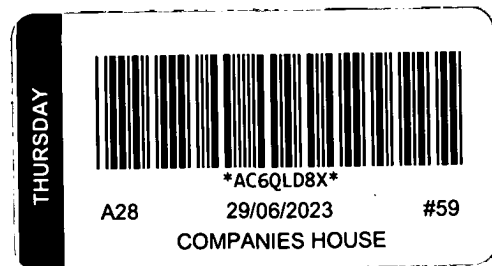


**IMPAX ASSET MANAGEMENT LIMITED**

**Company number: 03583839**

**Annual report and financial statements  
for the year ended 30 September 2022**



**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**CONTENTS**

---

	Page
Company information	2
Strategic report	3
Directors' report	9
Independent auditor's report to the members of Impax Asset Management Limited	11
Income statement	15
Statement of other comprehensive income	15
Statement of financial position	16
Statement of changes in equity	17
Cash flow statement	18
Notes to the financial statements	19

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**COMPANY INFORMATION**

---

**Directors** Sally Bridgeland  
Ian R Simm  
Bruce Jenkyn-Jones  
Charles D Ridge (resigned: 6 January 2023)  
Daniel von Preyss  
Catherine Bremner (appointed: 18 February 2022)  
Mary Alexander (appointed: 13 December 2022)  
Karen Cockburn (appointed: 6 January 2023)

**Secretary** Zack Wilson

**Company number** 03583839

**Registered office** 7<sup>th</sup> Floor  
30 Panton Street  
London  
SW1 4AJ

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022**

---

**Corporate strategy**

Impax Asset Management Limited (“Impax” or “the Company”) is a specialist asset manager investing in the transition to a more sustainable global economy and seeks to be the leading investment manager in this area. Impax establishes and seeks to grow a small number of scalable products and to sustain excellent investment performance. It markets these products predominantly to larger investors who can deploy a significant quantity of capital. To achieve these objectives, Impax recognises the importance of attracting outstanding investment talent and retaining a core senior management team whose interests are aligned with those of shareholders.

**Creating and promoting value for all stakeholders**

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

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

The table below sets out our key stakeholders and how we have engaged with them in the period. Further details are provided in the Annual Report of our parent company, Impax Asset Management Group plc. References to the Board herein shall be deemed to refer to the board of Impax Asset Management Group plc unless the context otherwise requires.

<b>Stakeholder</b>	<b>Approach to stakeholder engagement</b>
Clients	<p>We provide a wide range of investment products and solutions to our clients who are predominantly institutional investors and pension funds.</p> <p>We are focused on ensuring that we are managing all our funds and accounts in line with clients' investment objectives and within a framework that is fully compliant with applicable regulations and policies.</p> <p>We seek to deliver consistent outcomes for our clients and superior financial returns over the longer term.</p> <p>We conduct fundamental analysis which incorporates long-term risks, including Environmental, Social &amp; Governance (“ESG”) factors.</p> <p>We focus on four areas broader beyond financial returns: corporate engagement and stewardship; environmental impact reporting; policy and advocacy; and thought leadership.</p> <p>Our client teams build long-term relationships and a deep understanding of our clients' needs and expectations.</p> <p>Informed by our dialogue with clients we develop new products to provide client solutions and invest our own balance sheet as seed capital.</p> <p>Highlights during the period:</p> <ul style="list-style-type: none"> <li>• Continued strong investment performance;</li> </ul>

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	<ul style="list-style-type: none"> <li>• Significant new mandate wins;</li> <li>• We continue to focus on managing our capacity and have significant headroom within our existing strategies;</li> <li>• We have evolved our impact reporting to include three additional strategies, including a fixed income strategy, and additional metrics on social, water, and nature-related impact; and</li> <li>• Thought leadership highlights included a report on the investment case for sustainable infrastructure and articles on the implications of US policy developments, including the Inflation Reduction Act.</li> </ul>
Shareholders	<p>Our shareholder and parent company is Impax Asset Management Group plc, whose shareholders are institutional and individual investors. We share full details of the Company's performance with the parent company. 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.</p> <p>We manage and optimise a scalable platform for growth, including systems, processes, and infrastructure. We balance tight costs control with the needs of an expanding business.</p> <p>Via our parent company we are committed to full disclosure and clear communications with institutional and private shareholders and hold meetings throughout the year.</p>
Colleagues	<p>We seek to offer a stimulating, collaborative, and supportive workplace for our people.</p> <p>We are focused on integrating our one-team culture, expanding our global presence, ensuring business resilience through scalability, and sustaining a high-performing environment.</p> <p>We prioritise investment to empower our colleagues to reach their full potential. This includes both professional and personal development training to ensure we have the skills needed to develop the business.</p> <p>We are committed to equity, diversity and inclusion (E,D&amp;I). We value individuals and seek to understand our peoples' perspectives and to reflect their views.</p> <p>We remain focused on addressing the gender pay gap, particularly at senior management level.</p> <p>We learn from and act on the feedback from our colleagues.</p> <p>Highlights during the period for the Group:</p> <ul style="list-style-type: none"> <li>• We now conduct our global employee engagement survey annually. This year we achieved an overall engagement score of 89% – up 1 percentage point from 2021 and 7 points ahead of the industry benchmark – based on a 95% employee response rate;</li> <li>• During the Period we had an employee turnover of 10%, while 11% of the team celebrated a promotion;</li> <li>• Our “Impax 2025” project was a significant cross-company initiative to integrate the contribution and plans of all teams as part of our broader strategy; and</li> <li>• We undertook a review of our existing compensation framework. We made good progress on our E,D&amp;I strategy and metrics. 49% of the Group is female, including 43% of the parent company Board, 20% of</li> </ul>

