shareholder and a key distribution partner. The relationship was cemented with a new distribution agreement on very similar terms to the Memorandum of Understanding covering distribution that has been in place since 2007.

Although the pandemic delayed some institutional mandate searches, we expect these to catch up in 2021. Our North American business had another strong year, with positive net inflows of US$778 million. We are seeing an increasing number of buy recommendations from investment consultants and are continuing to build our relationships with leading asset owners in the US. We also extended our work in Canada,with new sub-advisory mandates for NEI Investments and Desjardins.

BEYOND INVESTMENT RETURNS

In addition to the pursuit of excellent investment returns, we focus on four broader areas. First, our corporate engagement aims to enhance our understanding of investment risk. In 2019[1] we engaged with over 100 companies, or close to half of all those in which we invest.

Second, as pioneers in the calibration of the positive environmental impact of our investments, we have issued our sixth annual Impact Report which covers listed equities and also describes how we have applied our methodology to the fixed income portfolios that we manage.

Third, we have strengthened our connections to the environmental science community with the aim of augmenting our work on climate risk and, more recently, biodiversity. In October we published a white paper on physical climate risk and have also become a core member of the Coalition for Climate Resilient Investment and joined efforts to set up a new Task Force on Nature-related Financial Disclosures.

[1] Latest available data

This is the seventh consecutive year that Impax has been awarded A+ and A scores across all applicable categories in the UN-backed Principles for Responsible Investment (PRI) assessment report of Environmental, Social and Governance (ESG) integration efforts.

And finally, this year we also have expanded our specialist policy team in order to deepen our policy insights as well as our contributions to the development of effective future laws and regulations. Over the year, we have joined a number of organisations and initiatives, including the Confederation of British Industry's Energy & Climate Change Board, the Climate Financial Risk Forum and the Energy Transitions Commission.

DEVELOPING IMPAX'S TALENT

We have continued to recruit through the pandemic, and our team now comprises 175 individuals, an increase in headcount of 12% since the start of the Period.

As our volume of business has grown, we have also taken several important steps to expand and strengthen our HR operations and talent management systems. This has included refreshing our objectives to ensure that our colleagues can thrive in their current roles and also look forward to attractive career prospects. This year we have focused on developing the leadership skills of our managers, mapping out plans to enhance equality, diversity and inclusion, and, in these challenging times, are devoting particular attention to supporting our colleagues' well-being and mental health.

We have accelerated the integration of our New Hampshire-based team, who joined us in 2018 following the acquisition of Pax World Management LLC. We have now completed the formation of global teams in several areas, including actively managed listed equities, trading, finance, compliance and HR, and have undertaken additional integration projects in marketing and the definition of a common corporate culture.

For more details, please turn to "Our People" on pages 40 to 49.

AWARDS AND INDUSTRY RECOGNITION

In April Impax was honoured to receive the Queen's Award for Enterprise in the Sustainable Development category for a second time. This represents a significant endorsement of the team's hard work over the past two decades in encouraging companies to improve their sustainability as well as supporting the growth of pioneering new sustainable businesses.

The Company's expertise has also been acknowledged through numerous prestigious industry awards again this year. These include the Global Investor Investment Excellence awards 2020 (Boutique Manager of the year), FT Pensions Expert PIPA Awards (highly commended in the ESG/SRI Manager of the Year category) and Impax was named one of the Corporate Knights' "Green 50 Top Business Moves for the Planet" list. Furthermore, after Period end we were proud to announce three further award wins: "Ambition Nation Listed 50" award (from Finncap), "Boutique of the Year – Equities" from Financial News, and "European Specialist Investment Firm of the Year" from Funds Europe.

We have accelerated the integration of our New Hampshire-based team.

We have focused on developing the leadership skills of our managers.

The Company's expertise has also been acknowledged through numerous prestigious industry awards again this year.

In the United States Pax World Funds was recognised by Bloomberg and the United Nations as one of "50 Climate Leaders" and Ethical Corporation assigned a coveted "Highly Commended" designation to the Pax Ellevate Global Women's Leadership Fund. Joe Keefe, President, was acknowledged as one of the "10 leaders of ESG and Impact Investing" in the US by Investment News and Impax joined the "Best Companies to Work for in New Hampshire" Hall of Fame.

For the seventh consecutive year, Impax has been awarded A+ and A scores across all applicable categories in the UN-backed Principles for Responsible Investment (PRI) assessment report of Environmental, Social and Governance (ESG) integration efforts.

Finally, in November 2020, Morningstar described Impax as a "Leader" for its ESG Commitment, one of only six asset managers globally to be awarded the highest grade.

BREXIT

Given the political uncertainties and the current perceived lack of provision for financial services, we are planning for our Dublin office to be fully operational in December 2020. We only expect to transfer a small number of clients, representing less than 2% of current AUM. The required associated activities, including some limited recruitment, are advancing in line with our plans.

OUTLOOK

Since the late 1990s Impax has argued that many of those companies that are tackling the environmental problems arising from human activity are set to out-perform their peers in other sectors. More recently, we have extended our analysis and argued that the transition to a more sustainable global economy is accelerating, and that companies whose business models address social issues are providing additional investment opportunities.

We also consider the recent result of the US election to be positive for the markets in which Impax invests. In addition to his commitment to bring the US back into the Paris Climate agreement, President-elect Biden appears determined to address the profound sustainability challenges facing the country, including a climate plan to invest $2 trillion over four years with targeted zero-emissions power generation by 2035 and a net-zero economy by 2050. Investors are also hopeful that the Democrats will improve ESG integration and disclosure.

This year the effects of COVID-19 have amplified many of the issues associated with investing in the transition to a more sustainable economy, but recent events have also reinforced our investment case. There are strong reasons to believe that governments, investors and consumers are seeking to steer capital towards markets that offer inherent resilience to environmental and social problems.

Nevertheless, the contours of the post pandemic landscape are not yet clear and the timing of the economic recovery remains uncertain. Corporate balance sheets have been severely impacted, some dividends cancelled or reduced, and we can expect to see many more companies looking to raise capital. Until the roadmap out of the pandemic becomes clearer, we are likely to see considerable volatility across financial markets.

We continue to invest in order to grow the Company and are well positioned for further expansion that should enhance value for all our stakeholders.

Ian Simm

2 December 2020

Q&A with the Chief Executive

Ian Simm
Chief Executive

Q

Impax has again expanded significantly this year. What steps are the team taking to maintain high standards?

A

In many ways this has been a watershed year. Overall, the Company's performance has exceeded expectations as we've converted rising client demand into net inflows and new mandates. Looking ahead, we are positioning ourselves for continued, sustainable growth by adding to our research resources, extending our distribution and client service capabilities, and further strengthening our support teams, for example in back and middle office. As described elsewhere in this document we've also been investing in the development of our talent and reviewing ways we can cement our strong corporate culture as the team grows.

Q

What have been the effects of COVID-19 on the Company?

A

The operational challenges that Impax has faced are negligible compared to the heavy human, social and economic toll that is being wrought worldwide by the pandemic. That said, we have focused closely on our colleagues' well-being as they continue to spend a protracted period working away from the office. I believe that our long-standing, collegial culture has really helped us weather the storm, and I've been really impressed with the way that the team has responded to help deliver exceptional results.

Q

Is the integration of the Pax business complete?

A

After nearly three years as a combined firm, I'm very pleased that almost all the major integration projects are complete, and that we've been able to support a business that's doubled in size (relative to the aggregate AUM of the Group when the transaction closed).

Q

What steps have you taken to ensure that your workplace is truly diverse and inclusive?

A

This has always been a priority as we build a company that benefits from the best possible decision-making and that can sustain a healthy and productive working culture. This year we have completed Company-wide unconscious bias training and advanced initiatives to strengthen our policies and activity in the areas of gender and ethnic diversity. Recently, we've integrated our oversight of these topics into an Equality, Diversity and Inclusion Group, which includes the appointment of a Non-Executive Director as the Board Sponsor of this work.

Q

Over recent years the Company has broadened and expanded its range of funds. What plans do you have for further expansion and diversification of the business?

A

We continue to expand our range of existing investment strategies where there is a high level of additional capacity. In addition, we are incubating a small number of new strategies, including an Asian strategy based on the investment approach of Global Opportunities, which, if they prove successful, could form the basis of additional offerings to clients in the medium-term.

Q

Are investors still as focused on environmental strategies and climate change as they were before the pandemic?

A

Very much so. Many expert commentators believe that this dreadful pandemic will fade into insignificance compared to the long-term threats of climate change and the massive investment this urgently requires. Despite the gloomy prognosis of sustaining "business as usual", the technologies and business processes now exist for society to substantially slow the warming of the planet and achieve "net zero" emissions in due course. In the meantime, there are encouraging signs that investors are rapidly building their awareness of climate risks and are looking to future-proof their investments.

Q

You have made a new net-zero commitment this year. Why was this important?

A

We have always been committed to measuring the net carbon impact (which we believe is a much more meaningful metric than carbon footprint) of our private equity funds and our major investment strategies, and we continue to enhance this important work. We also report in detail on our own operational emissions and plans for further reductions. Overall, when we take into account the carbon savings from our direct investments, Impax's emissions arising from operations and investment are in aggregate net carbon positive today. We are committed to the continuous improvement of our practices, measurement and reporting in this area.

Q

What are your top priorities for the year ahead?

A

With the return to normality a long way off, the Executive Committee is committed to helping our colleagues as they work through these difficult circumstances. Our mandate pipeline is strong, and we are concentrating on converting as many of these opportunities as possible. Furthermore, we expect to add to our headcount in order to extend our investment capabilities, sustain our investment performance and deliver on client expectations.

Creating and Promoting Value for all our Stakeholders

Impax is a global investment manager.

We aim to work with all our stakeholders, to make a contribution to the development of a sustainable society and have a positive impact on the environment, particularly by supporting or undertaking relevant research and engaging or collaborating with others.

In addition, we seek to provide a stimulating, collaborative and supportive workplace for our colleagues.

Section 172 of the Companies Act 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:

Stakeholders	Our approach	How we engage
Clients	We put clients at the heart of our business. We are focused on ensuring that we are managing all our funds and accounts in line with their investment objectives and within a framework that is fully compliant with applicable regulations and policies. 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 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 are committed to measuring and reporting our non-financial impacts such as our environmental and social impacts.	Our client teams build long-term relationships and a deep understanding of our clients' needs and expectations. Driven by our clients needs we currently offer strategies across five areas: Thematic Equities (Active), Equities (Systematic Beta), Unconstrained Equities, Fixed Income and Real Assets. Informed by our dialogue with clients we develop new products to provide client solutions and invest our own balance sheet as seed capital. We report to our clients detail on our engagement and advocacy results and on the environmental impact of our major investment strategies and continue to expand and enhance the content of these documents.

- 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.

2020 highlights

Continued strong investment performance with all our major thematic equity strategies outperforming their global comparator indices over one, three and five years.

Net inflows of £3.5 billion, reflecting the continuing rise in investor interest of our strategies, and their strong performance.

Thought leadership highlights included reports on the physical risks of climate change, the financial impact of diversity, and the investor impact of COVID-19.

We remained fully operational throughout COVID-19 restrictions and focused on providing a seamless service to clients.

Our plans for the future

We will continue to enhance our client service model, tailored to individual needs, and to evolve our reporting capabilities.

We will work with clients to review opportunities to develop new products and investment solutions for our clients and potential clients.

We will target distribution of existing strategies with increased focus on own-brand pooled funds.

We will continue to develop our expertise in fixed income and gender lens investing.

We will grow our headcount and operational resources in order to extend our investment and client servicing capabilities and deliver on client expectations.

Creating and Promoting Value for all our Stakeholders continued

The Board sets corporate governance and strategic objectives for the Group and strives for strong governance and stewardship best practice across the business, through the application of a robust corporate governance framework.

Stakeholders	Our approach	How we engage
Shareholders	The governance and management of the Company is driven by the Board and Executive Committee. We seek to adhere to high standards of corporate governance and reporting. As specialists, we are focused on a small number of investment strategies which are highly scalable and enable us to balance tight cost control with the needs of an expanding business. We are investing in robust IT systems, processes and infrastructure, while maintaining a rising operating margin.	We are committed to full disclosure and clear communications with institutional and private shareholders and hold meetings throughout the year. The Chief Executive and Chief Financial Officer present the full and half year results. We encourage shareholders to attend the AGM where the Board and management are available for questions and comment.
Colleagues	We seek to be an employer of choice. We aim to attract and retain talented and committed people, empowering team members to reach their full potential and providing development opportunities and rewarding long-term careers that link to our business needs. We are committed to Equality, Diversity & Inclusion ("ED&I"). We seek to understand our people and their individual perspectives and to reflect their views. We strive for a diverse staff and an inclusive culture. We prioritise investment in our staff and aim to empower team members to reach their full potential. We invest significantly in our colleagues' professional and personal development training to ensure we have the skills needed to develop the business.	We hold regular town halls and team-level meetings, as well as numerous educational and social events. We learn from, and act on, the regular feedback from our colleagues. This has been particularly important during the pandemic and we have focused on the needs and wellbeing of individuals.
Investee companies	We are long-term investors and develop strong relationships with many of our holding companies. 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 an activist approach, and often work in collaboration with other asset managers or organisations. Our engagement is focused on: promoting improved practices and transparency on ESG issues; bottom-up company specific monitoring and dialogue; top-down strategic engagement priorities; and proxy voting and corporate governance.
Distribution partners	Over the years we have developed strong relationships with other asset managers who sell our white-label funds through their distribution networks. This enables the Company to sell funds to a much wider network of clients.	Members of our Executive Committee and dedicated client relationship professionals meet our distribution partners regularly and we have strong reporting systems in place.

2020 highlights	Our plans for the future
We outperformed all our KPIs. Because of COVID-19, it was more difficult to meet in person this year, but we maintained and grew shareholder relationships with virtual meetings and webinars.	Our pipeline of potential new mandates is strong, and we will concentrate on converting as many of these into clients as possible. In the light of the growing global investor interest in investing more sustainably we will be reviewing the longer-term opportunities for Impax's development.
We have significantly increased communication with colleagues this year. We have embraced more flexible working practices which will inform our future approach. We have offered additional support around employee wellbeing, including presentations on mental and physical health. This year Lindsey Brace Martinez assumed the role of Board Sponsor of the Company's ED&I activities. We increased our investment in leadership training and education for all our people managers to drive a common, consistent standard across our business.	We continue to build out our global HR capabilities. We recently announced a key HR initiative to ensure we optimise staff development and wellbeing while simultaneously building our organisation effectively. We will conduct our detailed biennial staff survey again in 2021. We remain focused on addressing the gender pay gap, particularly at senior management level. Our major new Equality, Diversity & Inclusion programme is launching in Q4 2020. We have identified five priorities under Leadership, Talent & Attraction, Data & Benchmarking, Awareness, and Social Impact.
Over the last year we have prioritised four strategic areas of engagement: Physical climate risk, sustainability and ESG advisory, diversity and pay-equity and corporate governance best practice. In calendar year 2019 we engaged with 101 companies (approximately half of all our portfolio companies) with 40% positive outcomes.	COVID-19 has brought many sustainability issues into sharper focus, especially the "S", the social aspect of ESG. In the year ahead we will direct additional time and resources to this area, taking a close look at developing methodologies for further integrating and quantifying aspects of human capital in our company analysis, as well as drilling down further into supply chains, in particular what these mean in the knowledge economy.
Net inflows of £2,272[1] million by funds distributed by our partners. In October 2020, we signed a long-term distribution agreement with BNP Paribas Asset Management, cementing our existing agreement.	We seek to build our network of distribution partners in new geographies and markets and deepen existing relationships.

1 Excludes flows from segregated mandates

Creating and Promoting Value for all our Stakeholders continued

Stakeholders	Our approach	How we engage
External service providers	Our third-party suppliers are critical to our business, and therefore we ensure there is an appropriate oversight framework, which is reviewed periodically. 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.
Society and the environment	Our business is focused on the transition to a more sustainable global economy. As such, we play a key role in financing the transition to a low carbon economy, protecting the environment, promoting human rights, diversity and fair work and pay. 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 continue to increase our support for a small number of charities which are aligned with our focus on building a more sustainable economy. We facilitate charitable giving by our colleagues through volunteering and matched financial contributions. We support a low carbon economy, primarily through our investment decisions, company engagement, our collaboration with clients and stakeholders and policy advocacy. Vince O'Brien is the Board Sponsor of the Environment Committee.
Industry-wide groups	We recognise that working in collaboration with like-minded organisations can be more effective in bringing about changes.	For a list of memberships see page 61.
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.

2020 highlights	Our plans for the future
We engaged frequently with our suppliers throughout the COVID-19 crisis to ensure that they continued to meet their obligations and had resilient business continuity plans in place. We have made no material changes to our suppliers.	We continue to strengthen our supplier base and plan to introduce a code of conduct to ensure that our suppliers reflect our values and continue to deliver a high level of service to the Company and our clients.
In the UK 26% of our staff, an increase of 6% for the year, now take part in our matched charitable giving scheme (GAYE). This year we were awarded Platinum Status by GAYE. In the US, Impax staff volunteered a total of 171 hours with 18 organisations. Impax's emissions arising from operations and investment are in aggregate net carbon positive today.	We plan to expand our charitable partner programme to reflect the growth of our business and the breadth of our activities and areas of focus. We will provide greater support and strategic alignment for our volunteering initiatives around the world. We are committed to retaining our net carbon positive status across our operations and corporate investments,
In October, we published a white paper on physical climate risk and have also become a core member of the Coalition for Climate Resilient Investment and joined efforts to set up a new Task Force on Nature-related Financial Disclosures. We have joined a number of organisations and initiatives, including the Confederation of British Industry's Energy & Climate Change Board, the Climate Financial Risk Forum, and the Energy Transitions Commission.	We are looking to join and participate in additional organisations where we believe this to be of mutual benefit.
We have submitted a rulemaking proposal to the SEC requesting corporate disclosure rules so that investors are aware of the physical climate change risks that companies face. We joined the Bank of England PRA and FCA Climate Financial Risk Forum (CFRF) to share best practice and advance regulators' responses to the financial risks from climate change.	We intend to support a package of reforms under the EU Capital Markets Union project, which includes the Sustainable Finance Disclosure Regulation (SFDR), taxonomy regulation and sustainability amendments to AIFMD, UCITS and MiFID.

