IMPAX Asset Management

# Resilience and long-term growth

## Annual Report & Accounts

For the year ended 30 September 2024

## Navigating this report

This 'digital first' annual report has been designed to view on screen. With simple page navigation on the right and in this left hand column you will always have access to the full content of the section you are in.

The tabs at the top of the page allows you to quickly access the different sections of this report.

Throughout this report we have used the icons below to link you to further content within this report, as well as richer content online.

- Page navigation to further information in the report
- QR codes, scan to open online content
- Links to websites away from this report

# Contents



## What's inside...

# KPIs and Highlights

## KEY PERFORMANCE INDICATORS[1]

**£170.1m**
**Revenue**
2023: £178.4m

**£52.7m**
**Adjusted operating profit[2]**
2023: £58.1m

**£49.0m**
**IFRS profit before tax**
2023: £52.1m

**27.6p**
**Dividend per share[3]**
2023: 27.6p

**31.0%**
**Adjusted operating margin[2]**
2023: 32.6%

**32.2p**
**Adjusted diluted earnings per share[2]**
2023: 35.2p

**28.2p**
**IFRS diluted earnings per share**
2023: 29.8p

**£90.8m**
**Cash reserves[2]**
2023: £87.7m

## BUSINESS HIGHLIGHTS

**£37.2bn**
**AUM[4]**
2023: £37.4bn

- AUM broadly flat despite outflows
- Fixed income: 2 acquisitions & process development
- Expansion of distribution & listed equities product range
- Resilient financial & operational performance

1 More details on the Group's KPIs are available on page 21
2 This is an Alternative Performance Measures. See page 149 for further information and Note 5 of the financial statements for a reconciliation to the IFRS reported results
3 4.7p per share interim dividend and proposed final dividend of 22.9p per share
4 Assets under management as of 30 September 2024. Assets under advice represent c. 3% of total AUM
5 Net flows are the gross inflows to our investment strategies less redemptions during the Period
6 Percentage of investment strategy AUM that performed above their benchmarks or reference indices over five years gross of fees. See page 27 for further information on investment performance

IMPAX
Asset Management

Overview



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# Why Impax?

## Pioneer and specialist

Strength in depth, focus and experience investing in the transition to a more sustainable economy

Diverse range of investment solutions across asset classes

Read more about our **Investment Strategies & Performance** on page 27

## Focused on client outcomes

Seeking competitive returns while helping clients realise their sustainability goals

Delivering high quality service and acting as an extension of our clients' teams

Read more about **Sustainability: Beyond Financial Returns** on page 35

## One team, one philosophy

Large & experienced global investment team with a shared philosophy and strong culture

Proprietary idea generation tools, in-depth research and stewardship & advocacy

Read more about our **Colleagues** on page 50

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# Our Philosophy

## Investing in the transition to a more sustainable economy

### Secular drivers

Resource/environmental constraints

Regulation

Technology change

Evolving consumer/ social factors

Read more in the **Chief Executive's Report** on page 14

### Sectoral transformation

### Attractive for 'active' investment managers

Large-scale, affecting most sectors

High growth rates

Uncertain impact of drivers e.g. policy changes

Cyclical & non-cyclical opportunities

Read more about our **Investment performance** on page 27

# Mission and Values

## Overview



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## Mission Statement

To generate strong risk-adjusted investment returns for clients by investing in the transition to a more sustainable economy. To provide a stimulating and inclusive workplace for our colleagues and to collaborate with others to contribute to the development of a sustainable society.

## Our Values


### BE THE SOLUTION

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

### A PASSION FOR EXCELLENCE

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

### BUILDING A COMMON FUTURE

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

### DOING BETTER TOGETHER

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

### ALL VOICES VALUED

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

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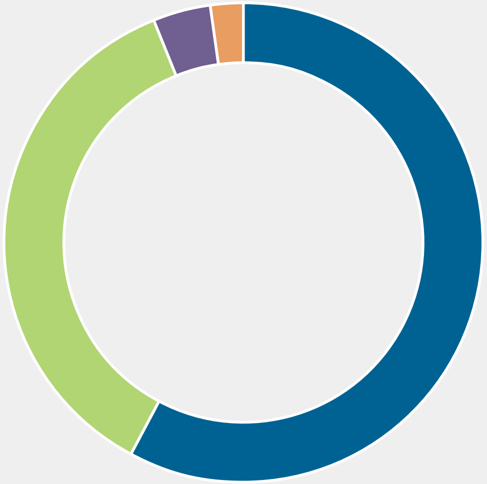
# Diversified business