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	the Executive Committee and 36% of the Investment Team. 65% of promotions were women.
Investee companies	<p>We are long term investors and develop strong relationships with many of our holding companies. We conduct deep, on-going research into all areas of their businesses.</p> <p>We engage with companies to minimise risks, protect shareholder value, promote greater transparency and encourage companies to become more resilient over time.</p> <p>We take a supportive rather than activist approach and often work in collaboration with other asset managers or organisations.</p> <p>During the period we prioritised four strategic areas of engagement: climate; corporate governance; human capital management; and sustainability risk management, and were a successful applicant to the UK Stewardship Code.</p>
Distribution partners	<p>We have developed strong relationships with other asset managers who distribute our white-label funds through their networks. This enables the Company to distribute our products to a much wider network of clients.</p> <p>Our senior management team, investment professionals and client relationship managers meet our distribution partners regularly and we have strong reporting systems in place.</p> <p>We are deepening the level of reporting that we provide to our clients via our distribution partners.</p> <p>Highlights during the period:</p> <ul style="list-style-type: none"> <li>• Our growing relationship with St James's Place in the UK led to £1.1 billion in net inflows; and</li> <li>• We saw positive flows via other distribution partners in the US, Europe and Australia.</li> </ul>
External service providers	<p>We engage proactively with our service providers through regular communication from employees and have an established framework that governs our approach to selection, on-boarding, and oversight, across our key suppliers.</p> <p>Our Supplier Code of Conduct sets out the high standards we expect from our suppliers, covering social inclusion, sustainability and the environment. We engage specialist external service providers to supplement our own infrastructure and staff so that we can deliver key services more cost effectively.</p> <p>The Group's Audit &amp; Risk Committee reviews the company's material outsourced providers.</p> <p>Highlights during the period:</p> <ul style="list-style-type: none"> <li>• We invested in our corporate services functions, including systems to enhance our third-party oversight, alongside our automation, data management and reporting capabilities; and</li> <li>• We continue to strengthen the areas of risk management, compliance, business resilience and IT infrastructure for hybrid working.</li> </ul>
Community and the environment	<p>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.</p> <p>We support a low-carbon economy, primarily through our investment decisions, company engagement, our collaboration with clients and</p>

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	<p>stakeholders and policy advocacy. We are committed to reducing our operational emissions; Scope 1, 2 &amp; 3.</p> <p>Impax partners with organisations aligned with our focus on the transition to a more sustainable economy: Ashden, Ceres, Client Earth, Diversity Project and Toigo.</p> <p>We facilitate charitable giving by our staff via numerous schemes and match many of the contributions and encourage staff to volunteer both as individuals and on Company organised initiatives.</p> <p>Highlights during the period for the Group:</p> <ul style="list-style-type: none"> <li>• In November 2021 Impax joined the Net-Zero Asset Managers Initiative. Our aim is for 100% of committed AUM for the Group to be within the “transition aligned” or “transition aligning” categories, related to climate management and processes, by 2030. At least 50% of committed AUM for the Group will be classified as aligned.</li> <li>• As of 31 December 2021, 59% of total investment-related AUM for the Group was invested in companies and assets providing climate solutions. Full details on climate-related disclosures are in our TCFD report, within the Strategic Report section on pages 53 to 75 of the Annual Report of our parent company, Impax Asset Management Group plc.</li> <li>• We published our Nature, Biodiversity &amp; Deforestation Policy.</li> <li>• Impax colleagues volunteered over 923 hours with charitable organisations. We launched our Community Cause of the Year. Globally, we matched £56,361 of colleagues' charitable giving. In total, we gave £287,382 to charitable causes during the Period.</li> </ul>
Industry wide groups	<p>We believe that working in collaboration with like-minded organisations can be more effective in bringing about change.</p> <p>During the Period we have focussed on the following themes: financing net-zero emissions (e.g. CBI's Financing the Transition white paper); greening the financial system (e.g. GFANZ guidance on finance institution net-zero transition plans); nature and biodiversity loss (e.g. Finance Sector Deforestation Action initiative); and human capital (e.g. Financing the Just Transition Alliance).</p>
Financial industry regulators	<p>Impax is a global business which has a strong focus on ethical conduct and compliance with applicable requirements in all jurisdictions where we operate.</p> <p>We are committed to regulatory reporting and disclosures which benefit market transparency and integrity.</p> <p>We seek to contribute positively to evolving regulatory standards and actively advocate for sustainable regulatory policies relevant to our activities and clients.</p> <p>We provided comments to regulators on a range of regulatory proposals and rules including:</p> <ul style="list-style-type: none"> <li>• the FCA's Sustainable Disclosure Requirements and investment labels (including a cost benefit analysis);</li> <li>• the update to the UK Government's Green Finance Strategy</li> <li>• the ISSB's international standards for sustainability- and climate-related disclosures.</li> </ul>

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022**

---

**Principal activities and review of the business**

The principal activity of the Company during the year was that of investment manager to investment funds and accounts.