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

£20.2BN

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.

2020: AUM grew by 34% to an Impax record of £20.2 billion.

REVENUE

£87.5M

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

2020: Revenue grew by 19% to £87.5m.

ADJUSTED OPERATING PROFIT[1]

£23.3M

Adjusted operating earnings 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.

2020: Adjusted operating profits grew by 29%.

1 This is an Alternative performance measure, see page 62 for definition and calculation

2 Proposed

3 Special dividend

ADJUSTED OPERATING MARGIN[1]

26.6%

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

2020: Operating margin grew to 26.6% due to our scalable operating platform.

ADJUSTED DILUTED EARNINGS PER SHARE[1]

14.5P

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.

2020: Adjusted diluted EPS grew to 14.5 pence in line with the increased adjusted profits.

DIVIDEND

8.6P[2]

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 6.8 pence per share bringing total dividend per share to 8.6 pence.

2020: Growth of 56% and the 12th consecutive year that we have raised the dividend.

The Board is recommending a final dividend of 6.8p per share. An increase of 56% for the full year dividend.

"The Company's exceptional growth this year has translated into very strong financial results and a 56% dividend increase."

Charlie Ridge
Chief Financial Officer

I am pleased to report very strong financial results and strong growth for all our financial KPIs.

As in previous periods, in order to facilitate comparison of performance with past 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 for Impax NH, and adjustments arising from the accounting treatment of National Insurance costs on share-based payment awards. Further information on these and other alternative performance measures reported is given on page 62.

Financial highlights for financial year 2020 versus financial year 2019

	2020	2019
AUM[1]	£20.2bn	£15.1bn
Revenue	£87.5m	£73.7m
Adjusted operating profit[2]	£23.3m	£18.0m
Adjusted profit before tax[2]	£22.2m	£18.1m
Adjusted diluted earnings per share[2]	14.5p	11.5p
Cash reserves[2]	£37.4m	£26.2m
Seed investments	£4.3m	£4.6m
Dividend per share	1.8p interim +6.8p final[3]	1.5p interim + 4.0p final

	2020	2019
IFRS operating profit	£17.6m	£18.8m
IFRS profit before tax	£16.7m	£18.9m
IFRS diluted earnings per share	10.5p	12.1p

This year our revenue grew by 19% and our adjusted operating profits have risen by 29%.

[1] Assets under management and advice as at 30 September 2020
[2] This is an Alternative Performance Measure - see page 62 for definition and calculation
[3] Proposed

REVENUE

Revenue for the Period grew by £13.8 million to £87.5 million (2019: £73.7 million). Growth was driven by continued strong net inflows across the business and robust performance, offset to some extent by the market falls seen in February and March.

Our run-rate revenue at the end of the Period was £96.5 million (2019: £78.3 million), giving a weighted average run rate revenue margin of 48 basis points (2019: 52 basis points) on the £20.2 billion of AUM.

OPERATING COSTS

Adjusted operating costs increased to £64.3 million (2019: £55.7 million), mainly reflecting planned increases in headcount and higher profit-related pay due to the rising profitability. We continue to invest selectively in the business to take advantage of strong growth opportunities so we expect that there will be some cost increases in the near term.

IFRS operating costs include additional charges and credits, principally the amortisation of intangible assets arising on the Impax NH acquisition, National Insurance charges on share options and restricted shares and in 2019 a credit for the release of a contingent consideration provision related to the NH acquisition. 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 is offset by a tax credit which is recorded in equity.

PROFITS

Adjusted operating profit increased to £23.3 million (2019: £18.0 million), driven by the revenue growth described above. Run-rate adjusted operating profits at the end of the Period grew further to £28.3 million (2019: £20.5 million), in line with business expansion. IFRS operating profit in 2020 fell to £17.6 million (2019: £18.8 million), as 2019 benefited from the credit for the release of contingent consideration described above. Fair value gains and losses and other financial income partially offset interest expense and finance costs to give adjusted profit before tax of £22.2 million (2019: £18.1 million).

Impax has a very strong balance sheet. This year our cash reserves increased by £11.2m to £37.4m.

We continue to invest in the business to take advantage of the strong growth opportunities.

TAX

Tax rates were lower than last year as the Group benefited from a £1.0 million credit in relation to taxation of the prior year's private equity income.

EARNINGS PER SHARE

Adjusted earnings per share grew to 14.5 pence (2019: 11.5 pence) as a result of the growth in profits. IFRS earnings per share however fell to 10.5 pence (2019: 12.1 pence) as 2019 benefited from the contingent consideration credit described above.

FINANCIAL MANAGEMENT

At the Period end the Company held £37.4 million of cash reserves, an increase of £11.2 million on 2019. The Company had no debt (2019: 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 acquisition of Impax NH.

The Company continues to make seed investments and to invest in its private equity funds. These investments were valued at £4.3 million at the Period end. During the Period we redeemed £2.0 million by exiting the seed investment in our successful US mutual fund which is managed under the Global Opportunities strategy. The cash realised is planned to be re-invested after the year end into a segregated account investing in our new Asian Opportunities Strategy. We also invested £0.8 million into our third private equity fund.

We adopted the new accounting standard IFRS 16 which covers accounting for leases during the Period. This has required us to recognise new assets, representing the leases on our office buildings, and a corresponding lease liability.

SHARE MANAGEMENT

The Board intends that the Company will continue to purchase its own shares from time to time after due consideration of attractive alternatives for the use of the Company's cash resources. Shares purchased may be used to satisfy obligations linked to share incentive awards for employees. Share purchases are usually made by funding the Company's Employee Benefit Trusts ("EBTs") which will then settle option exercises or hold shares for Restricted Share awards until they vest.

During the Period, the EBTs spent £4.2 million buying 1.3 million of the Company's shares at an average price of 332 pence. At the Period end, the EBTs held a total of 5.2 million shares, 4.8 million of which were held for Restricted Shares leaving up to 0.4 million shares available for option exercises and future share incentive awards. Net options outstanding at the Period end were 2.5 million of which 0.1 million were exercisable.

The Company did not issue any shares in the Period. Equity issuance may arise in respect of staff option exercises or restricted share awards that have not been previously matched by share purchase into the EBTs, and in January 2021, conversion at the Company's discretion into Impax shares of Impax NH management's remaining 16.7% interest in Impax NH.

DIVIDENDS

The Company paid an interim dividend of 1.8 pence per share in July 2020. Last year we announced a new policy of paying, in normal circumstances, an annual dividend within a range of 55% and 80% of adjusted profit after tax. Despite the unforeseen challenges of COVID-19, Impax has reported strong growth in revenue and profits and is in robust financial health. The Board is therefore recommending a final dividend of 6.8 pence. This would be an increase in the total dividend for the year of 3.1 pence or 56%, while still being 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 18 March 2021. If approved, the dividend will be paid on, or around, 26 March 2021. The record date for the payment of the proposed dividend will be 19 February 2021 and the ex-dividend date will be 18 February 2021.

The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 5 March 2021. 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.

Our scalable operating platform has led to a 2% increase in our adjusted operating profit margin.

The Board has made an assessment covering a period of 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 profit related pay. 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.

Charlie Ridge
2 December 2020

Our Investment Strategies and Performance

We hold a strong conviction that population dynamics, resource scarcity, inadequate infrastructure and environmental constraints will create high-growth investment opportunities in companies offering products and services to solve these challenges.

We invest for the long term in companies that are set to benefit from the transition to a more sustainable global economy. We seek to produce superior investment returns for our clients by consistently applying specialist expertise and taking a long term perspective. This means we look for sustainable competitive advantages, track records of consistent returns on investment and good governance, and where we believe a company's long term potential is not reflected in the current share price.

We offer a well-rounded suite of investment solutions spanning multiple asset classes.

Our AUM breakdown by Investment Strategy[1]

£20.2BN

AUM

[1] As at 30 September 2020. Multi Asset Strategy AUM is included within the underlying Strategy. Discrepancy due to rounding

Environmental Markets Strategies

See more on pages 28 and 29

Sustainability Lens Strategies

See more on pages 30 and 31

Gender Lens Strategies

See more on page 32

Systematic Beta Strategies

See more on page 32

Multi-Asset Strategies

See more on page 32

Real Assets Strategies

See more on pages 33 and 34

Environmental Markets Strategies

We are active managers seeking to invest in companies that demonstrate a sustainable competitive advantage, strong track records of consistent returns on investment and robust governance.

Impax's thematic, environmental equity strategies are managed by Impax LN by a team of 24 co-headed by Bruce Jenkyn-Jones who has been at Impax for 21 years, and Hubert Aarts who joined the Company in 2007.

Companies that are classified 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 strategies, with the highest net inflows into Specialists and Leaders. The Asia-Pacific strategy also attracted significant new money with the AUM of the strategy increasing by 89%.

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, currently at 56%.

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, (currently exposure is approximately 78%).

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 BNP Paribas Asset Management. 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. We also manage a Sustainable Food strategy which includes a fund for BNP Paribas which invests globally in companies that are making food production more sustainable.

Our Asia-Pacific strategy follows the principles and approach of our Leaders Strategy but only invests in the Asia Pacific region. This strategy was our stand-out environmental markets performer for the Period as the region was the first to be severely affected by COVID-19 but markets in the region subsequently staged a strong recovery over the summer.

Companies across the sustainable food chain have seen a significant acceleration of environmental and nutrition-related drivers and growth but share prices in the sector have generally lagged the broader market due to an underweight position in the Technology sector. As a result our Sustainable Food strategy has underperformed the ACWI over one, three and five years, but has performed well against many of its peers and out-performed its specialist comparator index[1] by 5.6% over the Period.

[1] MSCI ACWI Agriculture & Food Chain Capped (Net Return)

Bruce Jenkyn-Jones **Hubert Aarts**
Co-Heads of Listed Equities

Fotis Chatzimichalakis
Research Analyst

Jon Forster
Senior Portfolio Manager

Sid Jha
Portfolio Manager

Michael Landymore
Senior Portfolio Manager

David Li
Senior Portfolio Manager

Agne Rackauskaite
Portfolio Manager

Justin Winter
Portfolio Manager

Oscar Yang
Portfolio Manager

Percentage returns for one, three and five years for our environmental equity strategies versus benchmark[1,2]

Leaders
AUM £3,956m

Specialists
AUM £2,517m

Water
AUM £4,372m

Asia-Pacific
AUM £607m

Sustainable Food
AUM £762m

MSCI ACWI[3]

Total AUM excludes two accounts that are based on the Leaders and Specialists strategies because they have significantly different objectives and weightings. The total AUM of these accounts is £2.0 billion.

1 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 AUM as at 30 September 2020

3 MSCI indices are total net return (net dividend re-invested)

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.

We launched the Global Opportunities equity strategy in January 2015. It is an all cap global strategy which can now report almost six years of strong out-performance versus global equities. In 2018, St James's Place Wealth Management selected this strategy for their Sustainable and Responsible Equity Fund. Global Opportunities was our fastest growing strategy over the Period with keen interest from investors around the world and a promising mandate pipeline.

Percentage returns for one, three and five years for the Global Opportunities strategy versus benchmark[1,2]

Global Opportunities AUM £2,348m

MSCI ACWI[3]

[1] In line with market standards, the strategy returns are calculated including the dividends reinvested, net of withholding taxes, gross of management fee, and are represented in sterling

[2] AUM as at 30 September 2020

[3] MSCI indices are total net return (net dividend reinvested)

Equities

Kirsteen Morrison
Senior Portfolio Manager

David Winborne
Senior Portfolio Manager

Andrew Braun
Portfolio Manager

Barbara Browning
Portfolio Manager

Nathan Moser
Portfolio Manager

Fixed Income

Steve Falci
Chief Investment Officer
Impax NH

Peter Schwab
Portfolio Manager

Anthony Trzcinka
Portfolio Manager

In addition, we have recently decided to seed a new Asian Opportunities Strategy which leverages the proven process behind our Global Opportunities Strategy, targeting a broader sustainability opportunity set in Asian equities.

Our US Large Cap and US Small Cap funds managed by Impax NH 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. The US Large Cap Fund had a strong year, significantly outperforming its benchmark[1] and ranking in the top decile of its peer group of funds. The US Small Cap Fund lagged its benchmark[2] over the Period, but ranked in the second quartile in its peer group over a time that was particularly challenging for US active small cap managers.

We also see investor interest in our fixed income funds managed by Impax NH. These funds 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 Fund 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 Fund modestly underperformed its benchmark[3], whereas the High Yield Strategy has attracted significant investor interest and out-performed its benchmark[4], ranking in the top 5% of its High Yield peer group.

1 S&P 500 Index
2 Russell 2000 Index
3 Bloomberg Barclays US Aggregate Index
4 ICE BofAML US Cash Pay High Yield Constrained (BB-B) Index

Gender Lens Strategies

Research indicates that companies with more women in leadership roles have higher returns on capital, greater innovation, increased productivity and higher employee retention and satisfaction.

Impax NH created the Impax Global Women's Leadership Index 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+ companies are amongst the best in the world for promoting and advancing gender diversity. We run two strategies, one systematic and one actively-managed, that utilise this index to identify a universe of companies with gender diverse leadership. The AUM of these strategies totalled $645 million at Period end. The Global Women's Leadership Strategy, our systematic gender lens strategy, trailed its benchmark[1] for the Period, but maintained its strong long-term track record.

In 2019, in response to investor interest, we launched and seeded the Impax Global Women's Select strategy. This actively-managed strategy invests in companies with gender-diverse boards and senior leadership teams, a commitment to workplace equality, and products & services that advance women. Our differentiated bottom-up approach draws on Impax's proprietary gender research and sustainability lens, including insights, rankings and analysis. We seek to deliver excess return through a portfolio of companies demonstrating attractive fundamental prospects and gender equality profiles. This managed strategy significantly outperformed its benchmark over the Period.

Scott LaBreche
Portfolio Manager

Barbara Browning
Portfolio Manager

Sid Jha
Portfolio Manager

Systematic Beta Strategies

Our three systematic beta strategies utilise SmartCarbon™, a proprietary risk-based investment approach for managing exposure to companies with fossil fuel reserves on their balance sheets.

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.

Steve Falci
Chief Investment Officer
Impax NH

The Pax Sustainable Allocation Fund, with a rich heritage as the oldest US sustainable mutual fund, has evolved into a multi-asset Fund of Funds strategy investing across a wide range of Pax World Funds. It performed strongly over the last year, ranking in the top 10% of its peer group of similar multi-asset strategies.

[1] MSCI World Index

Real Assets Strategies

The Real Assets team follows an industrially-focused, value-add strategy, investing in renewable power generation, including solar, on-shore wind, hydropower and related assets. Currently all our assets are in Europe.

Daniel von Preyss
Head of Private Equity Infrastructure

Carsten Johansen
Managing Director, Head of Transaction Team

Hector Boyce
Associate Director

Rhiann Gray
Director

Babaola Omiyale
Associate Director

Our real assets business is managed by Daniel von Preyss and Carsten Johansen. Daniel has worked at Impax for 11 years and now heads this part of the business. Carsten joined the Company in 2019 and is responsible for originating and negotiating new investments and supporting Daniel in the management of this business.

Impax is one of the longest established private equity fund managers in the large and rapidly growing renewable energy infrastructure sector. The business proved highly resilient during the global pandemic, with minimal disruption to construction. Currently the focus is on key projects in our third fund, Impax New Energy Investors III ("NEF III").

NEF III development projects

- Ownership of operating wind asset
- Ownership of wind pipeline[1,2]
- Ownership of operating solar assets
- Ownership of solar pipeline[1,3]
- Ownership of solar asset
- Ownership of operating small-hyrdo asset
- Ownership of small-hyrdo pipeline[1,4]
- Development team
- **Operations/Construction** + Late-stage development/ Permitted/Further pipeline

1 "Pipeline" encompasses in construction, ready-to-build, late-stage development and permitted as well as the wider pipelines of our existing development platforms

2 Includes the construction of 10MW in Germany

3 Includes the construction of 54MW in France

4 Includes the construction of 27MW in Norway

Our Investment Strategies and Performance continued

Real Assets Strategies continued

Operational hydro power plant at Sagelva, Norway

These include construction work on a large (300+ MW) wind and solar portfolio in France where we have made substantial progress this year. In Germany our current focus is on onshore wind with two operational projects, one in construction and advancing our developing pipeline of close to 400MW. In Norway the construction of our joint venture hydro project almost 50MW is on schedule. In addition, construction of our 110MW PV project in the Netherlands (one of the country's largest solar parks) is well advanced with over half the plant now producing electricity and full operation expected by the end of 2020.

Impax New Energy Investors II (NEF II) has been successfully wound down and just has two small remaining assets where we are assessing our exit opportunities and expect to liquidate the fund during 2021.

We see increased support among governments and the broader public to accelerate the build out of renewable infrastructure assets, and this has risen higher up agendas as a result of the global pandemic, with a heightened commitment from many European governments to greening the economy. There is high demand from investors for access to these investments and we are currently considering our future plans to develop this area of the business further.

Beyond Investment Returns

Bringing about lasting positive change is a long-term commitment requiring active engagement with our investee companies and we appreciate the importance of measuring change over time.

Since our foundation in 1998, Impax has been intentionally directing funds towards areas of the market that are providing solutions to sustainability challenges, demonstrating that these can be sound investments and thus lowering the cost of capital for companies delivering a positive impact through their environmental products and services.

In 2020, for the seventh consecutive year, Impax was awarded A+ and A scores across all applicable categories in the UN-backed Principles for Responsible Investment (PRI) assessment report of Environmental, Social and Governance (ESG) integration efforts. The Group is rated above the peer median 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 ESG integration in Private Equity achieving 30 stars out of a maximum of 30. The PRI also rated Impax A+ across all applicable Listed Equity categories and the Group improved its score to A for all Fixed income categories.