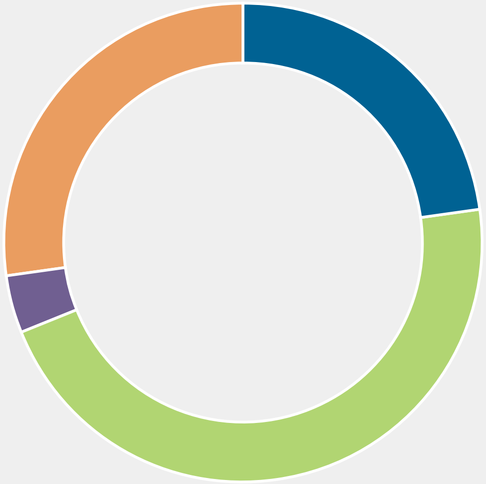
We are well diversified by range, geography and client type. We are seeking to scale up our fixed income and private markets propositions, while deepening our leadership in listed equities.

## AUM by range



| | Sept 2024 |
|---|---|
| Thematic Equities | 58% |
| Core Equities | 36% |
| Fixed Income | 4% |
| Private Markets | 2% |

## AUM by region[1]



| | Sept 2024 |
|---|---|
| UK | 23% |
| EMEA | 46% |
| Asia-Pacific | 4% |
| North America | 27% |

1 Regional data is by fund/account country of domicile. EMEA includes Impax Irish UCITS platform and SICAV funds sub-managed for BNP Paribas Asset Management and other distribution partners. Data may not add up to 100% due to rounding

## AUM by client type[2]

| | Sept 2024 |
|---|---|
| Wholesale | 54% |
| Institutional | 46% |

2 "Wholesale" includes Impax labelled mutual funds, sub-advised accounts and investment trusts. "Institutional" includes segregated accounts, institutional focused share classes, collective investment trusts ("CITs") and Limited Partnership ("LP") funds. Please note that funds classified as wholesale have end market exposure to both institutional and retail investors. Impax does not sell directly to retail investors

IMPAX Asset Management

Overview



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## Where we operate

# Expanding our geographic reach

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

### NORTH AMERICA

Desjardins AM (Canada)

FÉRIQUE (Canada)

NEI Investments (Canada)

Impax commingled vehicles

Impax mutual fund vehicles[1]