The Company's prospects have continued to strengthen during the year with strong inflows into funds the Company manages.

*Key performance indicators*

The Directors consider assets under management ("AUM"), turnover and profitability to be the key performance indicators of the Company. Turnover for the year was £120,611,000 (2021: £93,922,000) and profit before tax was £55,849,000 (2021: £34,072,000). At 30 September 2022 the Company had AUM of £26,556 million (2021: £28,190 million).

**Results and dividends**

The results for the year under review are set out on page 15. The net asset position of the Company is set out on page 16. £26,200,000 dividends were paid during the year ended 30 September 2022 (2021: £nil).

**Principal risks and uncertainties**

The Company is exposed to a variety of financial and operational risks as detailed below.

*Reputational risk*

Reputational risk can arise from any of the key risks described below and relates to the Company's brand and relationships with stakeholders. Integrity and appropriate conduct are an integral part of the Company's culture and values, and business dealings. In addition, the controls described below help to mitigate the risk of incidents that may have a reputational impact.

*Market risk*

The Company's Listed Equity business charges management fees based on AUM and accordingly its revenue is exposed to market risk. The Company operates a number of strategies which are diversified by geography and industry, and it has a defined investment process that has to be followed. All investments are overseen by the Listed Equity Investment Committee.

*Currency risk*

The Company receives part of its income in foreign currency and an element of its costs are incurred in foreign currencies notably US dollars. A proportion of its assets and liabilities are also denominated in foreign currency. The Company's strategy 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, or otherwise to convert the non-US dollar foreign currency income to Sterling as soon as possible after receipt. US dollar receipts are typically retained to cover US dollar expenditure.

*Liquidity and cash flow risk*

Impax Asset Management Group plc produces consolidated cash flow forecasts for a twelve-month period to manage its liquidity requirements. These forecasts are subject to regular review by management. As part of this process the liquidity requirements of the Company are considered. The Company is also required to comply with the capital requirements of the Financial Conduct Authority and monitors this on a regular basis. MIFIDPRU 8 disclosures on regulatory capital can be found on the Impax Asset Management Group plc website.



**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022**

---

**Principal risks and uncertainties *continued***

*Credit risk*

The Company is exposed to the risk of counterparty default from banks and other institutions holding the Company's cash reserves. To manage this risk, the Company deposits cash with institutions that have high credit ratings and by allocating its cash holdings to at least four institutions at any time.

*Legal, regulatory and compliance risk*

The Company's operations are subject to financial regulations, including minimum capital requirements and compliance procedures in each of the markets in which it operates. The Company seeks to manage these risks by ensuring close monitoring of compliance with the regulations and by tracking proposed changes and reacting immediately when changes are required. The Company has a dedicated Compliance team.

*People risk*

The success of the Company depends on the support and experience of its key employees. The loss of key employees could have a material adverse effect on the Company's results or operations. This risk is managed by offering competitive remuneration packages including share schemes and carried interest in Private Equity funds and by creating a supportive and enjoyable working environment. Sustainable succession and development plans are also put in place. The senior investment team has been stable since the Company's inception.

*Operational risk*


The Company has established a control framework so that the risk of financial loss to the Company through operational failure is minimised. Furthermore, the Company has in place measures to minimise and manage possible risks of disruption to its business and to ensure the safety of its staff. This plan has been put in place to manage its strategic and operational business risks in the case of an emergency and is aimed at bringing together particular responses such as IT disaster recovery, contingency plans, off-site storage of records, data back-up and recovery procedures, evacuation procedures and customer and staff communications.

The Company also has insurance cover which is reviewed each year prior to renewal.

*Cyber Risk*

The Company has put in place measures to minimise and manage possible technology risks and to ensure the safety of data and General Data Protection Regulation compliance. Information and cyber security is enforced throughout the business. This ensures hardware such as laptops and mobile devices are fully protected. All staff receive regular cyber awareness training in addition external and internal penetration tests are carried out on an annual basis. The Company also carries out company-wide phishing tests.

On behalf of the Board

.....

Ian R Simm

Director

Date: 10 January 2023

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022**

---

The Directors present their report and financial statements for the year ended 30 September 2022.

**Dividends**

£26,200,000 dividends were paid during the year ended 30 September 2022 (2021: £nil). Subsequent to year end, the Directors agreed to pay a final dividend of £41,000,000.

**Creditor payment policy**

The Company seeks to maintain good terms with its trading partners. It is the Company'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 Company for the year ended 30 September 2022 were 32 (2021: 23).

**Political and charitable donations**

The Company made charitable donations of £120,932.

**Directors**

The following Directors held office:

Sally Bridgeland

Ian R Simm

Bruce Jenkyn-Jones

Charles D Ridge (resigned: 6 January 2023)

Daniel von Preyss

Catherine Bremner (appointed: 18 February 2022)

Mary Alexander (appointed: 13 December 2022)

Karen Cockburn (appointed: 6 January 2023)

**Directors' interests**

None of the Directors hold any shares in Impax Asset Management Limited. Sally Bridgeland and Ian R Simm are Directors of the ultimate Parent Company, Impax Asset Management Group plc, and their interest in the shares of that company are disclosed in its annual report.

**Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued***

---

**Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements *continued***

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 Company 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.

**Statement of disclosure to auditor**

Each of the persons who is a Director at the date of approval of this report confirms that:

- (a) so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he/she has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board



.....

Ian R Simm

**Director**

**Impax Asset Management Limited**

7<sup>th</sup> Floor

30 Panton Street

London

SW1 4AJ

10 January 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT LTD**

---

### **Opinion**

We have audited the financial statements of Impax Asset Management Limited ("the company") for the year ended 30 September 2022 which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- 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 company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

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

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT LTD

---

- Enquiring of Directors and the Company's Compliance team and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited judgement involved in the valuation and recognition of all material revenue streams. We did not identify any additional fraud risks.

We also performed procedures including:

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

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

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

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

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

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT LTD**

---

planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 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.

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for 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 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 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,

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT LTD**

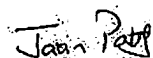
---

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](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Jatin Patel (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

E14 5GL

10 January 2023

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Notes	2022 £000s	2021 £000s
Revenue	2	120,611	93,922
Operating costs	3	(74,565)	(61,530)
Other financial income	6	9,803	1,680
<b>Profit before tax</b>		<b>55,849</b>	<b>34,072</b>
Taxation	7	(9,628)	(6,079)
<b>Profit on ordinary activities after taxation</b>		<b>46,221</b>	<b>27,993</b>

**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022 £000s	2021 £000s
<b>Profit for the year</b>	<b>46,221</b>	<b>27,993</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>46,221</b>	<b>27,993</b>

The above statements have been prepared on the basis that all operations are continuing operations.

The notes on pages 19 to 32 form part of these financial statements.



**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**  
**Company number: 03583839**

	Notes	2022 £000s	2021 £000s
<b>Assets</b>			
Intangible assets	8	-	21
Investments	9	1	1
Deferred tax asset	7	2,151	5,941
<b>Total non-current assets</b>		<b>2,152</b>	<b>5,963</b>
Trade and other receivables	10	29,866	33,073
Current tax asset		80	-
Cash invested in money market funds		53,396	34,264
Cash and cash equivalents		37,542	22,906
<b>Total current assets</b>		<b>120,884</b>	<b>90,243</b>
<b>Total assets</b>		<b>123,036</b>	<b>96,206</b>
<b>Equity and liabilities</b>			
Called up share capital	12	10	10
Capital redemption reserve		180	180
Capital contribution reserve		19,118	16,522
Retained earnings		61,852	43,329
<b>Total equity</b>		<b>81,160</b>	<b>60,041</b>
Trade and other payables	11	41,876	35,829
Current tax liability		-	336
<b>Total current liabilities</b>		<b>41,876</b>	<b>36,165</b>
<b>Total equity and liabilities</b>		<b>123,036</b>	<b>96,206</b>

These financial statements were approved by the Board of Directors on 10 January 2023 and signed on its behalf by:



Ian R Simm  
Director

The notes on pages 19 to 32 form part of these financial statements.

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Share capital £000s	Capital redemption reserve £000s	Capital contribution reserve £000s	Retained earnings £000s	Total £000s
As at 1 October 2020	10	180	14,496	10,449	25,135
Profit for the year	-	-	-	27,993	27,993
Dividends paid	-	-	-	-	-
Tax credit on long-term incentive schemes	-	-	-	4,887	4,887
Capital contribution from Parent Company*	-	-	2,026	-	2,026
<b>As at 30 September 2021</b>	<b>10</b>	<b>180</b>	<b>16,522</b>	<b>43,329</b>	<b>60,041</b>
Profit for the year	-	-	-	46,221	46,221
Dividends	-	-	-	(26,200)	(26,200)
Tax charge on long-term incentive schemes	-	-	-	(1,498)	(1,498)
Capital contribution from Parent Company*	-	-	2,596	-	2,596
<b>As at 30 September 2022</b>	<b>10</b>	<b>180</b>	<b>19,118</b>	<b>61,852</b>	<b>81,160</b>

\*The capital contribution relates to share based payment awards made by the Parent Company to employees of the Company.

The notes on pages 19 to 32 form part of these financial statements.

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Notes	2022 £000s	2021 £000s
<b>Operating activities</b>			
Profit before taxation		55,849	34,072
<i>Adjustments for</i>			
Other financial income		(9,803)	(1,680)
Amortisation and impairment	8	21	50
Share-based payment charge		2,596	2,026
<b>Operating cash flows before movement in working capital</b>		<b>48,663</b>	<b>34,468</b>
Decrease/(increase) in receivables		3,207	(2,886)
Increase in payables		6,047	13,951
<b>Cash generated from operations</b>		<b>57,917</b>	<b>45,533</b>
Corporation tax paid		(7,752)	(3,297)
<b>Net cash generated from operating activities</b>		<b>50,165</b>	<b>42,236</b>
<b>Investing activities</b>			
Investment income received		463	21
Dividends received		5,300	-
Increase in cash held in money market funds and long-term deposit accounts		(19,132)	(28,709)
<b>Net cash used by from investing activities</b>		<b>(13,369)</b>	<b>(28,688)</b>
<b>Financing activities</b>			
Dividends paid		(26,200)	-
<b>Net cash used in financing activities</b>		<b>(26,200)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,596</b>	<b>13,548</b>
Cash and cash equivalents at the beginning of the year		22,906	9,782
Effect of foreign exchange rate changes		4,040	(424)
<b>Cash and cash equivalents at the end of the year</b>		<b>37,542</b>	<b>22,906</b>

The notes on pages 19 to 32 form part of these financial statements.