In addition, in November 2020, Morningstar described Impax as a "Leader" for its ESG Commitment, one of only six asset managers globally to be awarded the highest grade.

We intentionally design our investment strategies around the opportunities arising from the transition to a more sustainable economy. We therefore believe that our portfolio companies have resilient business models. Companies that stand to benefit from this shift are, for instance, less carbon intense and are not reliant on, or impact negatively on, natural resources. They are also more inclusive and value and encourage diversity, including gender and ethnic or racial representation. In this context Impax engages to support and encourage investee companies to manage risks, rather than to radically change their core activities.

Engagement with companies is evolving with an increasing understanding and agreement that investors must move away from merely counting the numbers of engagements done with companies, and move to assessing in more detail and rigour what the actual 'outcomes' were. This is the key objective of the recently updated UK Stewardship Code. Impax has taken this approach for many years but we welcome this industry-wide shift in emphasis. In future investors will increasingly be setting out engagement objectives and rigorously assessing contribution to change from engagement activities versus positive developments already being undertaken.

Beyond Investment Returns continued

Engagement

"Engagement is an important activity in managing risk and building relationships with investee companies."

Lisa Beauvilain
Executive Director, Head of Sustainability & ESG

This work can be divided into the four following types:

1. **Promoting improved practices and transparency on ESG issues**
2. **Bottom-up company specific monitoring and dialogue**
3. **Top-down strategic engagement priorities**
4. **Proxy voting and corporate governance**

In 2019 we prioritised four strategic areas of engagement:

Physical climate risk

Sustainability and ESG advisory

Diversity and pay-equity

Corporate governance best practice

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

OUR RECORD[1]

101

In 2019 we engaged with 101 companies, or close to half of all our owned companies...

152

...across 152 engagement meetings...

10%

...with more than 10% of companies having more than two engagement meetings throughout the year.

[1] Data for calendar year 2019, latest available

ENGAGEMENT UPDATE (CALENDAR YEAR 2019[1])

Every year we engage with a significant percentage of our portfolio companies in the thematic and global unconstrained equity investment portfolios. Over the course of 2019, Impax conducted 101 engagements, across 152 meetings, and achieved 40% positive outcomes.

FOCUS

▲ 41% in 2019

Environmental focus grew significantly, from 28% in 2018, to 41%, mainly driven by our strategic focus on physical climate risk engagements.

REGION

▲ 32% in 2019

Engagements with Asian companies grew, from 11% in 2018 to 32%, mainly driven by our strategic Asian focus.

ACTIVITY

◀▶

No major changes in the types of engagements 2018 vs 2019.

EVOLVING PRIORITIES

The COVID-19 pandemic has brought many sustainability issues into sharper focus, especially in the 'S' - the social aspect - of ESG. In the year ahead we will direct additional time and resources to this area, taking a close look at developing methodologies for further integrating and quantifying aspects of human capital in our company analysis, as well as drilling down further into supply chains, and in particular what these mean in the knowledge economy.

All these areas have been of concern to sustainable investors for a long-time; the pandemic has brought them into the spotlight for many more.

We are also focusing on the safety and support for "essential workers". The staff who work for many of our portfolio companies are considered to be in this category, for example many of those working for utilities, waste companies and food retailers.

In addition, this year many companies were forced to change their working practices and business operations. We will be asking companies in our portfolios to hone the systems they use for remote work arrangements, including re-skilling their workforces where necessary, so they have the infrastructure and skills needed to accommodate a decentralised workplace. We are also extending our policy engagement work to encourage governments to take this opportunity to "Build Back Better".

40%

We noted positive outcomes in more than 40% of the companies we engaged with directly related to the engagement objectives set.

14%

In 14% of cases we believe that this positive outcome was largely driven by Impax's engagement efforts.

[1] Latest available data

Beyond Investment Returns continued

Impact@Impax 2020

> **"At Impax every portfolio is intentionally designed to direct our clients' capital towards a more sustainable economy. Our impact reporting delivers post-investment evidence of this intentionality."**
>
> **Meg Brown**
> **Executive Director, Marketing & Business Development**

Our impact reporting metrics include carbon emissions avoided, renewable energy generated, water treated, saved or provided, materials recovered and waste treated, and coal use displaced in Asian cities.

This year, we expanded the strategies on which we report to include the Sustainable Food and Water strategies. We have included net carbon metrics for the Global Opportunities portfolio and mapped it against the UN Sustainable Development Goals (SDGs) for the first time.

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.

We assess companies' climate impacts against the objectives of the 2015 Paris Agreement. The Agreement aims to hold the rise in global average temperatures to no more than 2°C above pre-industrial levels, with the ambition to keep this temperature rise below 1.5°C. To understand this in the context of the global economy, these goals can be translated into figures for maximum allowable emissions per unit of investment.

In addition to a company's net carbon impact we also evaluate their water use, waste production and pollution.

There is growing emphasis among companies that are significant users of water, or which are located in water-stressed regions, on collaborating with other local users. We have been particularly pleased to see leading water technology companies within our portfolios proactively collaborating with other industrial water users, including their clients around water catchment area management.

We consider waste avoidance in the context of the 'Circular Economy', the concept that designing products and materials for re-use will help avoid excessive natural resource depletion and waste generated.

Local air pollution caused by particulate matter is a major public health concern in cities around the world, particularly in Asia. We track reductions enabled by portfolio companies in terms of equivalents of tonnes of coal displaced, for example through investment in natural gas distribution and supply.

NET CO_2 IMPACT PER US$10 MILLION 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.

[1] Source: United Nations Framework Convention on Climate Change (UNFCCC), 2016. Aggregate effect of the intended nationally determined contributions: an update - synthesis report by the secretariat, McKinseey Global Institute, The Global Carbon Project, Haver, BIS, Deutsche Bank estimates, and IMF, National Central Banks and Statistical Offices, Thomson Reuters, Black bars reflect the range of estimates of value invested

[2] The upper limit for global temperature rise targeted by the Paris climate agreement

[3] Impax Asset Management, 2019. Impax's impact methodology is based on equity value

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. We have undertaken a mapping exercise to show how our strategies align with these goals when considering revenue exposure to related activities. Impax's classification of the Environmental Markets investment universe and Sustainability Lens frameworks enables us to link portfolio company activities to the most relevant SDG.

Mapping Impax strategies to UN Sustainable Development Goals

Source: Data as at 31 December 2019. 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'.

Our Impact@Impax 2020 report is available on our website. This gives further details on our impact measurement and reporting.

Our People

"Fostering the right values and business behaviours at Impax is a cornerstone of the Company's success."

Keith Falconer
Chairman

Impax aims to work with all our stakeholders to make a contribution to the development of a sustainable society and have a positive impact on the environment, particularly by supporting or undertaking relevant research and engaging or collaborating with others.

In addition, we seek to provide a stimulating, collaborative and supportive workplace for our colleagues.

The people who work for Impax make it what it is. We have a strong business culture that exemplifies our key values and we recognise the value of all our colleagues - their skills, experience and dedication. Maintaining a productive and engaged staff during a global pandemic has been challenging but has also helped highlight some areas where we can improve and strengthen our commitment to all our people.

Achieving our vision and business goals requires a high-performing environment where we can help everyone to deliver their personal best, adapt and learn continuously, and stay ahead in an increasingly competitive arena. To this end, we recently announced a major new project around our people to help us grow our business and build our organisation in this complex and fast changing world.

Maintaining a productive and engaged staff during a global pandemic has been challenging but has also helped highlight some areas where we can improve and strengthen our commitment to our staff.

We have clearly articulated our five core Values that we stand by to guide our actions and decision-making.

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

Our Values have been communicated across Impax. Underpinned by these Values, we have defined key behavioural competencies which will enhance our core HR processes.

These competencies will be embedded in our hiring and interview process throughout next year, and form part of our performance management, promotion and compensation decisions by end of 2021.

"Findings from recent employee surveys and focus groups have prompted us to step up our internal communications."

Ian Simm
Chief Executive

To be successful in today's world we require people managers to be flexible, dynamic and constantly seeking opportunities to build their skills.

We are increasing our investment in leadership training and education for all our people managers to drive a common, consistent standard across our business.

We continue to assess the perception of leadership in our surveys and opinion polls.

"We focus on building the optimal skills to direct, empower, coach, support and delegate in an inclusive way."

Mary Alexander
Global Head of HR

We want to unlock the potential of our talented colleagues and to create more opportunities for continuous development.

We provide educational talks and workshops to deliver valuable support in enabling personal development and career plans. We are also seeking input from a senior group of leaders in shaping our future talent plans and initiatives to ensure we gain traction across all areas of the business.

"We're very proud of our talent: we aim to empower and provide a clear pathway for every individual's career development."

Bruce Jenkyn-Jones
Executive Director, Co-Head of Listed Equities

We are increasing our investment in leadership training and education.

We strive to be a diverse, inclusive business where we leverage different perspectives in decision-making and innovation, and create a sense of belonging.

This October we set up a Equality, Diversity and Inclusion ("ED&I") group, chaired by Ian Simm, Chief Executive, and Joe Keefe President, of Impax North America with Lindsey Brace Martinez as the Non-Executive Director sponsor of this group. The group has a mandate to recommend how we can strengthen our capabilities and results in this area.

For example, we will now be looking at all our people practices through an ED&I lens. We seek to ensure our policies are inclusive, our candidate lists are diverse and avoid unconscious bias.

Further details on this key initiative follow on pages 46 and 47.

"We're increasing access to opportunities for young people via intern work experience initiatives - for example, by participating in the 100 Black Interns programme."

Hubert Aarts
Executive Director, Co-Head of Listed Equities

As we grow and operate as an integrated international business, our HR policies and processes must be global, comprehensive and promote sound governance.

We continue to update and improve our HR policies and procedures with easy staff access via a new internal platform.

"Our new HR initiatives are designed to deliver enhanced learning on health and wellbeing in the workplace."

Joe Keefe
President, Impax North America

Our highly-experienced Executive Committee

IAN SIMM[1]

Founder and 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 Energy 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, the Transitions Commission, and a member of the CBI's Energy & Climate Change Board.

HUBERT AARTS[2]

Co-Head of Listed Equities, Executive Director

Hubert is co-portfolio manager for Impax's Leaders and Water strategies, as well as leading Impax's macroeconomic research process. 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. Having started his career in 1990, he has extensive experience investing in Pan-European equities. As a portfolio manager at MeesPierson and Merrill Lynch Investment Managers/BlackRock, where he chaired the European Sector Strategy Group.

MARY ALEXANDER[3]

Global Head of HR

Mary is the Global Head of Human Resources. 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 multi-nationals 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.

LISA BEAUVILAIN[4]

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.

MEG BROWN[5]

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.

BRUCE JENKYN-JONES[6]

Co-Head of Listed Equities, Executive Director

Bruce has an active role in the day to day management of all Impax Listed Equity portfolios and is on the portfolio construction team for all strategies. 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).

DARREN JOHNSON[7]

Chief Operating Officer – Listed Equities, 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.

JOSEPH KEEFE[8]

President

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.

DAVID RICHARDSON[9]

Executive Director, Client Service & Business Development

David leads Client Service and Consultant Relations 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.

CHARLIE RIDGE[10]

Chief Financial Officer

Charlie began his career in 1987. Before joining Impax he was a Managing Director within the Finance Division of Deutsche Bank, most recently 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.

DANIEL VON PREYSS[11]

Head of Private Equity Infrastructure, Executive Director

Daniel joined Impax in 2009 and has primary responsibility for our renewable infrastructure private equity investments. He is both involved in investments and is Head of Asset Management. 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.

ZACK WILSON[12]

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 $10bn financial restructuring.

Equality, Diversity and Inclusion

Equality, Diversity and Inclusion is a key pillar in our People strategy and in enabling our commercial success.

We have continued to raise our ambitions for our ED&I agenda by establishing a global team tasked with increasing accountability and governance.

This year, as an important development of our work to build on our Culture and Values programme, we set up our ED&I group. This group is taking practical steps across a number of areas, which include:

- Employee opinion polls and listening groups on equality, diversity and inclusion with a full review of the results by our Executive Committee.
- Training of all employees in how to identify and avoid unconscious bias, and the launch of a Company-wide initiative in building skills in giving and receiving feedback.
- Investment in inclusive leadership training as a requirement for all people managers in the Company.
- Introduction of Impax's behavioural competency framework to strengthen the robustness of our decision-making in hiring, promotion and rewards.
- A review of recruitment processes and engagement with third parties to ensure diverse short-lists and interview panels.

"We believe that diverse teams make better decisions and are more innovative. An inclusive environment enables people to deliver their best, go the extra mile and remain committed to the firm."

Ian Simm
Chief Executive

"We are partnering with organisations focused on inclusion and widening access to our industry for young people from all social backgrounds. This includes working with the Investment Association's "Investment 20/20" programme, supporting Sponsors for Educational Opportunities, and participating in an executive mentoring programme for diverse senior women across all industries."

Darren Johnson
COO of Listed Equities and co-executor of the ED&I group

The global ED&I Group has listened to employee feedback, examined market best practice and our assessed priorities. In the coming year we will address:

- **Leadership:** setting qualitative goals and providing tools for our people managers to promote accountability for ED&I progress in the firm.
- **Talent & Attraction:** continuing to extend the potential talent pool in our hiring efforts, including attracting more diverse candidates to our internship programmes, and engaging with recruiters with a track record in diversity practices.
- **Data & Benchmarking:** working with a skilled external partner to gather data directly and confidentially from employees across different facets of diversity and conduct meaningful analyses.
- **Awareness:** establishing regular conversation groups – 'safe spaces' for our colleagues to discuss and learn about race and ethnicity.
- **Social Impact:** identifying and supporting specific organisations advancing equality and creating opportunities for diverse groups.

Gender Perspective

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

At the end of the Period, we employed 172 permanent staff across our global business, with a total of 77 women accounting for 45% of our workforce. A quarter of our Executive Committee is female. Two of five of our Non-Executive Directors are female. Across the job levels in the firm, women are well represented in junior and mid-level staff groups, 59% and 47% respectively. In the most senior level group, the representation of women is 32%.

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. At the junior level, the gap is 2.5%, rising to 9.9% at the mid-level staff, and to 18% 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 on-going 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 senior global Equality, Diversity & Inclusion Group has prioritised gender as a key area of attention. See further details of our ED&I efforts on page 46.

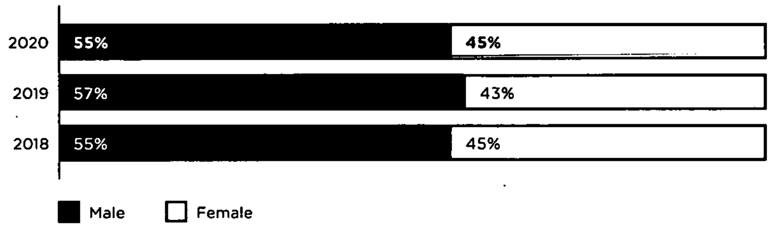
We are committed to making progress in these areas and recognise that meaningful change requires dedication, focus and time.

A quarter of our Executive Committee and two of five of our Non-Executive Directors are female.

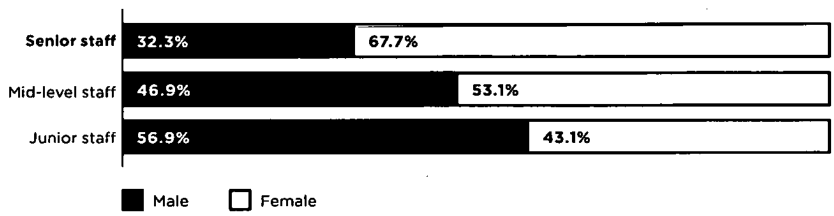
We remain focused on increasing the number of women in our business, especially at senior levels.

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

Gender diversity



Gender by job level[1]



Gender pay gap – average base salary[1]

[1] Data as at 5 April 2020 for Group staff. 2020 global data represents a baseline for the future. 2019 data are not comparable as do not include the integration of Impax NH data

Building a Common Future

Our role in the community

We encourage our colleagues to play an active role in the community for the benefit of both our business and society.

Impax is committed to its role to contribute to the local community and we encourage our colleagues to volunteer and play an active role for the benefit of both our business and society.

This year, in response to the heightened demand for charitable donations and services as a result of the COVID-19 pandemic, we considerably raised our financial support for charities selected by our staff. We also increased the paid volunteering time allowance for everyone. Many colleagues have shown an extraordinary commitment to supporting their local communities; working to reach those in need and the most vulnerable at this difficult time. For example, several individuals have been supporting key workers through meal donation and providing transport to NHS workers in the UK.

Volunteering at Great Bay Kids' Company in Newmarket (Impax NH)

Volunteering at The Causeway Hospital (Impax LN)

Many colleagues have made a huge commitment this year to supporting their local communities in these difficult times.

Impax NH staff volunteered over 170 hours with 18 organisations.

In the US, Impax NH employees are granted up to four days paid leave to undertake volunteer work for an established non-profit, or community service organisation of their choice. As part of this programme, Impax NH regularly participates in the United Way's and Gather Food Pantry's group volunteer opportunities in the seacoast community of New Hampshire.

Furthermore, Impax NH has partnered with the New Hampshire Charitable Foundation to establish the Impax Asset Management LLC Charitable Fund to administer corporate donations and sponsorships to 47 charities and organisations. In addition, at the start of lockdown in March, Impax LN staff voted for charities they wished to support through the pandemic and consequently made donations to THET, UK Red Cross and The Connection. In October 2020 staff from all our offices have been fundraising for Sponsors for Educational Opportunities (SEO), through participation in the Mindful Movement Challenge.

In the UK, Impax continues to promote tax efficient payroll giving for staff through the Charities Aid Foundation Give as You Earn (GAYE) scheme. This enables staff to donate regularly by monthly payroll to charities of their choice. Impax pledges to match all staff charitable donations up to £500 (US$750 in the US) a year. Over the Period the number of staff contributing via GAYE has grown by 6% to 26%. Impax was recently awarded the highest platinum status by GAYE as an outstanding participant in the scheme.