### EUROPE

ABN Amro

ASN Bank

BNP Paribas Asset Management

Formuepleje

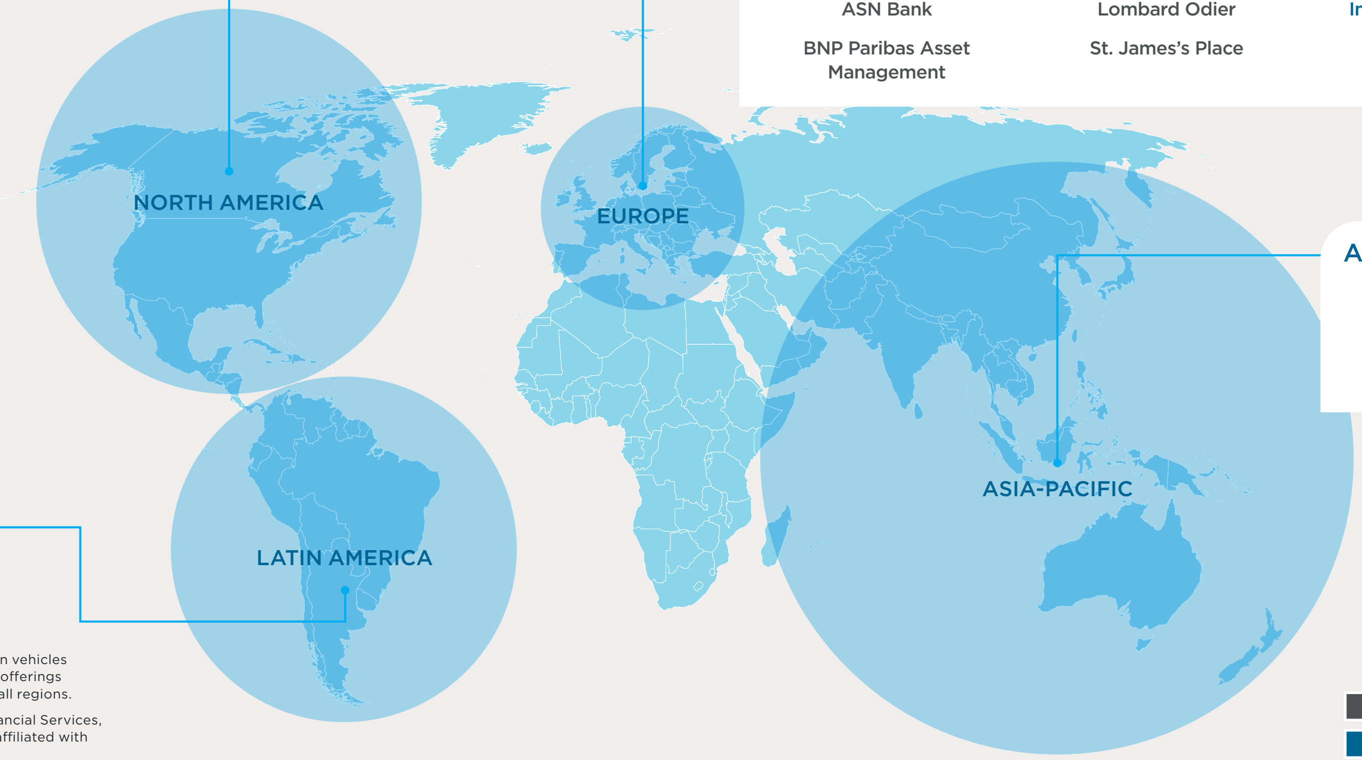
Lombard Odier

St. James's Place

Impax investment trust

Impax UCITS vehicles

Impax private markets vehicles




### ASIA-PACIFIC

BNP Paribas Asset Management (Asia)

Fidante Partners (Australia)

### LATIN AMERICA

BTG Pactual

Distribution partners
Impax branded

Products mentioned on this page are distribution vehicles made up of different fund offerings. Investment offerings may not be available or suitable for investors in all regions.

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

## Overview



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# The transition to a more sustainable economy: highlights

## Investments

**49%**

AUM invested in 'climate solutions'[1]

**92%**

AUM committed under NZAM that has 'transition aligned/aligning' climate management and disclosures[1,2]

## Operational

**97%**

electricity from renewable sources across Impax offices[2]

2030 target is 100%

**AA**

MSCI ESG Risk Rating

## Stewardship & Advocacy

**25%**

of engagement dialogues focused on climate-related issues in 2023[3]

**Early adopter of TNFD** recommendations

Contributed to **TPT asset management** sector guidance[4]

Became a member of **Nature Action 100+**

**91%**

climate-related shareholder proposals supported in 2023

1 To be classified as 'climate solutions' under Impax's proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences
2 "NZAM": Net Zero Asset Managers initiative. As at 31 December 2023. See page 14 of the Impax Climate Report 2024 for our definition of 'transition aligned/aligning' and 'climate solutions'
3 See our Stewardship & Advocacy Report 2024 for details of our activities in 2023. Our priority areas for stewardship and advocacy activities are Climate, Governance, Nature and People
4 "TPT": Transition Plan Taskforce. Launched by the UK HM Treasury to develop good practice for transition plan disclosure for finance and the real economy

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# Industry-wide recognition

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

**Winner**

## Responsible Investor of the Year

Reuters Responsible Business Awards
2023

**Winner**

## Boutique Manager of the Year

Financial News
2023

**Winner**

## Best Asset Manager

Morningstar Sustainable Investing Awards
2024

**Winner**

## King's Award for Enterprise: Sustainable Development

2024

In May 2024, we were delighted to announce that we had received the King's Award for Enterprise in the Sustainable Development category, placing Impax among the most innovative businesses in the UK. This is the third time we have been recognised with this accolade, having previously been awarded the Queen's Award for Enterprise, Sustainable Development in 2020 and 2014.

Past performance is not indicative of future returns. For information on methodology please refer to impaxam.com/awards

IMPAX Asset Management

Strategic Report



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# Strategic Report

**"This was a year of meaningful strategic developments."**

**Ian Simm**
Chief Executive

# Chair's Introduction



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## "Impax showed its resilience during the Period."

Simon O'Regan
Chair

It is a pleasure to introduce our Annual Report and Accounts for the year ending 30 September 2024, my first since taking over as Chair of the Board.

Having served on the Board since 2020 and been Senior Independent Director since March 2023, it was a huge honour to become Chair of this dynamic business in July 2024.