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

---

**1. Accounting policies**

**1.1 Reporting entity**

Impax Asset Management Ltd (the "Company") is incorporated and domiciled in the UK. These financial statements present information about the Company which is a wholly-owned subsidiary undertaking of Impax Asset Management Group plc ("the Parent Company" or "the Group"), a company registered in England and Wales.

The Company has not prepared Group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006.

Copies of the Parent Company's accounts can be obtained online from [www.impaxam.com](http://www.impaxam.com).

**1.2 Basis of preparation**

These financial statements have been prepared in accordance with UK-adopted international accounting standards and applicable law. The Board has made an assessment covering a period of at least 12 months from the date of approval of these interim financial statements which indicates that, taking account of a reasonably possible downside in relation to asset inflows, market performance and costs, the Company will have sufficient funds, to meet its liabilities as they fall due for that period. The Company has high cash balances and no external debt and, at the Period end market levels, is profitable. A significant part of the Company's cost basis is variable as bonuses are linked to profitability. Consequently, the directors are confident that the Company 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 have therefore prepared the financial statements on a going concern basis.

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.

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

**1.3 Revenue**

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

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

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

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

---

**1.4 Interest**

Interest receivable is recognised using the effective interest method as it accrues.

**1.5 Intangible fixed assets**

Purchased software licences and associated implementation costs are stated at cost less accumulated amortisation.

Amortisation is charged in equal instalments over their estimated useful lives on a straight-line basis:

Software licences	over the life of the licence
Software implementation costs	3 years

**1.6 Fixed asset investments**

Investments in Group undertakings are stated at cost less provision for any permanent diminution in value. Other investments are classified as financial assets and recorded at fair value with changes in the fair value recorded through the profit and loss account.

**1.7 Pensions**

The Company operates defined contribution schemes for employees. The assets of the schemes are held separately from those of the Company in independently administered funds.

**1.8 Taxation**

Current tax is based on taxable profits for the year after all potential reliefs available have been utilised. Taxable profits differ from "profit before tax" as reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible in the current year. 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, tax effected, 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.

**1.9 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or if hedged forward at the hedged rate. All differences are taken to the income statement.

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**1.10 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.

**1.11 Cash**

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity period of three months or less.

**1.12 Use of Judgement 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 Company has not identified any significant judgements and estimates at the end of the reporting period.

**2. Revenue**

Analysis of revenue by type of service:

	2022 £000s	2021 £000s
Investment management and advisory services	120,045	93,664
Transaction fees	566	258
	<b>120,611</b>	<b>93,922</b>

Analysis of revenue by location of customers:

	2022 £000s	2021 £000s
UK	20,805	12,448
Rest of world	99,806	81,474
	<b>120,611</b>	<b>93,922</b>

Revenue from one of the Company's customers individually represented more than 10% of Company revenue, equating to £13,375,000 (2021: two, equating to £11,479,000 and £10,369,000).

Revenue includes £116,829,344 from related parties (2021: £91,292,000).

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**3. Operating costs**

	<b>2022</b>	<b>2021</b>
	<b>£000s</b>	<b>£000s</b>
Staff costs (see note 4)	<b>33,165</b>	32,677
IT and communications	<b>2,032</b>	1,871
Other costs	<b>5,150</b>	3,119
Charges from other Group companies	<b>44,275</b>	31,014
Charges to other Group companies	<b>(10,057)</b>	(7,151)
	<b>74,565</b>	61,530

Included within other costs is Auditor's remuneration in respect of the audit of the financial statements of £37,000 (2021: £30,000).

The Company provides services to Impax Asset Management (AIFM) Limited, a fellow subsidiary and the charge for these services is reflected as a credit within operating costs.

Operating costs include £1,043,130 in respect of fees paid to related parties (2021: £598,000).

**4. Staff costs**

	<b>2022</b>	<b>2021</b>
	<b>£000s</b>	<b>£000s</b>
Salaries and variable bonuses	<b>25,977</b>	22,996
Social security costs	<b>2,949</b>	6,646
Pensions	<b>626</b>	480
Other staff costs	<b>1,017</b>	529
Share-based payment charge (see note 5)	<b>2,596</b>	2,026
	<b>33,165</b>	32,677

The Company contributes to employees' private pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost represents contributions paid by the Company to these funds. At year end, there was £nil payable to these funds (2021: £nil).