Supporting organisations that are closely aligned with our values

Impax continues to increase its support for a small number of charities which are dedicated to building a more sustainable economy.

We believe that we have strong synergies with these charities and our financial support, which we have increased year-on-year, not only helps the work of these outstanding organisations but also helps to build on both our thought leadership work and employee development and engagement.

Ashden supports proven climate innovation in the UK and developing countries. Organisations providing these on-the-ground solutions will be instrumental in driving the changes our planet needs.

Ashden is a London-based charity working in the field of sustainable energy and development. Ashden believes that organisations that are on the frontline of the climate crisis are creating something better: a planet powered by low-carbon start-ups, bold green policies, liveable cities, better work and clean energy for all. The charity has supported these innovators for two decades, helping them attract investment and funding, build their networks, and create radical change.

Impax is pleased to continue its support for the Ashden Awards which now spans nine years.

Every year an Impax team assists Ashden with the evaluation process for the award and choosing an outright winner from a large number of high-quality submissions is always a difficult decision at the end of a rigorous review. Ian Simm also sits on the Ashden judging panel for the Liveable Cities award and two international awards. We maintain a long-term relationship with winners of the award and our staff are involved in on-going mentoring programmes. This year the Impax Ashden Award for Energy Innovation was awarded to Guru Systems.

Guru Systems makes energy systems more transparent, lower cost and lower carbon. Delivering low-carbon heat is one of the biggest challenges in the transition to a net-zero emissions future. Most heat networks today run on natural gas, in the future this fuel supply can be switched to sustainable technologies such as heat pumps. Guru Systems' hardware and data analytics help to accelerate this transition by using AI-driven analytics to improve efficiency. In their application the company highlighted how its heat network software particularly helps social housing tenants.

Up to 50% reduction in household energy bills

500,000 district heating customers in the UK, on 17,000 heat networks

30,000 Guru Hubs sold, saving 18,000 tonnes CO_2 emissions per year

Since 2016, Impax has supported ClientEarth, a not for profit environmental law organisation which uses the power of the law to protect people and the planet.

ClientEarth is well known for its stand against the UK government on urban air pollution and its work with the European Commission to reduce single use plastics through the implementation of plastic taxes. This year its legal action helped put an end to Poland's last planned coal plant and its interventions are helping to pave the way for new clean alternatives to enter the EU market. It is expanding its work, with the launch of a new agriculture project and a particular focus on stopping the planned expansion of coal plants in Asia.

Impax is also a member of a number of organisations focused on the investment management industry where we work collaboratively with peers to support the expansion of sustainable finance. The full list of our memberships can be seen on page 61 of this document.

Our environmental impact: committed to Net Zero

Impax's emissions arising from operations and investment are in aggregate net carbon positive today.

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, namely our investment decisions, engagement with the companies in which we invest, our collaboration with clients and stakeholders and policy advocacy.

Since 2015, we have measured and reported the environmental benefits linked to our investments in terms of the net carbon impact, together with other key environmental metrics including renewable energy generated, water treated, saved or provided; materials recovered and waste treated. (Further details are on pages 55 and 56). Over the last five years we have expanded the coverage of this analysis, and our recent 2020 Impact @ Impax report included independently assured figures for the net carbon impact of seven of our investment strategies, which in aggregate represent approximately 80% of our assets under management. We intend to expand this approach to cover additional strategies over time.

Furthermore, we are also 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). We have taken a number of steps to reduce these emissions over recent years as detailed below.

Overall, when we consider our equity portfolios, the carbon savings from the direct investments we make in our infrastructure funds (which fund the construction of new renewable power generation assets), our emissions arising from operations and investment are in aggregate net carbon positive today (i.e. carbon avoidance exceeds emissions). We pledge to maintain that position in the future.

Furthermore, we are committed to the continuous improvement of our practices. We will review these to ensure that our approach remains best in class given the numerous "Net Zero" and Paris alignment frameworks, standards and methodologies emerging ahead of COP26, due to be held in Glasgow in November 2021.

Since 2015, we have measured and reported the environmental benefits linked to our investments in terms of the net carbon impact, together with other key environmental metrics.

During the pandemic we have all learned to work more effectively via virtual channels. We hope that in future we will be able to report less business travel and lower Scope 3 emissions.

OUR GHG EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY MEASURES

This year we have embraced the requirement to report our operational emissions in line with the new Streamlined Energy and Carbon Reporting (SECR).

Overall, our total market-based GHG emissions have decreased significantly compared to the previous year. The biggest contributor to our carbon footprint is business travel. The lockdown measures and travel restrictions, and consequent shift to virtual working, have resulted in our business travel emissions (Scope 3 emissions) dropping by 75% year-on-year. However, over the longer term, our business travel is unlikely to remain at such a low levels but, with enhanced technology, we have all learned to work more effectively via virtual channels and we are confident that we will be able to report significantly less travel and lower Scope 3 emissions than prior to the global pandemic.

Over the Period, our total global electricity consumption was 301 MWh. With London accounting for 60% of the total, the New Hampshire office 38% and Hong Kong 2%.

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 the systems where we can to minimise inefficiencies and seek energy saving opportunities. In our New Hampshire office we took the decision to stop using fossil fuels to heat the building and instead installed an electricity powered heat pump, which is the reason for a 10% increase in overall electricity consumption. On an intensity basis, AUM growth outweighs this increase in electricity consumption-related emissions. Electricity consumption in our other offices was significantly lower compared to previous years, which was to a large extent a result of the offices being closed for an extended period.

Our Carbon Emissions

	2020 (t CO_2e)	2019 (t CO_2e)	Change (%)	Change t CO_2e / FTE (%)	Change t CO_2e / AUM (%)
Operational emissions: Scope 1&2, electricity consumed, market-based approach	31.931	24.929	+28%	+14%	-4%
Value chain emissions: Scope 3, business travel	82.854	329.102	-75%	-78%	-81%
Impax AM: Total emissions (market-based)	114.785	354.030	-68%	-71%	-76%

Impax currently purchases 98% of its electricity from renewable sources.

Performing against our 2019 stated targets[1]:

Scope 2 target:

To source 100% renewable energy across all Impax offices.

In October 2020 the New Hampshire office joined London in purchasing all its electricity from renewable sources. We currently source 98% of our total electricity requirements from renewables.

Scope 3 targets:

We are in the process of introducing measures to reduce travel-related emissions, for example by seeking to substitute short haul air travel by rail or coach where possible, and we favour video conference meetings whenever practicable.

We have 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.

Physical Climate Risk

We have assessed the physical climate risks to all our offices and concluded that these risks are relatively low. Notable future climate hazard exposures are heat and water stress to the Metro NYC office (although our business is not water-dependent) and elevated river or coastal flood risk at the Portland, Oregon and Portsmouth, New Hampshire and HK offices. Storm risk is also significant at the Hong Kong office, where we are increasing our understanding of the adaptation in place to mitigate related risks. Overall, our assessment indicated that the main risks were to connecting infrastructure and transport-related. Therefore our business continuity plans are critical. These are tested regularly, most recently under COVID-19 restrictions, and proved to be very resilient.

[1] Scope 1 emissions - London (HQ), Portsmouth, (NH, USA) 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 a method of estimating respective consumption attributable to our offices

Scope 1 & 2 emissions - Greenwich, CT US & Portland, OR 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 three main offices covered in this disclosure

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 156 tonnes CO_2e.

Sources of emission factors applied to calculate emissions from electricity consumption: IEA (2019) UK electricity grid mix emission factor; IEA (2019) Hong Kong China electricity grid mix emission factor; eGRID (2018) NEWE NPCC New England subregion electricity mix emission rate; Green-e (2020) 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).

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	SECOND LINE: Risk and compliance	THIRD LINE: Audit
• Involved in day-to-day risk management • Follow a risk process • Apply internal controls and risk responses	• Oversee and challenge first line risk management • Provide guidance and direction • Maintain enterprise risk management framework	• 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 and 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.

All staff are responsible for identifying, monitoring and reviewing risks across their team and the Group.

Principal Risks and Uncertainties

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's Listed Equity business 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 2020, 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.

Our Chief Risk Officer is responsible for maintaining an enterprise risk management framework.

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 has established a legal entity in Ireland to mitigate any potential disruption to our business model and clients.
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.

Risk	Description	How we mitigate the risk
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.
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.

Auditor's Statement

The auditor's report on the financial statements and the auditor's statement under section 496 of the Companies Act on whether the information given in the Strategic Report and Directors' report for the financial year ended 30 September 2020 is consistent with the Group financial statements were both unqualified and can be found on pages 18 to 22 of the Governance and Financial Report.

Memberships

Impax is a member of a number of organisations focused on the investment management industry where we work collaboratively with peers to support the expansion of sustainable finance. Here is a selection of our current memberships.

Asian Corporate Governance Association (ACGA)

Carbon Disclosure Project (CDP)

Ceres

Climate Financial Risk Forum (CFRF)

Confederation of British Industry (CBI)

Council of Institutional Investors (CII)

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)

NH Businesses for Social Responsibility

Principles for Responsible Investment (PRI)

Shareholder Rights Group

Taskforce on Climate-related Financial Disclosures (TCFD)

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; 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. The adjusted profit after tax is also reduced by the IFRS adjustment for profit attributable to owners of restricted shares (see note 13 of the financial statements).

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.

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IMPAX Asset Management

Impax 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.

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Governance and Financial Report

This report contains details of members of the Board of Directors and the Senior Management team, reports on the Group's Corporate Governance and Remuneration and presents the full financial statements including the independent auditor's report.

Our separate Strategic Report contains information about Impax, how we make money and how we run the business. It includes an overview of our main markets, our strategy, business model, key performance indicators and main areas of risk, as well as our progress during the 2020 financial year. A copy of the Strategic Report can be downloaded from www.impaxam.com. This report also describes our approach to organisation and culture, governance and sustainability, and includes a summary of our financial strategy.

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 and the Governance and Financial Report. 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) manage or advise Listed Equity funds and accounts, and the Real Assets division. The majority of this business is based in London so we refer to it as "Impax LN".

Chairman's Introduction

"Impax has made outstanding progress this year in an extremely challenging environment."

Keith Falconer
Chairman

I would like to thank the management team for its leadership and our staff for their adaptability and exceptional dedication in recent months.

COVID-19 has affected all our lives. During what has been a very difficult time for businesses around the world, the Board has been impressed that Impax has not only proven highly resilient throughout the crisis but has gone beyond just "business as usual" to deliver outstanding success. On behalf of my fellow Directors, I would like to pay tribute to the management team for leading the further expansion of the Company and to all our staff for their continued commitment and diligence while working away from the office.

A YEAR OF SIGNIFICANT ACHIEVEMENT

Our AUM reached another record high at the end of the Period at £20.2 billion.

During the 12 months to 30 September 2020 (the "Period"), Impax's assets under management and advice ("AUM") grew by 34% to £20.2 billion. As set out on pages 26 to 34 of the Strategic Report, investment performance has been strong across all our major strategies. These results are reflected in the many prestigious industry awards that Impax won last year (see page 3 of the Strategic Report).

Over the Period we expanded our headcount by 18 (12%) to ensure we had sufficient resources in investment management, client service and in each of the support teams. I am also very pleased that the functional integration of the business in New Hampshire, which Impax acquired in January 2018, is largely complete. Furthermore, we signed an updated distribution agreement with BNP Paribas Asset Management that cements our long-term relationship with this important partner.

In addition to highlighting the Company's successful growth in AUM and profitability I would also like to draw attention to a number of important non-financial developments, as you would expect from an investment manager which focuses beyond the short-term financial results. Achieving our vision and business goals requires a culture where Impax colleagues can deliver their best, adapt and learn continuously, and stay ahead in an increasingly competitive arena. To this end, the senior management team has refreshed our objectives in the management of talent and has introduced a structured programme of leadership training.

We have also made good progress in the area of equality, diversity and inclusion, in particular with the formation of a Company-wide group to coordinate our initiatives in this area; Lindsey Brace Martinez regularly attends the meetings of this group as the Board sponsor of this work.

The pandemic has reinforced the imperative of a transition to a more sustainable economy. Society's response has supported our investment approach to addressing climate change and other challenges of sustainable development.

We remain focused on increasing the number of women in our business, especially at senior levels, which over time will continue to reduce the senior management gender pay gap. Please see pages 48 and 49 of the Strategic Report for more details.

We also continue to make strides with our sustainability initiatives, including a new commitment to retain our "net carbon positive" status across our operations and corporate investments, see pages 54 to 56 of the Strategic Report.

These important developments and our strong long-term investment performance have been recognised and applauded by the investment industry again this year. In addition to the numerous awards outlined in the Strategic Report, I congratulate Ian Simm on his recognition from Financial News as "Industry Leader of the Year (male)".

DIVIDEND

Last year 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 2020 of 6.8p, a total for the year of 8.6p, representing 60% of adjusted profit after tax and an increase for the total dividend of 56% on 2019. Further details are provided In the Financial Review on pages 21 to 25 of the Strategic Report.

OUR COMMITMENT TO THE HIGHEST GOVERNANCE STANDARDS

As Chairman, I am responsible for leading the Board in order to ensure that Impax has in place the strategy, people, governance structure and culture to deliver value to shareholders and other stakeholders of the Group, as a whole, over the medium to long-term. The Directors recognise the importance of strong corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). Further details on our adherence to the QCA Code are set out on page 6 of this report. To see how Impax addresses the key governance principles defined in the QCA Code in detail, please refer to the table on our website. We will continue to monitor how the QCA Code is interpreted in practice to ensure we address its important principles. In addition, we demonstrate how we create a better future for all our stakeholders on pages 12 to 17 of the Strategic Report.

We welcome the UK Stewardship Code 2020, driven by the Financial Reporting Council, which was launched at the start of 2020. This statement is a change in emphasis from "stewardship policies", to "stewardship outcomes" and will consider what investment managers are actually achieving through their engagement programmes and voting. For many years our engagement work has been focused on setting clear objectives and measuring outcomes and Impax is acknowledged as a leader in this area. This area of the Company's work continues to expand and is detailed on pages 35 to 39 of the Strategic Report.

BOARD STRUCTURE

The Board benefits from a diverse mix of highly-relevant skills, backgrounds and many years of experience, including global sales, marketing, environmental markets, US institutional investment management, pension fund management and private equity.

The proven resilience of the Company inspires confidence as we head into what most expect to be a volatile environment for some time.

2020 BOARD STRATEGY AND PROGRAMME

The Board held 7 formal meetings during the Period, with significant time devoted to strategic discussion. In addition, the Non-Executive Directors attended an annual strategy day with the senior management team; this year the agenda was principally to review progress against our current business plan, as well as our policies, processes and recent experience of talent development.

Since March, in line with government guidelines, the Company has reduced corporate travel considerably, and all Board meetings have been held by video conference. Although not ideal, there has been no material impact on effective communications or decision making.

SHAREHOLDER COMMUNICATIONS AND OUR AGM

While dialogue with our shareholders has been more difficult this year, we have continued to work closely with our principal broker, Peel Hunt, 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. When we emerge from COVID-19 restrictions we look forward to recommencing in-person investor meetings as soon as possible.

Our next AGM will take place on 18 March 2021, by which time I hope that conditions will have improved sufficiently such that we can welcome shareholders to the meeting 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.

Keith Falconer
2 December 2020

Board of Directors

KEITH FALCONER
Chairman

Joined the Board 2004

Previous roles & experience

Keith joined Martin Currie, the independent Edinburgh-based investment firm in 1979. The first part of his career was spent managing portfolios on behalf of institutional clients. Subsequently, he became the managing director of sales and marketing. Keith retired from Martin Currie in 2003.

External appointments

Director of Baillie Gifford Japan Trust and the Adelphi Distillery.

Qualifications & experience

Qualified as a chartered accountant in 1979.

Portfolio management and institutional sales and marketing.

IAN SIMM
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.

External appointments

Member of the UK government's Energy Innovation Board.

In November 2019 Ian was appointed to the board of the Institutional Investors Group on Climate Change ("IIGCC").

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.

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. Member of the Advisory Board for the Yale Center for Business and the Environment. Member of the Investment Committee for the National Geographic Society. Chair of the Board, Novatus Energy, LLC. Trustee of Pax World Funds Series Trust I and III, Board member of Seven Islands Land Company.

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.

SALLY BRIDGELAND
Non-Executive Director

Joined the Board 2015

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.

External appointments

Non-executive director of Royal London and the Local Pensions Partnership. Honorary Group Captain with 601 Squadron of the Royal Auxiliary Air Force and a trustee of RAF Central Fund. Strategic adviser to Darwin Alternatives. Senior Consultant with Avida International.

Qualifications & experience

Fellow of the Institute of Actuaries.

30 years' experience in the UK pensions and actuarial sector.

Committee membership

■ Remuneration □ Audit & Risk C Chair of Committee

■ □

C □

ARNAUD DE SERVIGNY

Non-Executive Director

Joined the Board 2018

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.

Non-executive directorships of BNP Paribas Asset Management France, Bramham Gardens sarl and Bramham Gardens Investments Limited.

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

Vince served as a director of Montagu Private Equity for over 23 years. He was part of the core team which lead 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.

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.

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

Over 30 years' experience in the private equity industry.

ZACK WILSON

Group General Counsel and Company Secretary

Assumed roles 2011

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 is a Non-Executive director of Impax Funds (Ireland) plc.

Member of the Advisory Board of Prime Advocates Limited.

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

Master of Arts in Jurisprudence from Oxford University.

COMPLIANCE WITH QUOTED COMPANIES ALLIANCE CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance 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 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 has 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. All other members of the Remuneration Committee are considered to be independent in accordance with the recommendations of the QCA Code.