My task has been made much smoother thanks to the support of my fellow Board members. I would especially like to thank my predecessor, Sally Bridgeland, and Ian Simm for their guidance during my transition into the role.

I am looking forward to working alongside my fellow Directors and the management team to support the future growth trajectory of the Company. I believe that Impax's unique offering means that the Company is well positioned for further success.

### RESILIENT BUSINESS PERFORMANCE

Impax showed its resilience during the 12 months of the Period, with its assets under management and advice ("AUM") remaining broadly flat at £37.2 billion as of 30 September 2024, compared to £37.4 billion a year before.

This was a year of significant strategic developments, an improvement in the performance of our investment strategies, and a strong focus by the management team on operational efficiency and tightening its control of costs.

While investment performance contributed £5.3 billion to AUM during the Period, the business experienced net outflows of £5.8 billion, driven particularly by redemptions within its wholesale channel. This contributed to a fall in revenues of 4.7% compared to the prior Period to £170.1 million. A significant focus by the management team on cost and efficiency saw a fall in our adjusted operating costs of 2.4%, leading to adjusted operating profits of £52.7 million, down 9.3% compared to the prior year.

Furthermore, as set out in the Chief Executive Report on page 14, Ian Simm and the management team have made significant progress in positioning the business for further growth, not least through the acquisition of further fixed income capability, through further product development and through increased focus on client experience, including additional sustainability reporting and thought leadership.

Strategic Report



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# Chair's Introduction continued

## STRATEGIC DEVELOPMENT

The Board held 14 formal meetings during the Period, devoting significant time to strategic discussion to consider fully a range of business development opportunities and risks.

In June, the Non-Executive Directors attended a strategy day with the senior management team. This included a discussion of the Company's business plan and strategic priorities including opportunities to further scale listed equities, to diversify the business by growing the propositions in fixed income and private markets and to optimise risk management and operational resilience.

Please see page 05 for the Company's updated Mission Statement.

## BOARD SUCCESSION

Two of our Non-Executive Directors retired during the Period, with Sally Bridgeland and Lindsey Brace Martinez, respectively Chair of the Board and Chair of the Remuneration Committee, leaving the Board on the ninth anniversary of their joining, in line with UK corporate governance best practice.

Meanwhile, we welcomed two new Non-Executive Directors, Julia Bond and Lyle Logan, who have both settled well into their Board and Committee responsibilities.

With my appointment as Chair, Annette Wilson has succeeded me as Senior Independent Director, in addition to continuing in her role as Chair of the Audit & Risk Committee. Julia Bond has succeeded Lindsey Brace Martinez as Chair of the Remuneration Committee and Lyle Logan has joined the Audit & Risk and Remuneration Committees.

## STRONG GOVERNANCE

Please refer to the Governance section beginning on page 66, which provides a detailed report on the Board's approach to corporate governance.

We continue to apply the Quoted Companies Alliance Corporate Governance Code. An updated version of this Code was released during the Period, applying to financial years on or after 1 April 2024. We will carefully consider and interpret this updated version during the 12-month transition period to ensure that we continue to observe its important principles. See page 71 for more information.

In recognition of the Group's growing scale and complexity and to ensure that the Company is well placed for further growth, the Company's governance structure has been further developed during the Period. This has resulted in the repositioning of the Group's subsidiary boards and committees, including the introduction in late 2023 of the Company's new two-part executive structure which is functioning well. The Management Committee and Senior Leadership Team have met regularly during the Period and have contributed to the development and implementation of strategy, whilst reinforcing the Company's culture and promoting the importance of good conduct.

> **"We welcomed two new Non-Executive Directors, Julia Bond and Lyle Logan, who have both settled well into their Board and Committee responsibilities."**

## COLLEAGUES, CONDUCT & CULTURE

The Board was pleased to see that Impax colleagues continue to register a high employee engagement score, four points above the industry benchmark. Combined with a response rate of 94%, the survey organiser, WorkBuzz, continues to rate Impax as a "5-star employer", its highest accolade.

In the annual employee engagement survey, colleagues consistently score highly in "understanding Impax's mission, culture and values" indicating just how important good conduct and culture are to all within the organisation. Nevertheless, we continue to focus on this area, and during the Period have updated the Company's conduct framework. In July 2024 Annette Wilson succeeded me as the Whistleblowing Champion on the Board.

