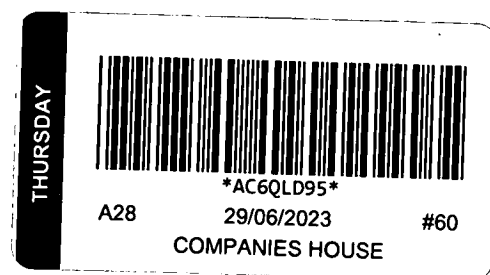


IMPAX ASSET MANAGEMENT (AIFM) LIMITED

Company number: 08819010

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



IMPAX ASSET MANAGEMENT (AIFM) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2022
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IMPAX ASSET MANAGEMENT (AIFM) 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 08819010

Registered office 7th Floor
30 Panton Street
London
SW1Y 4AJ

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

Corporate strategy

Impax Asset Management (AIFM) 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, and 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.
- 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.

| Stakeholder | Approach to stakeholder engagement |
|--------------------|---|
| 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 & 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"> • Continued strong investment performance; |

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

| | |
|--------------|---|
| | <ul style="list-style-type: none"> • Significant new mandate wins; • We continue to focus on managing our capacity and have significant headroom within our existing strategies; • We have evolved our impact reporting to include three additional strategies, including a fixed income strategy, and additional metrics on social, water, and nature-related impact; and • 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. |
| 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&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"> • We now conduct our global employee engagement survey annually. This year we achieved an overall engagement score of 89% – up 1 percentage point from 2021 and 7 points ahead of the industry benchmark – based on a 95% employee response rate; • During the Period we had an employee turnover of 10%, while 11% of the team celebrated a promotion; • Our “Impax 2025” project was a significant cross-company initiative to integrate the contribution and plans of all teams as part of our broader strategy; and • We undertook a review of our existing compensation framework. We made good progress on our E,D&I strategy and metrics. 49% of the Group is female, including 43% of the parent company Board, 20% of the Executive Committee and 36% of the Investment Team. 65% of promotions were women. |

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

| | |
|-------------------------------|---|
| 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 for the Group during the period:</p> <ul style="list-style-type: none"> • Our growing relationship with St James's Place in the UK led to £1.1 billion in net inflows; and • We saw positive flows via other distribution partners in the US, Europe and Australia. |
| 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 & Risk Committee reviews the company's material outsourced providers.</p> <p>Highlights during the period:</p> <ul style="list-style-type: none"> • We invested in our corporate services functions, including systems to enhance our third-party oversight, alongside our automation, data management and reporting capabilities. • We continue to strengthen the areas of risk management, compliance, business resilience and IT infrastructure for hybrid working. |
| 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 stakeholders and policy advocacy. We are committed to reducing our operational emissions; Scope 1, 2 & 3.</p> |

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

| | |
|-------------------------------|--|
| | <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"> • 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; • As of 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; • We published our Nature, Biodiversity & Deforestation Policy; and • 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. |
| 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"> • the FCA’s Sustainable Disclosure Requirements and investment labels (including a cost benefit analysis); • the update to the UK Government’s Green Finance Strategy • the ISSB’s international standards for sustainability- and climate-related disclosures |

IMPAX ASSET MANAGEMENT (AIFM) 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 Impax Asset Management (AIFM) Limited ("the Company") during the year was that of investment manager to an investment trust and to other funds classified as Alternative Investment Funds ("AIFs").

Impax Asset Management Group plc (the "Parent Company" or the "Group") and Impax Asset Management Limited, a fellow subsidiary company, act as service providers for the wider Impax Group and make charges to the Company for the services provided.

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 £16,955,000 and profit before tax was £7,069,000 (2021: £18,109,000 and £7,169,000 respectively). At 30 September 2022 the Company had AUM of £2,007 million (2021: £2,257 million).

Results and dividends

The results for the period under review are set out on page 15. The net asset position of the Company is set out on page 16. £8,694,000 of 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 all 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 funds managed by the Company 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. 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 foreign currency income to Sterling as soon as possible after receipt.

Liquidity and cash flow risk

Impax Asset Management Group plc produces consolidated cash flows forecast 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.

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

Principal risks and uncertainties (cont'd)

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 allocates its cash holdings amongst two institutions.

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.

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 well 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 (AIFM) 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

£8,694,000 dividends were paid during the year ended 30 September 2022 (2021: £nil). Subsequent to year end, the Directors agreed to pay a dividend of £6,000,000.

Political and charitable donations

The Company did not make any donations to either political parties or charitable organisations during the year (2021: £nil).

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 (AIFM) 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, 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 international accounting standards in conformity with the requirements of the Company's Act 2006 and applicable law.