The Company believes that the Remuneration Committee is able to resist inappropriate demands from Executive Directors and senior management which is a key requirement of the QCA Code. Furthermore, the Company believe that Mr de Servigny is independent of the Executive Directors even if he is not deemed to be independent of the significant shareholder, BNP Paribas Asset Management Holding.

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 Chairman, four Non-Executive Directors and the Chief Executive. Details of the current Board members are given on pages 4 and 5 of this report. Throughout the year the position of Chairman and Chief Executive were held by separate individuals. There is a clear division of responsibilities between the Chairman 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 three of the Non-Executive Directors (Vince O'Brien, Sally Bridgeland, Lindsey Brace Martinez) are independent as envisaged by the QCA Code. Arnaud de Servigny is not considered to be independent as he represents a significant shareholder. The Chairman is also not considered to be independent by nature of his significant shareholding and past service to the Group. The Non-Executive Directors and Chairman 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, service on the Audit and 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 and Risk Committee and the Remuneration Committee. The Board may appoint other Committees from time to time to consider specific matters.

The Audit and Risk Committee is responsible for overseeing financial reporting, external audit, risk management, internal audit, whistleblowing effectiveness, fraud prevention or detection and internal controls. Sally Bridgeland chairs this committee. The Committee's report is provided on page 13.

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. Vince O'Brien chairs this committee. The Committee's report is provided on page 15.

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.

Details of the number of meetings of the Board (and any committees) during the year, together with the attendance record of each Director, are shown in the table below.

Meeting Attendance	Board	Audit & Risk Committee	Remuneration Committee
Total Number of meetings	7	4	4
Keith Falconer	7		
Ian Simm	7		
Vince O'Brien	6	4	4
Sally Bridgeland	7	4	4
Lindsey Brace Martinez	7	4	4
Arnaud de Servigny	6	4	4

Appointment of new Directors

There is a rigorous procedure to appoint new Directors to the Board which is led by the Chairman. 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.

Performance evaluation

The Board carries out an evaluation of its performance annually.

Formal evaluations are carried out to assess the performance of the Board and the individual Directors which is led by the Chairman. The Board also completes an evaluation of the Chairman's performance which is led by the Senior Independent Director.

For the process this year the Company updated the evaluation questionnaires to take account of feedback from last year's evaluation. The steps in the process this year followed a similar format as the prior year. Directors completed questionnaires which were followed up with one to one meetings and a summary report of overall findings from the Chairman. The evaluations confirmed a high rating for performance.

Areas of focus for the one to one conversations included:

- in light of continued strong business growth, the need to consider resetting goals for the next three to five years;
- consideration of ways to further develop the Board's discussion of non-financial goals and risks;
- consideration of how the Board can continue to engage with and promote the success of the Company's Real Assets business;
- the challenges faced due to COVID-19 and its impact on preservation of the Company's culture;
- further ways the Directors can share with the Executive their insight and experience in sustainability; and
- succession planning and Board experience given the length of tenure of some Directors and continued expansion of the Company's business in North America.

Progress on last year's recommendations was notable. Director contribution to discussion at Board meetings, including constructive challenge, continued to develop positively. The Board's identification of challenges and opportunities included, inter alia, reflection on governance and culture and discussion with the Executive regarding a wide range of People initiatives including inclusive leadership training, employee wellbeing and further progress regarding diversity and inclusion.

The Board's annual Strategy Day, held virtually for the first time due to COVID-19 restrictions, yielded a particular open and engaging discussion focused on development of investment strategies, resourcing our servicing of clients and business development, culture and people initiatives, deepening our engagement and financial strategy.

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

Board members maintain their skillsets through practise in day-to-day roles, enhanced with attending specific training where required. The training consists of a combination of in-house Company arranged briefings and external training.

The Company Secretary and UK Head of Compliance supports the Chairman in addressing the training and development needs of Directors.

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 third-party indemnity provisions (as defined under relevant legislation) for the benefit of the Company's Directors throughout the period.

INTERNAL CONTROL

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

The Group performs regulated activities in multiple jurisdictions globally, which are supervised by a number of supervisory authorities: the US Securities and Exchange Commission ("SEC"), the Central Bank of Ireland ("CBI"), the UK Financial Conduct Authority ("FCA"), 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 57 to 60 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 given and Directors are available to take questions, both formally during the meeting, and informally after the meeting. The Chief Executive and Senior Independent Director are available for dialogue with major shareholders on the Company's plans and objectives and meet with them at appropriate times.

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. The Company's Culture and Values Committee, which has a rotating membership open to all staff, meets regularly to assess progress and advance new initiatives. Culture and values are also considered as part of staff appraisals.

In 2019 the Group carried out a comprehensive staff engagement survey. The results were very positive and the team are working on those areas that can be improved. A further survey is planned for 2021 to ensure that high levels of staff engagement and motivation are sustained, and to maintain a positive and aspirational working environment which will enable the Company to continue to thrive and expand.

Impax is committed to promoting inclusion and diversity. All staff completed training on unconscious bias and inclusive working during the period.

DIVIDENDS

The Directors propose a final dividend of 6.8 pence per share (2019: 4.0 pence) which together with the interim dividend of 1.8 pence per share (2019: 1.5 pence) gives a total for the year ended 30 September 2020 of 8.6 pence per share (2019: 5.5 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 2021.

The final dividend for the year ended 30 September 2019 was paid on 27 March 2020, being 4.0 pence per share. The trustees of the Impax Employee Benefit Trusts ("EBTs") waived their rights to part of these dividends, leading to a total dividend payment of £5,140,418. The interim dividend of 1.8 pence for the year ended 30 September 2020 was paid on 17 July 2020 and totalled £2,302,028 after the EBT waiver. These payments are reflected in the statements of changes in equity.

SHARES

The Impax Asset Management Group plc Employee Benefit Trust 2012 and the Impax Group plc Employee Benefit Trust 2004 (together the "EBTs") made market purchases of 1,266,608 of the Company's shares during the year, satisfied option exercises in respect of 2,625,500 shares and allocated 52,250 shares it holds to cover Restricted shares. The Directors continue to plan that future options exercises or Restricted shares awards will primarily be satisfied by the EBTs.

DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors of the Company during the year and at the date of this report are set out below. The Directors' interests and those of their connected persons in the Ordinary Shares of the Company, all of which are beneficial, at 30 September 2020 and 30 September 2019 were:

	30 September 2020	30 September 2019
Keith Falconer[1]	6,637,775	6,637,775
Ian Simm[1]	9,575,880	9,575,880
Vince O'Brien	110,000	110,000
Sally Bridgeland	-	-
Lindsey Brace Martinez	-	-
Arnaud de Servigny	-	-

[1] Includes vested shares within sub-funds of the Impax Group plc Employee Benefit Trust 2004 from which the individual and their families may benefit and Restricted shares held in the Impax Asset Management Group plc Employee Benefit Trust 2012

There have been no changes to the above holdings since 30 September 2020.

DIRECTORS OPTION HOLDINGS AND OTHER SHARE BASED AWARDS

Ian Simm has been granted options over the Company's Ordinary Shares which have not yet been exercised as shown in the table below.

Year granted	Options held	Exercise price	Earliest to exercise date	Latest to exercise date
2014	100,000	56.9p	01/01/18	31/12/20

In addition, Ian Simm was granted 60,000 Restricted Share Awards in December 2017 which vest in three equal tranches between December 2020 and 2022 and a further 30,000 in December 2018 which vest in three equal tranches between January 2022 and January 2025.

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.

SUBSTANTIAL SHARE INTERESTS

The following interests in 3% or more of the issued Ordinary Share capital have been notified to the Company as at the date of this report:

	Number	Percentage
BNP Paribas Asset Management Holding	18,258,112	14.0
Liontrust Investment Partners LLP	10,592,340	8.1
Ian R Simm[1]	9,575,880	7.3
Blackrock Investment Management	8,939,614	6.9
Standard Life Aberdeen	8,350,030	6.4
J Keith R Falconer[1]	6,637,775	5.1
Canaccord Genuity Group Inc	6,484,260	5.0
Janus Henderson Investors	6,007,079	4.6
Hargreaves Lansdown Asset Management	5,943,819	4.6
Rathbone Investment Managers	5,915,797	4.5
Impax Asset Management Group plc Employee Benefit Trust 2012	5,186,867	4.0
Bruce Jenkyn-Jones[1]	4,406,864	3.4

[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 57 to 60 of the Group's Strategic Report.

PEOPLE

Through our 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 2020 were 18 days (2019: 24).

CHARITABLE DONATIONS

During the year the Group has made donations to charities totalling £184,511, (2019 £155,933).

ENERGY CONSUMPTION

Details of the Group's energy consumption and measures taken to achieve energy efficiencies are provided on pages 54 to 56 of the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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

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

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

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

AUDITORS

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he or she ought to have taken as Director in order to make themself 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
2 December 2020

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

Audit and Risk Committee Report

For the year ended 30 September 2020

"The Committee provides independent scrutiny, monitoring and review of the Company's financial reporting, internal controls and risk management systems."

Sally Bridgeland
Chairman of the Audit and Risk Committee

COMMITTEE MEMBERS

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

Sally Bridgeland (Chairman)
Vince O'Brien
Lindsey Brace Martinez
Arnaud de Servigny.

MEETINGS

During the year the Committee met four times. Details of attendance at the meeting are shown on page 7.

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 auditors by acting as primary contact with the external auditors, meeting the external auditors without the presence of management where considered necessary and receiving all reports directly from the external auditors.

Risk Management

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

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

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. This included considering the Group's adoption of the new accounting standard IFRS 16 - Leases.

The key accounting estimates and judgements considered by the Committee during the period were in relation to the impairment of intangible assets. The Company was required to consider if intangible assets acquired as part of the acquisition of Impax NH were impaired. The Committee considered reports from the Finance function which described the assumptions used in determining whether impairment was required and was satisfied that no impairment was required.

The Committee also considered a report from management on going concern and concluded it was appropriate to prepare the accounts on a going concern basis.

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.

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 third 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 £76,000. Non-audit work included tax compliance fees, interim review work and regulatory assurance work. Non-audit fees as a percentage of audit fees paid were 38%. In the opinion of the Committee, 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 auditor's 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 57 to 60 of the Strategic Report. The committee has received and considered reports from the Chief Risk Officer at each of its Meetings and reviewed the Group's risk assessment. The Committee has monitored the firm's response to the COVID-19 pandemic.

The Committee has also reviewed and approved the Group's ICAAP.

Internal Audit

The Group uses Grant Thornton to provide internal audit services. They work with management to prepare a plan of which areas to audit which is approved by the Committee. They then complete those audits and report their findings to the Committee. The Committee has review the findings of four internal audit reports that were completed during the year and has monitored completion of actions arising from previous audit reports.

Whistleblowing & Fraud Detection

The Group uses an online system called Ethics Point, to facilitate the anonymous reporting of concerns or more serious allegations, such as financial crime, to relevant senior managers for independent review and investigation.

Sally Bridgeland

Chairman of the Audit and Risk Committee

2 December 2020

Remuneration Committee Report

For the year ended 30 September 2020

"Remuneration policies and practices continue to support the strategy of the Group"

Vince O'Brien
Chairman of the Remuneration Committee

COMMITTEE MEMBERS

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

Vince O'Brien (Chairman)
Sally Bridgeland
Lindsey Brace Martinez
Arnaud de Servigny.

MEETINGS

During the year the Committee met four times. Details of attendance at the meeting are shown on page 7.

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; and
- ensure that the Company's policies and practices are compliant with the FCA Remuneration Code and associated remuneration-related Regulations.

Policy on Director 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 recognise 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 2020 there are potentially four 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. For Impax LN variable remuneration will typically be capped at 45% of relevant operating earnings before variable remuneration, interest and taxes. Impax NH employees receive a cash bonus or commissions.

(A) Cash bonus

For Impax LN the cash bonus is determined based on the profitability of the relevant area where the employee works and on the individual's personal performance. For Impax NH the cash bonus is based solely on the individual's performance.

(B) Share-based awards

The Group has approved the award of 331,500 restricted shares to Impax LN employees under the Group Restricted Share Scheme ("RSS") and 610,000 options under the Group's Employee Share Ownership Plan ("ESOP") 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 2020.

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 ESOP have a 300p 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 Impax LN employees continue to benefit from share-based payment awards made under the previous share-based incentive plans (the ESOP 2014-19 and RSS 2015-2019) as more fully described in note 9 to the financial statements. Certain of the senior managers hold shares in Impax NH. These shares were originally acquired using loans from the Company which in part remain outstanding and the shares remain subject to employment restrictions.

In addition, the Chief Executive and certain senior employees have been awarded interests in the partnerships, Impax Carried Interest Partner LP, Impax Carried Interest Partner II LP and INEI III CIP LP. These partnerships will receive payments from the Group's private equity funds depending on the fund's performance. No such payments were made during the year. The amounts will be accounted for at the point they become payable.

(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 £	2020 Total £	2019 Total £
Keith Falconer	70,000	-	-	**70,000**	70,000
Ian Simm	267,575	7,986	1,130,000	**1,405,561**	1,090,827
Arnaud de Sevigny	52,500	-	-	**52,500**	30,000
Vince O'Brien	62,500	-	-	**62,500**	40,000
Sally Bridgeland	62,500	-	-	**62,500**	40,000
Lindsey Brace Martinez	53,964	-	-	**53,964**	39,164
	569,039	7,986	1,130,000	**1,707,025**	1,309,991

Lindsey Brace Martinez is also a Director of Board of Pax World Funds acting as the Group's representative on this Board. The company paid her £54,183 for this service (2019: £50,707).

Ian Simm exercised options over a total of 100,000 shares during the Period generating a profit of £277,548.

SERVICE CONTRACTS

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

POLICY ON NON-EXECUTIVE DIRECTORS' REMUNERATION

The Chairman 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 Chairman are reimbursed for their travelling and other minor expenses incurred.

Vince O'Brien
Chairman, Remuneration Committee
2 December 2020

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 2020 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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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	£932k(2019: £762k) 5.6% (2019: 5%) of normalised profit before tax	
Coverage	99% (2019: 100%) of group profit before tax	
Key audit matters		**vs 2019**
Recurring Group risk	Impairment of intangible asset	◀▶
Recurring Parent Company risk	Recoverability of Parent Company's investment in subsidiaries	◀▶

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:

	The risk	Our response
Impairment of intangible asset (2020: 20.8million, 2019: £24.4 million) Refer to page 59, (accounting policy) and page 27 (financial disclosures).	**Forecast-based valuation** The Group's acquisition of Impax Asset management LLC in 2018 resulted in the recognition of an intangible asset relating to investment management contracts acquired. There is a risk of impairment to the carrying value of this intangible asset. The valuation of an intangible asset's recoverable amount is subjective and requires the use of assumptions relating to future cash flows and the use of a valuation model. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. As part of our risk assessment, we determined that the recoverable amount of these assets has a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statement note 3 discloses the sensitivity estimated by the Group.	Our procedures included: • **Assessing the methodology:** We assessed the principles and integrity of the value-in- use discounted cash flow; • **Benchmarking assumptions:** Where indicators of impairment were identified we challenged the key assumptions made by management in calculating the recoverable amounts of the intangible asset. In particular, these included forecast net flows and operating margin. Our challenge was based on historical experience, sector experience and market comparable data obtained publicly or through management's and KPMG's internally derived data; • **Sensitivity analysis:** We considered the sensitivity of reasonable changes in key assumptions to evaluate the impact of the carrying value on the intangible asset; • **Assessing transparency:** We assessed whether the Group's disclosures about the sensitivity of the outcome or the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the recoverable amount.
Recoverability of Parent Company's investment in subsidiaries (£36 million; 2019: £34.6 million) Refer to page 64 (accounting policy and financial disclosures).	**Low risk, high value** The carrying amount of the Parent Company's investment in subsidiaries represents 45% (2019:51%) of the Company's 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 this is considered to be the areas that had the greatest effect on our overall Parent Company audit.	• **Test of detail:** We compared the carrying amount of 100% of the investment balances to net assets in the respective subsidiary to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and inspected that the subsidiaries had historically been profit making.

We continue to perform procedures over the impairment of goodwill. However, given the headroom in the value in use of the cash generating unit over the carrying value of goodwill, 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 goodwill as part of our audit procedures.

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 £932k, determined with reference to a benchmark of group profit before tax of which it represents 5.6% (2019: 5% of profit before tax normalised to exclude the release of contingent consideration as disclosed in note 27).

Materiality for the Parent Company financial statements as a whole was set at £559k (2019: £732k, determined with reference to a benchmark of Company total assets, of which it represents 0.8% (2019: 1%).

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £47k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 19 components, we subjected four to full scope audits for Group purposes.

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

The remaining 1% of group profit before tax, 2% of total Group assets and 3% of total group revenue is represented by 15 components, none of which individually represented more than 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 materialities, ranged from £466k to £652k, having regard to the mix of size and risk profile of the Group across the components.

In the prior year, the Group team performed the audit of the Group as if it were a single aggregated set of financial information. The audit was performed using the materiality levels set out in the comparatives above. The audit of the Company was also performed by the Group team.

Profit before tax
£16.7m (2019: £18.9m)

Group Materiality
£932k (2019: £762k)

Group revenue

Group profit before tax

Group total assets

4 WE HAVE NOTHING TO REPORT ON GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The impact of changes in flows of assets under management;
- The impact of market movements in assets under management.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 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.

6 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.

7 RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 12, 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.

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.