The average monthly number of employees during the period was:

	<b>2022</b>	<b>2021</b>
Listed equity	<b>24</b>	21
Private equity	<b>13</b>	12
Portfolio Services	<b>21</b>	13
Client Service & Business Development	<b>36</b>	28
	<b>94</b>	74

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**4. Staff costs (continued)**

Director's emoluments during the year, including the highest-paid Director, were:

	2022 £000s	2021 £000s
Emoluments for qualifying services	3,670	3,428
Company pension contributions to money purchase schemes	4	1
	<b>3,674</b>	<b>3,428</b>
<b>Amounts to the highest paid Director (included above)</b>		
Emoluments for qualifying services	1,739	1,900
Company pension contributions to money purchase schemes	-	-
	<b>1,739</b>	<b>1,900</b>

	2022	2021
<b>The number of Directors</b>		
- to whom pension benefits are accruing within the Company are	1	-
- who have exercised share options in the year is	1	3
- who have benefited from share-based awards in the year is	3	2

**5. Share-based payments**

The Parent Company makes share-based payment awards to employees of the Company and as described in Note 1.10 the Company records a charge in the income statement to reflect this. Details of the relevant share plans and the awards made to employees of the Company are provided below.

*Restricted share scheme*

Restricted shares are awarded to some employees as part of their year end remuneration. These awards are made post year end but part of the charge is recorded in the Period based on an estimated value. 219,000 restricted shares were granted during the Period under the 2021 plan. Awards may also be made to new employees and during the Period, 306,321 RSS awards were granted to employees joining under the 2022 plan ("RSS 2022A"). Post year end, the Parent Company's Board approved the grant of a further 346,500 restricted shares under the 2022 plan ("RSS 2022 Final"). Following grant, the shares are held by a nominee for employees, who are then immediately entitled to receive dividends. After a period of three years' continuous employment, the employees will receive unfettered access to one third of the shares, after four years a further third and after five years the final third. The employees are not required to make any payment for the shares on grant or when the restrictions lapse other than personal taxes.



**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**5. Share-based payments (continued)**

Full details of the awards granted during the year along with their valuation and the inputs used in the valuation are described in the tables below. The valuation was determined using the Black-Scholes-Merton model with an adjustment to reflect that dividends are received during the vesting period.

	RSS 2022 Final (estimated)	2022 RSS A	2021 RSS	2021 2020 RSS
Awards originally granted	346,500	306,321	219,000	230,000
Weighted average award value	£7.45	£6.35	£13.86	£7.10
Weighted average share price on grant	£7.58	£6.35	£13.98	£7.26
Weighted average expected volatility	35.0%	34.7%	34.1%	32.4%
Weighted average award life on grant	5.2 years	2.8 years	5.1 years	5.3 years
Weighted average expected dividend rate	3.9%	3.2%	1.5%	1.2%
Weighted average risk free interest rate	4.3%	1.8%	1.0%	0.0%

<b>Number of restricted shares</b>	<b>No.</b>
Outstanding at 1 October 2021	1,596,074
Granted during the year	525,321
Vested during the year	(1,061,840)
Forfeited during the year	-
Outstanding at 30 September 2022	1,059,555

***Employee share option plans***

***Options granted in 2017***

The strike price of these options was set at a 10 per cent premium to the average market price of the Company's shares for the five business days following the announcement of the results for the preceding financial year. The 2017 ESOP options have vested. The 2017 options did not have performance conditions but did have a time vesting condition such that they vested subject to continued employment on 31 December 2020.

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

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**5. Share-based payments (continued)**

*Options granted between 2018 and 2021*

Awards have been granted to employees under the Company's Long Term Option Plan ("LTOP"). The strike prices of these options were £1 (2018 and 2019), £3 (2020) and £9 (2021). These options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment 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 140,000 options under the 2022 plan with a £7.50 strike price and with the other conditions the same as the 2018-2021 plans. The valuation was determined using the binomial model. Full details of the awards granted during the year along with their valuation and the inputs used in the valuation are described in the table below.

Share options are equity settled.

	2022 LTOP (estimated)	2022 2021 LTOP	2021 2020 LTOP
Awards originally granted	140,000	230,000	530,000
Exercise price	£7.50	£9.00	£3.00
Weighted average award value	£1.87	£4.87	£3.47
Weighted average share price on grant	£7.58	£13.90	£7.26
Weighted average expected volatility	35.0%	34.2%	32.4%
Weighted average award life on grant	6 years	6 years	6 years
Weighted average expected dividend rate	3.9%	1.5%	1.2%
Weighted average risk free interest rate	4.3%	0.8%	0.0%

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

The fair value of the 2022 LTOP awards has initially been estimated as at the time of preparing the accounts.