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.

IMPAX ASSET MANAGEMENT (AIFM) 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, Directors' report and the financial statements *continued*

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 (AIFM) Limited

7th Floor

30 Panton Street

London

SW1Y 4AJ

Date: 10 January 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT (AIFM) LIMITED

Opinion

We have audited the financial statements of Impax Asset Management (AIFM) 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT (AIFM) LIMITED

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:

- 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT (AIFM) LIMITED

regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPAX ASSET MANAGEMENT (AIFM) LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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.

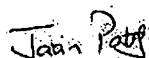
Auditor's responsibilities

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, 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.

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 (AIFM) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2022
INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

| | Notes | 2022 £000s | 2021 £000s |
|---|-------|---------------|---------------|
| Revenue | 2 | 16,955 | 18,109 |
| Operating costs | 3 | (10,238) | (10,902) |
| Other financial income/(expense) | 4 | 352 | (38) |
| Profit before tax | | 7,069 | 7,169 |
| Tax (charge)/credit | 5 | (100) | 1,525 |
| Profit on ordinary activities after taxation | | 6,969 | 8,694 |

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

| | Notes | 2022 £000s | 2021 £000s |
|--|-------|---------------|---------------|
| Profit for the year | | 6,969 | 8,694 |
| Decrease in value of cashflow hedges | | - | 137 |
| Tax on change in valuation of cashflow hedges | 5 | - | (26) |
| Total other comprehensive income | | - | 111 |
| Total comprehensive income for the year | | 6,969 | 8,805 |

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

The notes on pages 19 to 27 form part of these financial statements.

IMPAX ASSET MANAGEMENT (AIFM) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2022
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022
Company number: 08819010

| | | 2022 | | 2021 | |
|--------------------------------------|-------|-------|---------------|--------|---------------|
| | Notes | £000s | £000s | £000s | £000s |
| Assets | | | | | |
| Trade and other receivables | 6 | 4,622 | | 12,426 | |
| Current tax asset | | 367 | | - | |
| Cash invested in money market funds | | 5,278 | | 3,752 | |
| Cash and cash equivalents | | 2,099 | | 3,092 | |
| Total current assets | | | 12,366 | | 19,270 |
| Total assets | | | 12,366 | | 19,270 |
| Equity and liabilities | | | | | |
| Called up share capital | 8 | 25 | | 25 | |
| Share premium | | 2,475 | | 2,475 | |
| Retained earnings | | 9,819 | | 11,544 | |
| Total equity | | | 12,319 | | 14,044 |
| Trade and other payables | 7 | 47 | | 4,596 | |
| Current tax liability | | - | | 361 | |
| Total current liabilities | | | 47 | | 4,957 |
| Deferred tax liability | 5 | - | | 270 | |
| Total non-current liabilities | | | - | | 270 |
| Total equity and liabilities | | | 12,366 | | 19,271 |

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 27 form part of these financial statements.

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

| | Share capital £000s | Share premium reserve £000s | Hedging reserve £000s | Retained earnings £000s | Total £000s |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------|-------------------------------|----------------|
| As at 30 September 2020 | 25 | 2,475 | (111) | 2,850 | 5,239 |
| Profit for the year | - | - | - | 8,694 | 8,694 |
| Cash flow hedge | - | - | 137 | - | 137 |
| Tax on cash flow hedge (note 5) | - | - | (26) | - | (26) |
| As at 30 September 2021 | 25 | 2,475 | - | 11,544 | 14,044 |
| Profit for the year | - | - | - | 6,969 | 6,969 |
| Dividend paid | - | - | - | (8,694) | (8,694) |
| As at 30 September 2022 | 25 | 2,475 | - | 9,819 | 12,319 |

The notes on pages 19 to 27 form part of these financial statements.

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

| | Notes | 2022 £000s | 2021 £000s |
|--|-------|----------------|---------------|
| Operating activities | | | |
| Profit before taxation | | 7,069 | 7,169 |
| <i>Adjustments for</i> | | | |
| Other financial (income)/expense | 4 | (352) | 38 |
| Operating cash flows before movement in working capital | | 6,717 | 7,207 |
| Decrease in receivables | | 7,757 | 899 |
| (Decrease)/increase in payables | | (4,549) | (7,836) |
| Cash generated from operations | | 9,925 | 270 |
| Corporation tax paid | | (1,050) | (1,095) |
| Net cash generated from/(used in) operating activities | | 8,875 | (825) |
| Investing activities | | | |
| Investment income received | 4 | 26 | 4 |
| Increase in cash held in money market funds | | (1,526) | - |
| Net cash (used in)/generated from investing activities | | (1,500) | 4 |
| Financing activities | | | |
| Dividends paid | | (8,694) | - |
| Net cash used in financing activities | | (8,694) | - |
| Net decrease in cash and cash equivalents | | (1,319) | (821) |
| Cash and cash equivalents at the beginning of the year | | 3,092 | 3,955 |
| Effect of foreign exchange rate changes | | 326 | (42) |
| Cash and cash equivalents at the end of the year | | 2,099 | 3,092 |

The notes on pages 19 to 27 form part of these financial statements.