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

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

JATIN PATEL

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London

2 December 2020

Consolidated Income Statement

For the year ended 30 September 2020

	Note	2020 £000	2019 £000
Revenue	6	**87,511**	73,695
Operating costs	7	**(69,928)**	(54,883)
Finance income	10	**1,020**	1,055
Finance expense	11	**(1,921)**	(1,125)
Non-controlling interest		**-**	156
Profit before taxation		**16,682**	18,898
Taxation	12	**(2,944)**	(3,028)
Profit after taxation		**13,738**	15,870
Earnings per share			
Basic	13	**10.6p**	12.2p
Diluted	13	**10.5p**	12.1p
Dividends per share			
Interim dividend paid and final dividend declared for the year	14	**8.6p**	5.5p

Adjusted results are provided in note 4.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2020

	Note	2020 £000	2019 £000
Profit for the year		**13,738**	15,870
Change in value of cash flow hedges		**(70)**	(12)
Tax on change in value of cash flow hedges		**13**	2
Exchange differences on translation of foreign operations		**(487)**	922
Total other comprehensive income		**(544)**	912
Total comprehensive income for the year attributable to equity holders of the Parent		**13,194**	16,782

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 27 to 59 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2020 Company No: 03262305

		2020		2019	
	Note	£000	£000	£000	£000
Assets					
Goodwill	15	**12,306**		12,804	
Intangible assets	16	**20,871**		24,518	
Property, plant and equipment	17	**10,857**		1,779	
Deferred tax assets	12	**5,492**		3,757	
Total non-current assets			**49,526**		42,858
Trade and other receivables	18	**20,735**		16,740	
Investments	19	**4,387**		4,626	
Current tax asset		**224**		239	
Cash invested in money market funds and long-term deposit accounts	21	**18,516**		15,235	
Cash and cash equivalents	21	**20,245**		11,939	
Total current assets			**64,107**		48,779
Total assets			**113,633**		91,637
Equity and liabilities					
Ordinary shares	24	**1,304**		1,304	
Share premium		**9,291**		9,291	
Exchange translation reserve		**1,449**		1,936	
Hedging reserve		**(111)**		(54)	
Retained earnings		**59,515**		50,751	
Total equity			**71,448**		63,228
Trade and other payables	22	**27,984**		23,581	
Lease liabilities	17	**1,410**		-	
Current tax liability		**190**		124	
Total current liabilities			**29,584**		23,705
Trade and other payables		**-**		704	
Lease liabilities	17	**9,261**		-	
Deferred tax liability	12	**3,340**		4,000	
Total non-current liabilities			**12,601**		4,704
Total equity and liabilities			**113,633**		91,637

Authorised for issue and approved by the Board on 2 December 2020. The notes on pages 27 to 59 form part of these financial statements.

Ian R Simm
Chief Executive

Consolidated Statement of Changes in Equity

For the year ended 30 September 2020

	Note	Share capital £000	Share premium £000	Exchange translation reserve £000	Hedging reserve £000	Retained earnings £000	Total Equity £000
1 October 2018		1,304	9,291	1,014	(44)	41,054	52,619
Transactions with owners of the Company:							
Dividends paid	14	-	-	-	-	(5,792)	(5,792)
Acquisition of own shares		-	-	-	-	(2,505)	(2,505)
Cash received on option exercises		-	-	-	-	111	111
Tax credit on long-term incentive schemes		-	-	-	-	251	251
Share-based payment charges	9	-	-	-	-	1,160	1,160
Fair value of put option over non-controlling interest		-	-	-	-	(328)	(328)
Acquisition of NCI without a change in control	26	-	-	-	-	930	930
Total transactions with owners of the Company		-	-	-	-	(6,173)	(6,173)
Profit for the year		-	-	-	-	15,870	15,870
Other comprehensive income:							
Change in value of cashflow hedges		-	-	-	(12)		(12)
Tax on change in value of cashflow hedges		-	-	-	2	-	2
Exchange differences on translation of foreign operations		-	-	922	-	-	922
Total other comprehensive Income		-	-	922	(10)		912
30 September 2019		**1,304**	**9,291**	**1,936**	**(54)**	**50,751**	**63,228**
Impact of adoption of IFRS 16		**-**	**-**	**-**	**-**	**(247)**	**(247)**
Adjusted balance at 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**

The notes on pages 27 to 59 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 September 2020

	Note	2020 £000	2019 £000
Operating activities			
Cash generated from operations	28	**24,382**	20,848
Corporation tax paid		**(607)**	(580)
Net cash generated from operating activities		**23,775**	20,268
Investing activities			
Deconsolidation of investment fund		**-**	(67)
Net acquisitions of property plant and equipment and intangible assets		**(182)**	(402)
Net redemptions/investments from/into unconsolidated Impax funds		**1,191**	(485)
Settlement of investment related hedges		**(156)**	258
Investment income received		**222**	236
Increase in cash held in money market funds and long-term deposit accounts		**(3,281)**	(4,024)
Net cash used by investing activities		**(2,206)**	(4,484)
Financing activities			
Acquisition of non-controlling interest		**(201)**	(201)
Repayment of bank borrowings		**-**	(10,371)
Interest paid on bank borrowings		**(136)**	(670)
Payment of lease liabilities		**(1,699)**	-
Acquisition of own shares		**(4,223)**	(2,505)
Cash received on exercise of Impax staff share options		**489**	111
Dividends paid		**(7,442)**	(5,792)
Net cash used by financing activities		**(13,212)**	(19,428)
Net increase/(decrease) in cash and cash equivalents		**8,357**	(3,644)
Cash and cash equivalents at beginning of year		**11,939**	15,529
Effect of foreign exchange rate changes		**(51)**	54
Cash and cash equivalents at end of year	21	**20,245**	11,939

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	11,939	8,357	(51)	20,245
Cash invested in money market funds and long-term deposit accounts	15,235	3,281	-	18,516
Cash in RPAs	(968)	(395)	-	(1,363)
Total Group cash reserves	**26,206**	**11,243**	**(51)**	**37,398**

Notes to the Financial Statements

For the year ended 30 September 2020

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 60 to 70.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted for use by the European Union.

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 Group has applied IFRS 16: Leases for the first time in these Financial Statements, see note 31 for details.

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 a 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 significant key source of estimation uncertainty were estimates made in determining if intangibles assets, acquired on acquisition of NH were impaired. The intangible assets acquired represent investment management contracts. These are amortised over an 11 year life which is considered reasonable given the nature of the investors into these Funds. If there are any indications of impairment they are tested for impairment at each reporting date. The fair value at the date of acquisition was calculated using the discounted cash flow methodology and represented the valuation of the profits expected to be earned from the management contracts in place at the date of acquisition. The impairment test completed this year showed no impairment was required and used the following key assumptions - future subscription of new assets of US$0.34bn per annum on average (2019: US$0.34bn), future equity fund performance of 5% (2019: 5%), an average operating margin of 20% (2019: 23%) and a discounted cost of capital of 13.5% (2019: 13.5%).

Changes in the assumptions would give rise to impairments as follows: a consistent 10% decrease in inflows - no impairment; a 100 basis point annual reduction in performance each year - impairment of £0.4 million; a 1% annual reduction in operating margin - no impairment.

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 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 mitigated by £4,636,000 of tax credits shown in the statement of changes in equity

	Year ended 30 September 2019			
		Adjustments		
	Reported -IFRS £000	Business combination effects £000	Other £000	Adjusted £000
Revenue	73,695			73,695
Operating costs	(54,883)			(55,717)
Amortisation of intangibles arising on acquisition		2,528		
Credit from contingent consideration adjustment		(3,543)		
Acquisition equity incentive scheme charges		(21)		
Mark to market charge on equity awards			202	
Operating profit	18,812	(1,036)	202	17,978
Finance income	1,055		(154)	901
Finance expense	(1,125)	209		(916)
Non controlling interest	156			156
Change in third-party interest in consolidated funds	-			-
Profit before taxation	18,898	(827)	48	18,119
Taxation	(3,028)			(3,037)
Tax credit on adjustments			(9)	
Profit after taxation	15,870	(827)	39	15,082
Diluted earnings per share	12.1p	(0.6p)	0.0p	11.5p

The adjusted diluted earnings per share is calculated using the adjusted profit after taxation shown above less the IFRS adjustment for profit attributable to owners of restricted shares of £503,000 (2019: £867,000) (see note 13). The diluted number of shares is the same as used for the IFRS calculation of earnings per share (see note 13).

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.

An additional retention payment is made to holders of legacy Long-Term Incentive Plan ("LTIP") awards when they are exercised, all of which are fully vested at the balance sheet date. The payment will be equal to the corporation tax benefit the Group receives on the exercise of the options minus the amount of NIC payable on exercise. For unexercised options this charge is accrued based on the share price at the balance sheet date.

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.

Contingent consideration

We are required to review and adjust our estimate of the contingent consideration payable in respect of the Impax NH acquisition (see note 27). Any adjustment is recorded through income but is excluded from adjusted profit. This in not linked to the operating performance of the Impax NH business and is therefore eliminated from operating costs.

Amortisation of intangibles

Intangible management contracts were acquired as part of the acquisition of Impax NH acquisition and are amortised over their 11 year life. This is not linked to the operating performance of the Impax NH business and is therefore eliminated from operating costs.

Finance income/expense

The adjustments/expense represent the removal of charges in respect of unwinding the discount of the contingent consideration payable (see above) and of legacy royalty income.

5 SEGMENTAL REPORTING

(a) Operating segments

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 Asset Management Ltd and Impax Asset Management (AIFM) Ltd manage or advise listed equity funds and accounts, and the Real Assets division. The majority of this business is based in London so we refer to it as "Impax LN". Impax LN itself has two operating segments: "Listed Equity" and "Private Equity". The results of these segments have been aggregated into a single reportable segment for the purposes of these financial statements because they have characteristics so similar that they can be expected to have essentially the same future prospects. These segments have common investors, operate under the same regulatory regimes and their distribution channels are substantially the same. Additionally management allocates the resources of Impax LN as though there is one operating unit.

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

5 SEGMENTAL REPORTING CONTINUED

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**

Year ended 30 September 2019

	Impax LN £000	Impax NH £000	Adjustments £000	Total £000
Revenue				
External customers	50,030	23,665	-	73,695
Inter-segment	2,349	-	(2,349)	-
Total revenue	52,379	23,665	(2,349)	73,695
Segment profit - adjusted operating profit	16,630	1,348	-	17,978

(b) Geographical analysis

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

	Revenue	
	2020 £000	2019 £000
UK	**15,104**	13,221
North America	**34,705**	30,007
France	**9,478**	8,523
Luxembourg	**19,066**	14,580
Netherlands	**2,912**	3,087
Ireland	**3,553**	2,478
Other	**2,693**	1,799
	87,511	73,695

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

	Non-current assets	
	2020 £000	2019 £000
UK	**7,882**	3,368
United States	**36,131**	35,705
Hong Kong	**21**	28
	44,034	39,101

(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

Year ended 30 September 2019

	Impax LN £000	Impax NH £000	Total £000
Share based payments	1,222	(62)	1,160
Depreciation and amortisation	371	2,581	2,952
	1,593	2,519	4,112

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 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 single 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 £84,163,120 (2019: £73,120,049) 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 of office building lease right of use assets, rates and service charge), amortisation of intangible assets, mark to market charges on share awards and acquisition costs.

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

	2020 £000	2019 £000
Staff costs (note 8)	**44,728**	36,657
Direct fund expenses	**5,570**	5,488
Premises costs	**1,062**	2,496
Research costs	**570**	322
Professional fees	**2,555**	2,596
IT and communications	**4,017**	3,458
Depreciation and amortisation	**4,260**	2,952
Mark to market charges on share awards	**3,243**	202
Other costs	**3,923**	4,255
Sub-total	**69,928**	58,426
Contingent Consideration	**-**	(3,543)
Total	**69,928**	54,883

Operating costs include £774,000 (2019: £791,000) in respect of placing agent fees paid to related parties.

Other costs includes £275,000 (2019: £284,000) paid to the Group's auditors which is analysed below:

	2020 £000	2019 £000
Audit of the Group's Parent Company and consolidated financial statements	**130**	69
Audit of subsidiary undertakings	**69**	128
Tax compliance	**28**	23
Other non-audit services	**48**	64
	275	284

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, including how the total variable bonus pool is determined, are provided in the Remuneration 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.

	2020 £000	2019 £000
Salaries and variable bonuses	**34,081**	29,290
Social security costs	**3,702**	1,661
Pensions	**948**	834
Share-based payment charge (see note 9)	**1,813**	1,160
Other staff costs	**4,184**	3,712
	44,728	36,657

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 £64,000 (2019: £48,000) 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 Report under the "Directors' Remuneration During The Year" heading on page 16 and in the Director's Report under the "Directors option holdings and other share based payment awards" heading on page 10.

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 during the year was £9,112,098 with £704,580 of share-based payments (2019: £6,692,904 plus £577,724 of share-based payments).

Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 171 (2019: 151).

	2020 No.	2019 No.
Listed Equity	**57**	55
Private Equity	**12**	11
Client Service and Business Development	**53**	43
Group	**49**	42
	171	151

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 £1,813,000 (2019: £1,160,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS"), the Group's Employee Share Option Plan ("ESOP") and the Group's Restricted Share Units scheme ("RSU") 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:

	2020 £000	2019 £000
RSS	**1,253**	1,099
ESOP	**426**	123
RSU	**-**	(41)
Put and call arrangement	**134**	(21)
	1,813	1,160

Restricted Share Scheme

Restricted shares have been granted to employees in prior years under the 2014, 2015, 2017, 2018 and 2019 plans which are not wholly vested. Post year end the Board approved the grant of a further 331,500 restricted shares under the 2020 plan. Details of the awards granted along with their valuation and the inputs used in the valuation are described in the table below. The valuations were determined using the Black-Scholes-Merton model with an adjustment to reflect dividends received by employees during the vesting period. 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.

	2014 RSS	2015 RSS	2017 RSS	2018 RSS	2019 RSS	2020 RSS
Awards originally granted	1,250,000	3,140,000/ 1,000,000	2,550,000/ 500,000/ 675,000	478,250	67,250	331,500
In respect of services provided for period from	1 Oct 2013	1 Oct 2014/ 9 Feb 2016	14 Dec 2016/ 11 May 2017/ 1 Oct 2016	1 Oct 2017	1 Oct 2018	1 Oct 2019
Option award value	49.9p	42.1p/ 41.5p	52.2p/87.7p/ 161.6p	201.3p	236.8p	506.2p
Weighted average share price on grant	52.5p	41.4p	77.4p	202.8p	239.0p	510.0p
Expected volatility	32%	32%/31%	29%/29%/29%	30%	31%	32%
Weighted average option life on grant	5.3yrs	4.9yrs	4.3yrs	5.3yrs	5.3yrs	5.3yrs
Expected dividend rate	3%	3%	4%/2%/2%	1%	2%	1%
Risk free interest rate	1.2%	1.2%/0.8%	0.6%/0.6%/0.7%	1.2%	0.3%	0.0%

The expected volatility was determined by reviewing the historical volatility of the Company and that of comparator companies. The expected dividend rate is determined using the Company share price and most recent full year dividend to grant date.

Restricted shares outstanding	
Outstanding at 1 October 2019	7,185,479
Granted during the year	67,250
Vested during the year	(2,480,007)
Forfeited during the year	(25,000)
Outstanding at 30 September 2020	4,747,722

Employee share option plan

Options granted between 2014 and 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 (ESOP 2014: 30 days) following the announcement of the results for each of the respective preceding financial years. The 2014 - 2015 ESOP options have vested. The 2017 options do not have performance conditions but do have a time vesting condition such that they vest subject to continued employment on 31 December 2020.

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

Options granted in 2018 and 2019

The strike price of these options was set at £1. The options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment five years following grant. Vested shares are restricted from being sold until after a further five year period (other than to settle any resulting tax liability).

Post year end the Board approved the grant of 610,000 options under the 2020 plan. The options have a strike price of £3 but otherwise have the same conditions as the other options.

The valuation was determined using the binomial model.

Share options are equity settled.

Options outstanding

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

	Number	Weighted average exercise price p
Options outstanding at 1 October 2019	4,525,500	74.4
Options granted	650,000	100.0
Forfeited during the year	(100,000)	100.0
Options exercised	(2,625,500)	18.0
Options outstanding at 30 September 2020	2,450,000	140.7
Options exercisable at 30 September 2020	100,000	53.6

Exercise prices for the options outstanding at the end of the period were 56.9p for the ESOP 2014, 180.2p for the ESOP 2017 and 100.0p for the ESOP 2018 and 2019. The weighted average remaining contractual life was 5.5 years.

The Group continues to plan that future options exercises will primarily be satisfied by the Group's Employee Benefit Trusts (the "EBT"). The Group funds the EBT to acquire shares or issues shares to the EBT to cover the grant of RSS awards and option exercises. See note 25 for breakdown of own shares held.

9 SHARE-BASED PAYMENT CHARGES CONTINUED

Restricted stock units

The Group awarded Restricted Stock Units ("RSUs") to Impax NH staff and management on 18 January 2018. The RSUs entitle holders to receive Impax shares with a total value equal to 10% of the Contingent Consideration paid for the Impax NH acquisition. The number of shares that each individual will receive under the RSUs is determined on 15 January 2021 after the amount of Contingent Consideration payable is finalised using the average Impax share price for the 20 consecutive trading days ending 15 January 2021. There is a further two-year restriction on the holders' ability to sell the shares. The shares are forfeited if the individual leaves at any time before the restricted period ends.

The charge to the income statement for these awards is determined each year by estimating the total value of shares that will be awarded (using the estimate of Contingent consideration) and spreading this over the five year period until the restrictions cease. The estimates are updated each year and the charge adjusted accordingly.

Based on the current estimate of Contingent Consideration no shares will be issued.

Impax NH put and call arrangement

The Group has a put and call arrangement which will require it to purchase shares held in Impax NH by its management. The shares held by Impax NH management were originally acquired as part of a share based payment arrangement and are subject to certain restrictions. The original share based payment agreement and the put and call arrangement together represent a new share based payment. The charge is spread over a three year period from the date of acquisition.

10 FINANCE INCOME

	2020 £000	2019 £000
Fair value gains	**798**	103
Interest income	**98**	82
Other investment income	**124**	154
Foreign exchange gains	**-**	716
	1,020	1,055

Fair value gains represent those arising on the revaluation of listed and unlisted investments held by the Group and any gains or losses arising on related hedge instruments held by the Group.

The fair value gain comprises realised losses of £53,000 and unrealised gains of £851,000 (2019: £149,000 of realised losses and £252,000 of unrealised gains).