An analysis of the options in the ultimate Parent Company granted to employees of the Company is as follows:

	Number	Weighted average exercise price/pence
Options outstanding at the start of the year	2,130,000	176.1
Options granted during the year	230,000	900.00
Options exercised during the year	-	-
<b>Options outstanding at the end of the year</b>	<b>2,360,000</b>	<b>246.67</b>
<b>Options exercisable at the end of the year</b>	<b>700,000</b>	<b>180.2</b>

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**6. Other financial income**

	<b>2022</b>	<b>2021</b>
	<b>£000s</b>	<b>£000s</b>
Investment income	463	21
Dividend from subsidiary	5,300	2,083
Foreign exchange gains/(losses)	4,040	(424)
	<b>9,803</b>	<b>1,680</b>

**7. Taxation on profit on ordinary activities**

**(a) Analysis of the tax charge**

	<b>2022</b>	<b>2021</b>
	<b>£000s</b>	<b>£000s</b>
<b>Current tax</b>		
UK corporation tax	9,951	3,708
Adjustments in respect of previous periods	(228)	2
	<b>9,723</b>	<b>3,710</b>
<b>Deferred tax</b>		
Charge for the year	(95)	2,369
Adjustments in respect of previous periods	-	-
	<b>(95)</b>	<b>2,369</b>
<b>Tax charge on profit</b>	<b>9,628</b>	<b>6,079</b>

Net tax charges of £1,498,000 (deferred tax charges of £3,885,000 net of current tax credits of £2,387,000) are also recorded in equity in respect of tax deductions on share awards (2021: credits of £8,634,000).

**(b) Factors affecting the tax charge for the year**

	<b>2022</b>	<b>2021</b>
	<b>£000s</b>	<b>£000s</b>
<b>Profit on ordinary activities before taxation</b>	<b>55,849</b>	<b>34,072</b>
Tax effective rate of 19% (2021: 19%)	<b>10,611</b>	<b>6,474</b>
<b>Effects of:</b>		
Non-deductible expenses and charges	252	-
Non-taxable income	(1,007)	(397)
Adjustment in respect of prior years	(228)	2
	<b>9,628</b>	<b>6,079</b>

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**7. Taxation on profit on ordinary activities (cont'd)**

**(c) Deferred tax**

	Share-based payment scheme £000s	Other temporary differences £000s	Total £000s
As at 1 October 2020	3,299	124	3,423
Credit to equity	4,887	-	4,887
Charge to the income statement	(2,369)	-	(2,369)
As at 30 September 2021	5,817	124	5,941
Charge to equity	(3,885)	-	(3,885)
Credit to the income statement	95	-	95
<b>As at 30 September 2022</b>	<b>2,027</b>	<b>124</b>	<b>2,151</b>

An increase in the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted in the Finance Act 2021. This rate increase has been taken into account in the calculation of the Company's UK deferred tax assets and liabilities as at 30 September 2022, to the extent that they are expected to reverse after the rate increase comes into effect.

**8. Intangible assets**

	Software £000s	Total £000s
<b><i>Cost</i></b>		
As at 30 September 2020	529	529
Additions	-	-
As at 30 September 2021	529	529
Additions	-	-
<b>As at 30 September 2022</b>	<b>529</b>	
<b><i>Accumulated amortisation</i></b>		
As at 30 September 2020	458	458
Charge for the year	50	50
As at 30 September 2021	508	508
Charge for the year	21	21
<b>As at 30 September 2022</b>	<b>529</b>	<b>529</b>
<b><i>Net book value</i></b>		
<b>As at 30 September 2022</b>	-	-
As at 30 September 2021	21	21
As at 30 September 2020	71	71

**9. Investments**

	Total £000s
As at 1 October 2020	1
Change in fair value	-
As at 30 September 2021	1
Change in value	-

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**As at 30 September 2022**

**1**

**9. Investments (cont'd)**

*Holdings of more than 20%*

The Company has a 20% equity holding or more in the following entities, all of which are incorporated in England and Wales (unless otherwise stated):

<b>Company</b>	<b>Class</b>	<b>% held</b>
Impax New Energy Investors (GP) Limited	Equity	100
Impax New Energy Investors II (GP) Limited	Equity	100
Impax Carried Interest Partner (GP) Limited	Equity	100
Impax Carried Interest Partner II (GP) Limited	Equity	100
Impax Asset Management (US) LLC*	Equity	100
Impax FLOW (GP) Limited	Equity	100
Impax Global Resource Optimization (GP) Limited	Equity	100
Climate Property (GP) Limited	Equity	100
Impax Global Opportunities (GP) Limited	Equity	100
INEI I GP (UK) LLP**	Membership interests	100
INEI II GP (UK) LLP***	Membership interests	100
Impax Global Opportunities (GP) Ltd	Equity	100

\* Incorporated in USA

\*\* Held indirectly through subsidiaries Impax New Energy Investors (GP) Limited and Impax Carried Interest Partner (GP) Limited

\*\*\* Held indirectly through subsidiaries Impax New Energy Investors II (GP) Limited and Impax Carried Interest Partner II (GP) Limited

**10. Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>£000s</b>	<b>£000s</b>
<i>Amounts falling due within one year</i>		
Trade receivables	<b>5,267</b>	4,239
Amounts owed by Group undertakings	<b>1,046</b>	1,822
Other receivables	<b>45</b>	1,341
Prepayments and accrued income	<b>23,508</b>	25,671
	<b>29,866</b>	33,073

The ageing analysis of trade receivables at the reporting date are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000s</b>	<b>£000s</b>
0-30 days	<b>4,228</b>	2,425
<i>Overdue, but not impaired:</i>		
31-60 days	<b>382</b>	1,052
61-90 days	<b>470</b>	762
Over 90 days	<b>187</b>	-
	<b>5,267</b>	4,239

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**10. Trade and other receivables (cont'd)**

As at 30 September 2022, the assessed provision under the IFRS 9 expected loss model is immaterial (2021: immaterial). These balances are settled within contractual terms and the Company has not experienced credit losses in the past.