IMPAX ASSET MANAGEMENT (AIFM) 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 (AIFM) 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.

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 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 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.

1.4 Interest

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

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

1. Accounting policies *continued*

1.5 Derivatives

The Company uses foreign exchange forward contracts as a hedge against the foreign exchange risk on future income denominated in foreign currencies. At the balance sheet date these derivative contracts are recorded at their fair value. In instances where the hedge accounting criteria are met changes in the fair value are recorded in equity. The amounts recognised in equity are reclassified to income when the gains or losses on the hedged item crystallise.

1.6 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.

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.

1.7 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.

1.8 Cash

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

2. Revenue

The total revenue of the Company for the period has been derived from its principal activity being the provision of investment management services, an activity wholly undertaken in the United Kingdom.

Analysis of revenue by location of customers:

| | 2022 | 2021 |
|---------------|---------------|---------------|
| | £000s | £000s |
| UK | 13,161 | 14,279 |
| Rest of world | 3,795 | 3,829 |
| | 16,955 | 18,109 |

Revenue from three of the Company's customers individually represented more than 10% of Company revenue equating to £10,044,505, £3,285,547 and £3,093,389.

Revenue for the current and prior year was all derived from related parties.

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

3. Operating costs

| | 2022 | 2021 |
|------------------------------------|---------------|--------------|
| | £000s | £000s |
| Charges from other Group companies | 10,057 | 10,454 |
| Other costs | 181 | 448 |
| | 10,238 | 10,902 |

Included in other costs is Auditor's remuneration of £21,000 (2021: £20,000).

The Company did not incur any employee costs as it does not directly employ any staff (2021: £nil).

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

| | 2022 | 2021 |
|--|--------------|--------------|
| | £000s | £000s |
| Emoluments for qualifying services | 890 | 1,591 |
| Company pension contributions to money purchase schemes | 1 | - |
| | 891 | 1,591 |
| Amounts to the highest paid Director (included above) | | |
| Emoluments for qualifying services | 427 | 925 |
| Company pension contributions to money purchase schemes | - | - |
| | 427 | 925 |

| | 2022 | 2021 |
|--|-------------|-------------|
| The number of Directors | | |
| - 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 | 1 |

4. Other financial income/(loss)

| | 2022 | 2021 |
|---------------------------------|--------------|--------------|
| | £000s | £000s |
| Investment income | 26 | 4 |
| Foreign exchange gains/(losses) | 326 | (42) |
| | 352 | (38) |

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

5. Taxation

(a) Analysis of tax charge in the year

| | 2022 | 2021 |
|--|--------------|----------------|
| | £000s | £000s |
| Current tax | | |
| UK Corporation tax | 1,100 | 1,336 |
| Adjustments in respect of previous periods | (730) | (26) |
| | 370 | 1,310 |
| Deferred tax | | |
| Charge for the year | (270) | 26 |
| Adjustments in respect of previous periods | - | (2,861) |
| | (270) | (2,835) |
| Tax charge/(credit) for the year | 100 | (1,525) |

In the prior year the company has utilised group relief from other group companies and been charged for that.

(b) Factors affecting the tax charge for the year

| | 2022 | 2021 |
|--|--------------|----------------|
| | £000s | £000s |
| Profit on ordinary activities before taxation | 7,069 | 7,169 |
| Tax effective rate of 19% (2021: 19%) | 1,343 | 1,362 |
| Effects of: | | |
| Prior year adjustment | (730) | (2,887) |
| Non-taxable income | (513) | - |
| | 100 | (1,525) |

The deferred tax adjustment in respect of the prior year reflects reductions in the tax that was expected to be payable on private equity income, recorded in prior years.

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

5. Taxation (continued)

(c) Deferred tax

| | Income not yet taxable £000s | Other temporary differences £000s | Total £000s |
|--------------------------------|---------------------------------------|--|----------------|
| As at 1 October 2020 | (3,131) | 26 | (3,105) |
| Credit to the income statement | 2,861 | - | 2,861 |
| Charge to equity | | (26) | (26) |
| As at 30 September 2021 | (270) | - | (270) |
| Credit to the income statement | 270 | - | 270 |
| As at 30 September 2022 | - | - | - |

6. Trade and other receivables

| | 2022 £000s | 2021 £000s |
|--|---------------|---------------|
| <i>Amounts falling due within one year</i> | | |
| Trade receivables | 845 | 972 |
| Amounts owed by Group undertakings | 1,998 | 9,421 |
| Prepayments and accrued income | 1,779 | 2,033 |
| | 4,622 | 12,426 |

All trade receivables, prepayments and accrued income are in respect of related parties.