11 FINANCE EXPENSE

	2020 £000	2019 £000
Interest on lease liabilities	**514**	-
Finance costs on bank loans	**295**	912
Unwinding of discount on contingent consideration	**-**	213
Foreign exchange losses	**1,112**	-
	1,921	1,125

Finance costs on bank loans for 2020 mainly represent commitment fees payable on the Group's revolving credit facility (see note 23).

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 and Hong Kong) 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

	2020 £000	2019 £000
Current tax expense:		
UK corporation tax	**124**	831
Foreign taxes	**219**	227
Adjustment in respect of prior years	**342**	185
Total current tax	**685**	1,243
Deferred tax expense/(credit):		
Charge for the year	**3,388**	2,165
Adjustment in respect of prior years	**(1,129)**	(380)
Total deferred tax	**2,259**	1,785
Total income tax expense	**2,944**	3,028

Tax credits are also recorded in equity in respect of tax deduction on share awards arising due to share prices increases of £4,636,000 (2019: £251,000) and tax credits on cash flow hedges of £13,000. This includes 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. The adjustment in respect of prior years in 2020 mainly reflects reductions in the tax expected to be payable on private equity income, recorded in prior years, as result of transactions which took place in the year.

(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 (2019: lower). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	**16,682**	18,898
Tax charge at 19% (2019: 19%)	**3,170**	3,591
Effects of:		
Non-taxable income - contingent consideration adjustment	**-**	(863)
Non-deductible expense and charges	**13**	20
Adjustment in respect of historical tax charges	**(787)**	(195)
Effect of higher tax rates in foreign jurisdictions	**85**	95
Tax losses not recognised	**463**	380
Total income tax expense	**2,944**	3,028

The Group has tax losses of £4,467,000 available for offset against future taxable profits in the USA which have not been recognised as deferred tax assets on the basis that, based on current profitability of the USA business we will not be able to utilise them in the next two years.

12 TAXATION CONTINUED

(c) Deferred tax

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

	Share-based payment scheme £000	Other assets £000	Total assets £000	Income not yet taxable £000	Other liabilities £000	Total liabilities £000
As at 1 October 2018	3,613	837	4,450	(2,851)	(313)	(3,164)
Credit to equity	251	2	253	-	-	-
Exchange differences on consolidation	-	2	2	1	-	1
Credit/(charge) to the income statement	(345)	(603)	(948)	(983)	146	(837)
As at 30 September 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	5,492	(3,130)	(210)	(3,340)

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.

The number of shares to be issued under the Restricted Share Units is based on the Impax NH assets under management at the vesting date. Assets under management are currently below the threshold for shares to be issued so the RSUs are currently not dilutive. The put and call arrangement to acquire Impax NH management shares is also currently not dilutive.

	Earnings for the year £000	Shares 000s	Earnings per share
2020			
Basic	13,235	124,572	10.6p
Diluted	13,235	125,825	10.5p
2019			
Basic	15,003	122,887	12.2p
Diluted	15,003	124,056	12.1p

Earnings are reduced by £503,000 for the year ended 30 September 2020 (2019: £867,000) to reflect holders of restricted shares receiving dividends during the vesting period, see note 9.

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

	2020 000's	2019 000's
Weighted average issued share capital	**130,415**	130,415
Less own shares held not allocated to vested LTIP options	**(5,843)**	(7,528)
Weighted average number of Ordinary Shares used in the calculation of basic EPS	**124,572**	122,887
Additional dilutive shares regarding share schemes	**2,451**	2,800
Adjustment to reflect option exercise proceeds and future service from employees receiving share awards	**(1,198)**	(1,631)
Weighted average number of Ordinary Shares used in the calculation of diluted EPS	**125,825**	124,056

The basic and diluted number of shares includes vested LTIP option shares on the basis that these have an inconsequential exercise price (1p or 0p).

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.

Dividends declared/proposed in respect of the year

	2020 pence	2019 pence
Interim dividend declared per share	**1.8**	1.5
Final dividend proposed per share	**6.8**	4.0
Total	**8.6**	5.5

The proposed final dividend of 6.8p will be submitted for formal approval at the Annual General Meeting to be held on 18 March 2021. 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 £8,838,000.

Dividends paid in the year

	2020 £000	2019 £000
Prior year final dividend - 4.0p, 3.0p	**5,140**	3,864
Interim dividend - 1.8p, 1.5p	**2,302**	1,928
	7,442	5,792

15 GOODWILL

See accounting policy at note 32 (L)

The goodwill balance within the Group at 30 September 2020 arose from the acquisition of Impax Capital Limited on 18 June 2001 (Listed Equity and Private Equity operating segment) and the acquisition of Impax NH in January 2018.

	Goodwill £000
Cost	
At 1 October 2018	12,171
Foreign exchange	633
At 30 September 2019	12,804
Foreign exchange	(498)
At 30 September 2020	12,306

Impax NH consists of only one cash-generating unit ("CGU"). Goodwill is allocated between CGUs at 30 September 2020 as follows – £10,677,000 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 2021, which was approved by the Directors in October 2020.

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 asset 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 and a discount rate of 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.

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

16 INTANGIBLE ASSETS

See accounting policy at note 32 (M)

Intangible assets mainly represents the value of the management contracts acquired as part of the acquisition of Impax NH.

	Management contracts £000	Software £000	Total £000
Cost			
As at 1 October 2018	27,381	418	27,799
Additions	–	97	97
Foreign exchange	1,635	–	1,635
As at 30 September 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**
Accumulated amortisation			
As at 1 October 2018	1,890	344	2,234
Charge for the year	2,528	48	2,576
Foreign exchange	203	–	203
As at 30 September 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**
Net book value			
As at 30 September 2020	**20,800**	**71**	**20,871**
As at 30 September 2019	24,395	123	24,518
As at 30 September 2018	25,491	74	25,565

17 PROPERTY, PLANT AND EQUIPMENT

See accounting policy at note 32 (N)

	Right of use assets £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 October 2018	-	2,059	1,387	3,446
Additions	-	11	294	305
Foreign exchange	-	1	20	21
As at 30 September 2019	-	2,071	1,701	3,772
Impact of adoption of IFRS 16	10,693	-	-	10,693
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**
Accumulated depreciation				
As at 1 October 2018	-	827	783	1,610
Charge for the year	-	143	231	374
Foreign exchange	-	-	9	9
As at 30 September 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**
Net book value				
As at 30 September 2020	**9,315**	**975**	**567**	**10,857**
As at 1 October 2019	10,693	1,101	678	12,472
As at 30 September 2018	-	1,232	604	1,836

Lease arrangements

As described in note 2 and note 31 the Group has adopted IFRS 16 for the first time in these financial statements. Property, plant and equipment therefore 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 2019	10,693	11,991
New leases	87	87
Lease payments	-	(1,700)
Interest expense	-	514
Depreciation charge	(1,249)	-
Foreign exchange movement	(216)	(221)
At 30 September 2020	**9,315**	**10,671**
	Current	1,410
	Non current	9,261
		10,671

All contracts existing at the date of the initial application of IFRS 16 have been captured and recognised under IFRS 16.

The contractual maturities on the undiscounted minimum lease payments under lease liabilities are provided below along with a reconciliation to the lease liability recognised at 1 October 2019:

	2020 £000	2019 £000
Within one year	**1,702**	1,710
Between 1 and 5 years	**6,461**	6,568
Later than 5 years	**4,862**	6,655
Total undiscounted lease liabilities	**13,025**	14,933
Impact of discounting		(2,936)
Recognition exemption for short term leases		(6)
Lease liability recognised at 1 October 2019		11,991

The Company's London office lease has an extension option of a further five years from June 2027, subject to a rent review, which are 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)

	2020 £000	2019 £000
Trade receivables	**3,512**	2,412
Other receivables	**685**	1,479
Prepayments and accrued income	**16,538**	12,849
	20,735	16,740

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

18 TRADE AND OTHER RECEIVABLES CONTINUED

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

	2020 £000	2019 £000
0-30 days	**2,317**	2,170
Past due but not impaired:		
31-60 days	**-**	241
61-90 days	**1,195**	1
	3,512	2,412

At the date of this report, substantially all of the trade receivables above have been received. As at 30 September 2020 the assessed provision under the IFRS 9 expected loss model was immaterial (2019: immaterial).

£16,302,700 of trade and other receivables and accrued income were due from related parties (2019: £13,100,852).

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 2018	4,349
Additions	2,522
Fair value movements	(155)
Fund deconsolidation	(53)
Repayments/disposals	(2,037)
At 30 September 2019	4,626
Additions	758
Fair value movements	952
Repayments/disposals	(1,949)
At 30 September 2020	**4,387**

The investments include £2,434,000 in related parties of the Group (2019: £747,000).

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 2019	1,743	1,828	1,055	4,626
Additions	-	-	758	758
Fair value movements	210	121	621	952
Repayments/disposals	-	(1,949)	-	(1,949)
At 30 September 2020	**1,953**	**-**	**2,434**	**4,387**

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

The level 3 investments are in the Group's private equity investments funds. If the net asset value of those funds changed by +/- 10% then the valuation of those investments would change by +/- £243,000.

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 Report. Considering the potential for changes in AUM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

At 30 September 2020 AUM managed within unconsolidated structured entities was £20.18 billion (2019: £15.05 billion) and within consolidated structured entities was nil (2019: £nil).

£87,511,000 (2019: £73,695,000) 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:

	2020 £000	2019 £000
Management fees receivable (including accrued income)	**18,126**	10,549
Investments	**2,434**	4,626
	20,560	15,175

The main risk the Group faces from its interest in unconsolidated structured entities are decreases in the value of seed capital investments and falls in fee income. Details on this are provided in note 29.

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 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:

	2020 £000	2019 £000
Cash and cash equivalents	**20,245**	11,939
Cash invested in money market funds and long-term deposit accounts	**18,516**	15,235
Less: cash held in RPAs	**(1,363)**	(968)
Cash reserves	**37,398**	26,206

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 0.3% (2019: 0.3%). A 0.1% increase in interest rates would have increased Group profit after tax by £32,000. An equal change in the opposite direction would have decreased profit after tax by £32,000.

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) with 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)

	2020 £000	2019 £000
Trade payables	**305**	2,231
Taxation and other social security	**3,285**	2,454
Other payables	**4,550**	4,050
Accruals and deferred income	**19,844**	14,846
	27,984	23,581

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

23 LOANS

See accounting policy at note 32 (T)

To part fund the acquisition of Impax NH the Group signed a debt facility with RBS. The facility consisted of a US$13 million term loan repayable annually over a three year term and a US$13 million revolving credit facility ("RCF") with a five year tenor. The term loan incurred interest at US LIBOR plus 2.9% and the revolving credit facility at US LIBOR plus 3.3%. On completion of the acquisition the Group drew down the term loan in full and US$12 million of the revolving credit facility. During 2018 the RCF was repaid in full, but remains available. During 2019 the term loan was repaid in full.

A reconciliation of the movement on the loan is provided below:

	2020 £000	2019 £000
At beginning of the year	-	9,978
Repayments	-	(10,371)
Foreign exchange	-	393
At end of the year	-	-

24 ORDINARY SHARES

See accounting policy at note 32 (U)

Issued and fully paid	2020 No of shares/000s	2019 No of shares/000s	2020 £000	2019 £000
At 1 October and 30 September	**130,415**	130,415	**1,304**	1,304

25 OWN SHARES

See accounting policy at note 32 (V)

	No of Shares/000s	£000
At 1 October 2018	9,724,146	5,420
Satisfaction of option exercises and RSS vesting	(1,879,770)	(1,047)
EBT purchases	1,181,390	2,505
At 30 September 2019	9,025,766	6,878
Satisfaction of option exercises and RSS vesting	(5,105,507)	(3,891)
EBT purchases	1,266,608	4,223
At 30 September 2020	**5,186,867**	**7,210**

Included within Own Shares are 4,747,723 shares held in a nominee account in respect of the Restricted Share Scheme as described in note 9.

26 NON-CONTROLLING INTERESTS

The non-controlling interest at 30 September 2018 represented a 49% interest in the Group's subsidiary, Pax Ellevate Management LLC. During 2019 a put option was exercised by the non-controlling interest holder of the Group's subsidiary Pax Elevate Management. As a result the Group acquired the 49% stake owned by the third party for consideration of £1.81 million (£0.75 million after settlement of amounts due to Impax by the third party).

Prior to the acquisition of the non-controlling interest a liability was recorded within payables for the cost of acquiring the non-controlling interest and changes in the value of the liability were recorded in equity. On acquisition the carrying amount of the non-controlling interest acquired has been recognised as an increase in equity attributable to owners of the Company.

	2020 £000	2019 £000
NCI percentage	**0%**	0%
Net assets	**-**	-
Net assets attributable to NCI	**-**	-
Revenue	**-**	1,175
Profit/(Loss)	**-**	(319)
Total comprehensive income	**-**	(319)
Profit/(Loss) allocated to NCI	**-**	(156)
Cash flows from operating activities	**-**	(38)
Cash flows from investment activities	**-**	-
Cash flows from financing activities (dividends to NCI: nil)	**-**	-
Net increase/(decrease) in cash and cash equivalents	**-**	(38)

27 FINANCIAL COMMITMENTS

At 30 September 2020 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages.

- €203,000 (2019: €203,000) into Impax New Energy Investors LP; this amount could be called on in the period to 31 December 2020;
- €113,000 (2019: €113,000) into Impax New Energy Investors II LP; this amount could be called on in the period to 22 March 2021; and
- €2,137,000 into Impax New Energy Investors III LP (2019: €2,994,000); this amount could be called on in the period to 31 December 2026.

The Group has initially acquired an ca.83.3% interest of Impax NH's share capital. Impax NH's management and staff shareholders (the "Management Shareholders"), representing the remaining ca.16.7% of Impax NH's issued share capital will retain their shareholding until 2021 when if either Impax or the Management Shareholders exercise a put and call option arrangement, the Group will acquire their entire holding for US$8.3 million and up to $6.3 million of Contingent Consideration. This would be paid in 2021 in Impax equity and/or cash, as the Group elects.

Contingent Consideration may also be payable to the sellers of the 83.3% stake. This will be determined based on Impax NH's average AUM as at 30 June 2020, 30 September 2020 and 31 December 2020 and will rise linearly from zero, if Impax NH's average AUM is not more than US$5.5 billion, to US$37.5 million for the entire share capital of Impax NH, if Impax NH's average AUM is $8 billion or above.

Given the actual AUM at 30 June 2020 and 30 September 2020 and the projected AUM at 31 December 2020 no Contingent Consideration is estimated to be payable.

28 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

This note should be read in conjunction with the consolidated cashflow statement. It provides a reconciliation to show how profit before tax, which is based on accounting rules, translates to cashflows.

	2020 £000	2019 £000
Profit before taxation	16,682	18,898
Adjustments for income statement non-cash charges and finance income/expense:		
Depreciation of property plant and equipment and amortisation of intangible assets	4,260	2,952
Finance income	(1,020)	(1,055)
Finance expense	1,921	1,125
Share-based payment charges	1,813	1,160
Non-controlling interest	-	(156)
Contingent Consideration credit	-	(3,543)
Adjustments for statement of financial position movements:		
Increase in trade and other receivables	(3,995)	(1,135)
Increase in trade and other payables	4,721	2,602
Cash generated from operations	24,382	20,848

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 Impax LN a significant amount of the Group's income is denominated in Euros and US Dollars whilst the majority of expenses are in foreign currency. For Impax NH all income and all expenditure is in US Dollars. Impax NH's assets along with the goodwill and intangible assets arising on its acquisition are denominated in US Dollars.

The strategy for Impax LN for the year ended 30 September 2020 has been to convert earned income back to Sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. At the year end the Group had outstanding forward rate foreign currency contracts to sell Euro and buy Sterling. These have been designated as cash flow hedges against Euro income and will be recognised in profit in October 2020, and January, April, July 2021. The fair value of these instruments at 30 September 2020 was £136,000 which is recognised in equity. £70,000 was reclassified from equity to the income statement during the year on maturity of the hedges.

29 FINANCIAL RISK MANAGEMENT CONTINUED

The Group's exposure to foreign exchange rate risk, including that arising from consolidated funds, 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**

The Group's exposure to foreign exchange rate risk at 30 September 2019 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	777	3,847	-
Trade and other receivables	437	23,980	397
Cash and cash equivalents	107	3,309	704
	1,321	**31,136**	**1,101**
Liabilities			
Trade and other payables	5,192	8,325	213
	5,192	**8,325**	**213**
Net exposure	**(3,871)**	**22,811**	**888**

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	
	2020 £000	2019 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	**1,098**	1,057
GBP weakens against the USD, down 5%	**(1,098)**	(1,057)
GBP strengthens against the EUR, up 5%	**56**	197
GBP weakens against the EUR, down 5%	**(56)**	(197)

Liquidity risk and regulatory capital requirements

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet it 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 27) and the cash required to meet the Group's investment plans and its regulatory capital requirements. At 30 September 2020, the Group had cash and cash equivalents, cash in money market funds and long-term deposit accounts of £38,761,000. This is £10,777,000 in excess of trade and other payables. The Group in addition had other current assets of £25,346,000. The Group also has access to a revolving credit facility (see note 23).

The Group's lead regulator is the Financial Conduct Authority (the "FCA"). The FCA would normally require the Group to maintain sufficient regulatory capital on a consolidated group basis and on an individual regulated entity basis to cover our capital requirements measured under the Capital Requirements Directive and any additional capital requirements assessed under our Internal Capital Adequacy Assessment Process. Following the acquisition of Impax NH the Group moved into a capital deficit position on a consolidated basis and, as is typical for such acquisitions agreed a waiver with the FCA, for a four year period to 31 January 2022, which meant the Group was only required to retain a capital surplus at the individual regulated entity level. The Group has successfully increased its capital since the acquisition and at 30 September 2020 is in a capital surplus position with capital of £32m (£23m after deducting the proposed dividend) against a requirement of £18m. The Group expects the surplus to continue to increase over the coming year. The Group also expects to retain a surplus under the new capital requirements regime due to be implemented in June 2021.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its loans and interest-bearing assets, specifically cash balances that earn interest at a floating rate.