£27,068,000 of trade and other receivables and accrued income were due from related parties (2021: £28,641,000) in respect of investment management services.

**11. Trade and other payables**

	2022 £000s	2021 £000s
<i>Amounts due within one year</i>		
Trade payables	166	105
Amounts due to Group undertakings	14,429	6,571
Other payables	3,951	4,122
Accruals and deferred income	21,842	20,183
Taxation and social security	1,488	4,848
	<b>41,876</b>	<b>35,829</b>

**12. Share capital**

	2022 £000s	2021 £000s
<i>Allotted, called up and fully paid</i>		
10,000 ordinary shares of £1 each	10	10

**13. Related party transactions**

Private equity funds managed by the Company and fellow subsidiaries, entities controlled by these funds and the Global Resource Optimization Fund LP and Impax Global Opportunities Fund LP are related parties of the Company by virtue of the members of the Group 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 Company by virtue of owning a 13.8% equity holding in the Parent Company as well as holding a seat on the Board of Directors of the Parent Company. The Company sub-manages certain funds for BNP for which it earns fees.

Other funds managed by the Company are also related parties by virtue of its management contracts. Transactions with other Group companies are related party transactions.

Related party transactions are disclosed in notes 2,3, 10 and 11.

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**14. Financial risk management**

Risk management is integral to the business of the Company. 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 Company's risk management process to ensure that an appropriate balance between risk and control is achieved. This section provides details of the Company's exposure to financial risks and describes the methods used by management to control such risk.

**Foreign exchange**

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. A significant amount of the Company's income is denominated in Euro and US dollars. The Company's foreign exchange risk arises from income received in these currencies, together with an exposure to expenses in foreign currencies, principally US dollars.

The strategy of the Company for the year ended 30 September 2022 has been to convert earned income back to Sterling whilst retaining US dollars and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. There was no hedging completed during the current or prior year.

The Company's exposure to foreign exchange risk at 30 September 2022 was as follows:

	EUR/GBP £000s	USD/GBP £000s	Other/GBP £000s
<b>Assets</b>			
Trade and other receivables	14,726	5,502	3,301
Cash and cash equivalents	23	13,777	508
Cash invested in money market funds	-	14,404	-
	<b>14,749</b>	<b>33,683</b>	<b>3,809</b>
<b>Liabilities</b>			
Trade and other payables	98	5,013	-
<b>Net exposure</b>	<b>14,651</b>	<b>28,670</b>	<b>3,809</b>

The Company's exposure to foreign exchange risk at 30 September 2021 was as follows:

	EUR/GBP £000s	USD/GBP £000s	Other/GBP £000s
<b>Assets</b>			
Trade and other receivables	16,252	4,982	-
Cash and cash equivalents	7	10,325	-
	<b>16,259</b>	<b>15,307</b>	<b>-</b>
<b>Liabilities</b>			
Trade and other payables	6	4,146	79
<b>Net exposure</b>	<b>16,253</b>	<b>11,161</b>	<b>(79)</b>

**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**14. Financial risk management (continued)**

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

	Post-tax profit 2022 £000s	2021 £000s
<b>Translation of significant foreign assets and liabilities</b>		
GBP strengthens against the USD, down 5%	(1,154)	(449)
GBP weakens against the USD, up 5%	1,154	449
GBP strengthens against the EUR, down 5%	(590)	(654)
GBP weakens against the EUR, down 5%	590	654

**Liquidity risk**

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at a cost. The Company monitors its liquidity risk using cash flow forecasts considering the cash required to meet the Company's investment plans and its regulatory capital requirements.

At 30 September 2022, the Company had total current assets of £120,884,000. This is £79,008,000 in excess of trade and other payables.

**Interest rate risk**

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

**Financial assets and liabilities by category**

	Financial assets measured at fair value £000s	Financial assets/liabilities measured at amortised cost £000s
<b>At 30 September 2022</b>		
<b>Financial assets</b>		
Trade and other receivables	-	6,358
Cash held in money market funds & long-term deposit accounts	53,396	-
Cash and cash equivalents	-	37,542
<b>Total financial assets</b>	<b>53,396</b>	<b>43,900</b>
<b>Financial liabilities</b>		
Trade and other payables	-	18,546



**IMPAX ASSET MANAGEMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**14. Financial risk management (continued)**

	Financial assets measured at fair value £000s	Financial assets/liabilities measured at amortised cost £000s
At 30 September 2021		
<b>Financial assets</b>		
Trade and other receivables	-	7,402
Cash held in money market funds & long-term deposit accounts	34,264	-
Cash and cash equivalents	-	22,906
<b>Total financial assets</b>	<b>34,264</b>	<b>30,308</b>
<b>Financial liabilities</b>		
Trade and other payables	-	10,798

**15. Immediate and ultimate Parent Company**

The immediate Parent Company and ultimate controlling undertaking is Impax Asset Management Group plc, an AIM-listed company registered in England and Wales. Copies of the financial statements of Impax Asset Management Group plc can be obtained from Companies House or online at [www.impaxam.com](http://www.impaxam.com).