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

| | 2022 £000s | 2021 £000s |
|-----------------------------------|---------------|---------------|
| 0-30 days | 845 | 972 |
| <i>Overdue, but not impaired:</i> | | |
| 31-60 days | - | - |
| 61-90 days | - | - |
| Over 90 days | - | - |
| | 845 | 972 |

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

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

7. Trade and other payables

| | 2022 | 2021 |
|---|--------------|-------|
| | £000s | £000s |
| <i>Amounts payable within one year</i> | | |
| Amounts due to Group undertakings | - | 4,566 |
| Other creditors | 26 | - |
| Accruals and deferred income | 21 | 30 |
| | 47 | 4,596 |

8. Share capital

| | 2022 | 2021 |
|--|--------------|-------|
| | £000s | £000s |
| <i>Allotted, called up and fully paid</i> | | |
| 25,001 ordinary shares of £1 each | 25 | 25 |

9. 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.

Funds managed by the Company or fellow subsidiary undertakings are related parties by virtue of their management contracts.

Transactions and balances with related parties and other Group companies are disclosed in notes 2, 3, 6, and 7.

10. 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.

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

10. Financial risk management (continued)

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 Company's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Company'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. The Group is also exposed to credit risk on trade receivables, representing investment management fees due. An analysis of the ageing of these is provided in note 6.

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 for the Company for the year ended 30 September 2022 has been to convert income earned in currencies other than Sterling back to Sterling and to use hedges where there is sufficient predictability over inflows to allow for an effective and efficient hedge. During the year the Group had forward rate foreign currency contracts to sell Euro and buy Sterling. These have been designated as cash flow hedges against Euro income and were recognised in profit in January, April and July 2022. There were no outstanding forward rate foreign currency contracts as at 30 September 2022. During the prior year £137,000 was reclassified from equity to the income statement on maturity of the hedges.

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

| | EUR/GBP £000s | USD/GBP £000s |
|-----------------------------|------------------|------------------|
| Assets | | |
| Trade and other receivables | - | 1,852 |
| Cash and cash equivalents | - | 2,087 |
| | - | 3,939 |
| Liabilities | | |
| Trade and other payables | 1 | 2 |
| Net exposure | (1) | 3,937 |

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

10. Financial risk management (continued)

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

| | EUR/GBP £000s | USD/GBP £000s |
|-----------------------------|------------------|------------------|
| Assets | | |
| Trade and other receivables | - | 2,085 |
| Cash and cash equivalents | 27 | 1,062 |
| | 27 | 3,147 |
| Liabilities | | |
| Trade and other payables | 53 | 9 |
| Net exposure | (26) | 3,138 |

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 |
| Translation of significant foreign assets and liabilities | | |
| GBP strengthens against the EUR, up 5% | - | 1 |
| GBP weakens against the EUR, down 5% | - | (1) |
| GBP strengthens against the USD, up 5% | (159) | (127) |
| GBP weakens against the USD, down 5% | 159 | 127 |

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 additional cost. The Company monitors its liquidity risk using cash flow forecasts taking into account the cash required to meet the Company's investment plans and its regulatory capital requirements.

At 30 September 2022 the Company had £7,377,000 in cash resources and a further £4,622,000 in receivables. This is £11,952,000 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.

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

10. Financial risk management *continued*

Financial assets and liabilities by category

| | Financial assets/liabilities measured at fair value £000s | Financial assets/liabilities measured at amortised cost £000s |
|--|---|---|
| At 30 September 2022 | | |
| Financial assets | | |
| Trade and other receivables | - | 2,843 |
| Cash held in money market funds | 2,099 | - |
| Cash and cash equivalents | - | 5,278 |
| Total financial assets | 2,099 | 8,121 |
| Financial liabilities | | |
| Trade and other payables | - | 26 |
| At 30 September 2021 | | |
| Financial assets | | |
| Trade and other receivables | - | 10,393 |
| Cash held in money market funds and long-term deposit accounts | 3,752 | - |
| Cash and cash equivalents | - | 3,092 |
| Total financial assets | 3,752 | 13,485 |
| Financial liabilities | | |
| Trade and other payables | - | 4,566 |

11. 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.