Market risk

The significant holdings that are exposed to equity market price risk are the Group's investments in its managed funds. See note 19 for further information.

Fair values of financial assets and liabilities

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

29 FINANCIAL RISK MANAGEMENT CONTINUED

Financial instruments by category

The carrying value of the financial instruments of the Group is shown below:

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
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)	(23,128)	(27,983)
Lease liabilities	-	(10,671)	(10,671)	-	(10,671)
Deferred tax liabilities	-	-	-	(3,340)	(3,340)
Current tax liability	-	-	-	(190)	(190)
Total	**22,903**	**8,916**	**31,819**	**39,630**	**71,449**

30 September 2019	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	-	-	-	37,322	37,322
Property, plant and equipment	-	-	-	1,779	1,779
Deferred tax assets	-	-	-	3,757	3,757
Trade and other receivables	-	3,891	3,891	12,849	16,740
Investments	4,626	-	4,626	-	4,626
Current tax asset	-	-	-	239	239
Cash invested in money market funds and long-term deposit accounts	15,235	-	15,235	-	15,235
Cash and cash equivalents	-	11,939	11,939	-	11,939
Trade and other payables	-	(6,281)	(6,281)	(18,004)	(24,285)
Deferred tax liabilities	-	-	-	(4,000)	(4,000)
Current tax liability	-	-	-	(124)	(124)
Total financial assets	**19,861**	**9,549**	**29,410**	**33,818**	**63,228**

* FVTPL = Fair value through profit and loss

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 24.5% equity holding (reduced to ca.14.0% post year end). The Group sub-manages certain funds for BNP for which it earns fees.

Other funds managed by subsidiaries of the Group are also related parties by virtue of its management contracts.

Fees earned from the above related parties have been disclosed in note 6 and amounts receivable are disclosed in note 18. The Group also invests in certain funds that it manages which is disclosed in note 19.

During the year loan facilities were provided to one 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. The balance on the loan to the one executive was €89,029 at the reporting date.

31 NEW ACCOUNTING STANDARDS

New standards, interpretations and amendments adopted during the year

IFRS 16 Leases

The Group has applied IFRS 16 for the first time for its annual reporting period commencing on 1 October 2019. IFRS 16 replaces IAS 17 Leases and is effective for reporting periods beginning on or after 1 January 2019.

Where the Group is a lessee, IFRS 16 requires operating leases to be recorded in the Group's statement of financial position, reflecting a lease liability and an associated right-of-use ("ROU") asset. The lease liability is initially measured at the present value of the future contractual cash flows remaining under the lease term, discounted using the Group's incremental borrowing rate. Interest is subsequently accrued on the lease liability and presented as a component of finance costs, and calculated using the effective interest method to give a constant rate of return over the life of the lease whilst the liability is reduced by the lease payments. The ROU asset is initially measured at the amount of the lease liability plus initial direct costs incurred by the lessee, adjusted for any lease incentives and the estimated cost of restoration obligations. The ROU asset is presented within property, plant and equipment and depreciated over the lease term as the benefit of the lease is consumed. The Group applies judgement in assessing whether to include options to extend or cancel the lease. All 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 lease commencement date, the Group reassesses the lease term if there is a significant change in circumstances that is within its control and affects the likelihood that it will exercise (or not exercise) the option.

The Group has measured the IFRS 16 ROU assets and lease liabilities as if the standard had always been applied but based on an incremental borrowing rate at the date of initial adoption, 1 October 2019. Comparative information has not been restated as the Group has applied the modified retrospective approach with the cumulative effect of initially applying the standard recognised as an adjustment to the opening retained earnings at 1 October 2019. The Group has applied the optional exemption in the standard which permits the cost of short-term (less than 12 months) leases to be expensed on a straight-line basis over the lease term. These lease arrangements are not material to the Group.

As a result of applying IFRS 16, the Group has recognised lease liabilities and ROU assets at 1 October 2019 of £11,991k and £10,693k respectively in respect of leases over its office buildings. The Group has also eliminated the accrual of £1,051k previously required to straight line lease charges over the lease life. These adjustments have reduced the Group's net assets by £247k which is recorded as a reduction in retained earnings at 1 October 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 October 2019 was 4.76%. Additional disclosure on the impact of IFRS 16 to the Group's ROU assets and lease liabilities is provided in note 17.

New Standards and Interpretations not yet adopted

There were no other 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 other 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 fund 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's 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. For the current and prior year no such funds were consolidated.

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 19.

(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.

(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.

32 ACCOUNTING POLICIES CONTINUED

(D) Revenue

Management fee revenue is recognised on a monthly basis in accordance with the terms of the management fee arrangement. 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. IFRS 16 Leases (IFRS 16) replaced IAS 17 Leases (IAS 17) with effect from 1 October 2019. The accounting policy and impact of adopting IFRS 16 is described in note 31.

(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.

(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.

(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

32 ACCOUNTING POLICIES CONTINUED

(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 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 shareholders' funds and classified as own shares.

(W) Impairment of assets

At the statement of financial position date, the Group reviews the carrying amount of assets to determine whether there is any indication that those assets have suffered an impairment loss or if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the impairment loss is recognised as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses relating to goodwill are not reversed.

(X) Interests in unconsolidated structured entities

The Group classifies the following investment funds and accounts as unconsolidated structured entities:

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant, and, in relation to segregated mandates and certain pooled funds, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result the Group concludes that it acts as an agent for third-party investors.
- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20% (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 2020 Company No: 03262305

		2020		2019	
	Note	£000	£000	£000	£000
Assets					
Property, plant and equipment	34	**6,182**		1,504	
Investments	35	**36,465**		34,583	
Deferred tax assets	39	**611**		242	
Total non-current assets			**43,258**		36,329
Trade and other receivables	36	**20,047**		21,877	
Investments	37	**4,387**		4,351	
Cash invested in money market funds and long-term deposit accounts		**9,163**		4,573	
Cash and cash equivalents		**3,670**		1,341	
Total current assets			**37,267**		32,142
Total assets			**80,525**		68,471
Equity and liabilities					
Ordinary shares	24	**1,304**		1,304	
Share premium		**9,291**		9,291	
Retained earnings		**40,423**		28,081	
Total equity			**51,018**		38,676
Trade and other payables	38	**23,513**		29,795	
Lease liabilities	34	**1,032**		-	
Total current liabilities			**24,545**		29,795
Lease liabilities	34	**4,962**		-	
Total non-current liabilities			**4,962**		-
Total equity and liabilities			**80,525**		68,471

Authorised for issue and approved by the Board on 2 December 2020. The notes on pages 63 to 70 form part of these financial statements.

Ian R Simm
Chief Executive

Company Statement of Changes in Equity

For the year ended 30 September 2020

	Note	Share capital £000	Share premium £000	Retained *earnings* £000	Total Equity £000
1 October 2018		1,304	9,291	31,967	42,562
Profit for the year				3,127	3,127
Transactions with owners					
Dividends paid	14	-	-	(5,792)	(5,792)
Acquisition of own shares		-	-	(2,505)	(2,505)
Tax credit on long-term incentive schemes		-	-	13	13
Cash received on option exercises		-	-	111	111
Long-term incentive scheme charge		-	-	1,160	1,160
Total transactions with owners		-	-	(7,014)	(7,014)
30 September 2019		**1,304**	**9,291**	**28,081**	**38,676**
Restatement on adoption of IFRS 16		**-**	**-**	**(301)**	**(301)**
30 September 2019 (restated)		**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**

The notes on pages 63 to 70 form part of these financial statements.

Company Cash Flow Statement

For the year ended 30 September 2020

	Note	2020 £000	2019 £000
Cash used by operations		**(1,717)**	18,719
Corporation tax		**(250)**	-
Net cash (used by)/generated from operations		**(1,967)**	18,719
Investing activities			
Dividend received		**19,500**	-
Investments in new subsidiaries		**(228)**	(392)
Repayments from sale of/additions to investments		**1,192**	(433)
Settlement of investment related hedges		**(156)**	206
Interest received		**977**	-
Increase in cash held in money market funds		**(4,477)**	(4,340)
Purchase of property, plant and equipment		**(137)**	(109)
Net cash generated from/(used by) investing activities		**16,671**	(5,068)
Financing activities			
Repayment of bank borrowings		**-**	(10,371)
Interest paid on bank borrowings		**(137)**	(671)
Payment of lease liabilities		**(1,061)**	-
Dividends paid		**(7,442)**	(5,791)
Acquisition of own shares		**(4,223)**	(2,505)
Cash received on exercise of Impax share options		**489**	111
Net cash used in financing activities		**(12,374)**	(19,227)
Net increase/(decrease) in cash and cash equivalents		**2,330**	(5,576)
Cash and cash equivalents at beginning of year		**1,341**	6,917
Effect of foreign exchange rate changes		**(1)**	-
Cash and cash equivalents at end of year		**3,670**	1,341

Notes to the Company Financial Statements

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 £21,287,000 (2019: £3,127,000).

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 2018	-	2,029	1,197	3,226
Additions	-	9	100	109
As at 30 September 2019	-	2,038	1,297	3,335
Impact of adoption of IFRS 16	5,582	-	-	5,582
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**
Depreciation				
As at 1 October 2018	-	819	712	1,531
Charge for the year	-	135	165	300
As at 30 September 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**
Net book value				
As at 30 September 2020	**4,860**	**965**	**357**	**6,182**
As at 1 October 2019	5,582	1,084	420	7,086
As at 30 September 2018	-	1,210	485	1,695

As described in note 2 and note 31 the Group has adopted IFRS 16 for the first time in these financial statements. Property, plant and equipment therefore includes right-of-use assets in relation to operating leases for the Group's office buildings.

34 PROPERTY PLANT AND EQUIPMENT CONTINUED

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 2019	5,582	6,781
Lease payments	-	(1,061)
Interest expense	-	274
Depreciation charge	(722)	-
At 30 September 2020	**4,860**	**5,994**
	Current	1,032
	Non current	4,962

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

	2020 £000	2019 £000
Within one year	**1,059**	1,075
Between 1 and 5 years	**4,235**	4,266
Later than 5 years	**1,588**	2,647
Total undiscounted lease liabilities	**6,882**	7,988

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 2018	34,375
Additions	392
Capital contribution	1,183
Transfer to current asset investments	(1,367)
At 30 September 2019	34,583
Additions	228
Capital contribution	1,654
At 30 September 2020	**36,465**

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	83.3%	Fund management
Pax Elevate 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

* FCA regulated

** Hong Kong SFC regulated

*** SEC regulated

**** CBI regulated

Companies incorporated in the UK are registered at 7th floor, 30 Panton Street, London. The entity incorporated in Hong Kong has the address United Centre, 95 Queensway, Hong Kong. The entity incorporated in Luxembourg has the address 15 Boulevard F. W. Raiffeisen - L-2411 Luxembourg, BP 2501, L-1025 Luxembourg. Impax Asset Management LLC and Pax Elevate Management LLC have 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 address 251 Little Falls Drive, New Castle County, Delaware, USA.

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.

35 NON-CURRENT INVESTMENTS CONTINUED

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

	2020 £000	2019 £000
Interest in shares	**20,238**	20,010
Capital contribution	**16,227**	14,573
	36,465	34,583

36 TRADE AND OTHER RECEIVABLES

	2020 £000	2019 £000
Due within one year:		
Amounts owed by Group undertakings	**17,448**	19,748
Taxation and other social security receivable	**-**	751
Other receivables	**734**	449
Prepayments and accrued income	**1,865**	929
	20,047	21,877

At 30 September 2020 the expected credit loss of the receivables was immaterial (2019: immaterial).

37 CURRENT ASSET INVESTMENTS

	Investments £000
At 1 October 2018	1,714
Additions	2,523
Transfer from non-current investments	1,367
Fair value movements	837
Repayments/disposals	(2,090)
At 30 September 2019	4,351
Additions	757
Fair value movements	1,228
Repayments/disposals	(1,949)
At 30 September 2020	**4,387**

38 TRADE AND OTHER PAYABLES

	2020 £000	2019 £000
Trade payables	**-**	-
Amounts owed to Group undertakings	**18,666**	24,411
Taxation and other social security	**542**	252
Other payables	**462**	940
Accruals and deferred income	**3,843**	4,192
	23,513	29,795

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 2018	**(41)**	**(182)**	**406**	**183**
Credit/(charge) to the income statement	(6)	114	(49)	59
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**

40 FINANCIAL COMMITMENTS

At 30 September 2020 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages.

- €203,000 (2019: €203,000) into Impax New Energy Investors LP; this amount could be called on in the period to 31 December 2020;
- €113,000 (2019: €113,000) into Impax New Energy Investors II LP; this amount could be called on in the period to 22 March 2021; and
- €2,137,000 into Impax New Energy Investors III LP (2019: €2,994,000); this amount could be called on in the period to 31 December 2026.

41 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2020 £000	2019 £000
Operating activities:		
Profit before taxation	**21,820**	3,194
Adjustments for:		
Finance income	**(21,548)**	(649)
Depreciation of property, plant and equipment	**1,041**	300
Finance expense	**1,596**	912
Share-based payment	**222**	(23)
Operating cash flows before movement in working capital	**3,131**	3,734
Decrease in receivables	**1,830**	3,854
(Increase)/decrease in payables	**(6,678)**	11,131
Cash generated from operations	**(1,717)**	18,719

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 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 money market funds managed by BlackRock and Goldman Sachs which both have a Standard & Poor's credit rating of AAA. The risk of default is considered minimal.

Foreign exchange risk

The amount of the Company's expenses denominated in foreign currencies is minimal.

The Company activities are principally conducted in Sterling, Euro, and US Dollars. Foreign exchange risk arises from income received in these currencies together with a limited amount of exposure to costs payable.

The Company's exposure to foreign exchange rate risk at 30 September 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 Company's exposure to foreign currency exchange rate risk at 30 September 2019 was:

	EUR/GBP £000	USD/GBP £000	Other/GBP £000
Assets			
Current asset investments	777	3,574	-
Trade and other receivables	45	18,740	-
Cash and cash equivalents	-	2,038	-
	822	**24,352**	**-**
Liabilities			
Trade and other payables	626	7,535	6
	626	**7,535**	**6**
Net exposure	**196**	**16,817**	**(6)**

The following table demonstrate the estimated impact on the Company's 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	
	2020 £000	2019 £000
Translation of significant foreign assets and liabilities		
GBP strengthens against the USD, up 5%	**(859)**	(677)
GBP weakens against the USD, down 5%	**859**	677
GBP strengthens against the EUR, up 5%	**103**	8
GBP weakens against the EUR, down 5%	**(103)**	(8)

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 £13,024,000 (2019: £5,914,000) 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 are subject to equity market risk.

Financial instruments by category

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

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**

* FVPTL = Fair value through profit and loss

42 FINANCIAL RISK MANAGEMENT CONTINUED

30 September 2019	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	-	-	-	1,504	1,504
Non-current investments	-	-	-	34,583	34,583
Deferred tax assets	-	-	-	242	242
Trade and other receivables	-	20,197	20,197	1,680	21,877
Investments	4,351	-	4,351	-	4,351
Cash invested in money market funds and long-term deposit accounts	4,573	-	4,573	-	4,573
Cash and cash equivalents	-	1,341	1,341	-	1,341
Trade and other payables	-	(25,351)	(25,351)	(4,444)	(29,795)
Total	**8,924**	**(3,813)**	**5,111**	**33,565**	**38,676**

* FVPTL = Fair value through profit and loss

The hierarchical classification of current investments measured at fair value are as follows:

	Level 1 £000	Level 2 £000	Level 3 £000
At 1 October 2019	1,743	1,834	774
Additions	-	-	758
Fair value	210	121	902
Disposals	-	(1,955)	-
At 30 September 2020	**1,953**	**-**	**2,434**

There were no movements between any of the levels in the year (2019: £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 18 March 2021 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 2020 together with the Directors' report and the auditor's report on those accounts.
2. To elect William Simon O'Regan as a Director.
3. To re-elect Sally Bridgeland as a Director.
4. To re-elect Lindsey Brace Martinez as a Director.
5. To reappoint KPMG LLP as auditor of the Company.
6. To authorise the Directors to fix the remuneration of the auditor.
7. To declare a final dividend in respect of the financial year ended 30 September 2020 of 6.8 pence per Ordinary Share payable to the holders of Ordinary Shares on the register of members at the close of business on 19 February 2021.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, resolution 8 of which will be proposed as an ordinary resolution and resolutions 9, 10 and 11 of which will be proposed as special resolutions:

8. 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 £434,716.95 (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 £434,716.95) and

   (b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £869,433.91 (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 18 June 2022) 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.

9. THAT, subject to the passing of resolution 8 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 8 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 9(a)) of equity securities or sale of Treasury Shares up to an aggregate nominal value of £65,207.54,

   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 18 June 2022), 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.

10. THAT, subject to the passing of resolution 8 above, the Directors of the Company be and are hereby empowered in addition to any authority granted under resolution 9(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 £65,207.54; 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 18 June 2022), 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.

11. 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 13,041,508;

    (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
15 December 2020

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 16 March 2021.

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 Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by 3.00 pm on 16 March 2021. 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 16 March 2021 (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 Asset Services (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 11 December 2020 (being the last practicable date prior to the publication of this notice) the total number of Ordinary Shares in the Company in issue was 130,415,087 and the Company held no Shares in treasury. The total number of voting rights on that date was therefore 130,415,087.

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.

Officers and Advisers

DIRECTORS

J Keith R Falconer[1] (Chairman)
Ian R Simm (Chief Executive)
Lindsey Brace Martinez (Non-Executive)
Sally Bridgeland (Non-Executive)
Arnaud de Servigny (Non-Executive)
Vince O'Brien (Non-Executive)
Simon O'Regan[2] (Non-Executive)

SECRETARY

Zack Wilson

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[1] retired 8 December 2020
[2] appointed 8 December 2020

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