Julia Bond meanwhile has taken over as the Board sponsor of the Company's equity, diversity & inclusion ("E,D&I") Group and attends its meetings every quarter. Please see page 52 for more information on the good progress made during the Period and our strategy in this area.

Strategic Report



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# Chair's Introduction continued

## CREATING VALUE FOR ALL KEY STAKEHOLDERS

The Board considers carefully how it should promote the success of the Company for the benefit of all its stakeholders.

To this end, the Board was pleased to approve a new commitment to the communities in which Impax operates during the Period. Effective from this year, we will aim to donate 0.5%–1% of pre-tax profit to support our charitable partners. This year we achieved that aim, with £563,074 donated.

Meanwhile, in June the Company published its Climate Report in line with the recommended disclosures of the Taskforce on Climate-related Financial Disclosures. Our approach to climate and the environment is coordinated by the Impax Sustainability Centre, and by the Environment Group, which Annette Wilson attends on behalf of the Board; we continue to participate in high-level initiatives to shape public policy and advance academic thinking in these areas.

Please refer to pages 62–65 for more information on our approach to creating value for all of our key stakeholders, in line with Section 172 of the Companies Act 2006.

## RISK MANAGEMENT

During the Period, the Board and the Audit & Risk Committee has sought to further improve and enhance the Company's risk management framework. This has included reporting line changes with second line functions having a management reporting line directly to the CEO.

Evolving areas of focus for the Enterprise Risk team this year included climate, cyber and AI risk, and assessing the Company's crisis management procedures.

## DIVIDEND

As announced in the Interim Results in May 2024, the Board amended the Company's dividend policy during the Period. It will now be to pay, in normal circumstances, an annual dividend of at least 55% of adjusted profit after tax, while ensuring that we retain sufficient capital to invest in the business' future growth.

In line with that policy, the Board now recommends paying a final dividend for 2024 of 22.9p, a total for the year of 27.6p, representing 87% of adjusted profit after tax and a flat total dividend relative to the 2023 payout. Further details are provided in the Financial Review on pages 24–26.

## SHAREHOLDER ENGAGEMENT & OUR AGM

We continue to engage Peel Hunt and Berenberg as our joint brokers in order to maintain and build contact and dialogue with institutional investors. We also work with specialist investor relations groups including Equity Development, Investor Meet Company and Shares/AJ Bell to support our interaction with private investors.

For my own part, I have enjoyed the opportunity to engage more directly with shareholders since taking on the role of Chair. I hope that I will be able to meet more shareholders at our next AGM, which will take place on 5 March 2025. The meeting will take place in person at our London office on the 7th Floor, 30 Panton Street, London, SW1Y 4AJ.

The Directors and the senior management team appreciate the opportunity to present on the Company's progress and to hear your questions and feedback.

Details of the AGM, and the proposed resolutions, are covered in the separate Notice of Meeting.

Thank you for your support and feedback and your continued interest in the Company.

**Simon O'Regan**
27 November 2024

Strategic Report



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# Chief Executive's Report

## "I'm encouraged by the progress we have made in diversifying our business."

Impax showed its resilience during the 12 months ending 30 September 2024 ("the Period"), a year in which meaningful strategic developments, improved investment performance and a strong focus on operational efficiency and cost control was counterbalanced by net outflows.

**2**
acquisitions in fixed income

**£37.2bn**
AUM

**Ian Simm**
Chief Executive

At the end of the Period, Impax's assets under management and advice ("AUM") were £37.2 billion as of 30 September 2024 (30 September 2023: £37.4 billion).

The broadly flat trajectory of our AUM reflects a positive absolute contribution of £5.3 billion from the investment performance of the funds and accounts that we manage together with £312 million of acquired fixed income AUM. This was offset by net outflows of £5.8 billion for the Period, which was particularly concentrated over the first three financial quarters and from our European wholesale channel.

With client outflows contributing to a lower average AUM compared to the previous year, the Company's revenues of £170.1 million were down 4.7% on the prior year. Adjusted operating profits meanwhile fell by 9.3% to £52.7 million, reflecting in part a 2.4% decline in adjusted operating costs across the year as we focused on efficiency and cost control.

Notwithstanding the near-term headwinds, we remain convinced that investing in the transition to a more sustainable economy will continue to offer excellent medium-to-long term financial returns. Today, with a long track-record and an investment team of over 90 professionals, we're acknowledged globally as one of the largest specialist managers in this area.

# Chief Executive's Report continued



## AUM MOVEMENT FOR FULL YEAR TO 30 SEPTEMBER 2024

| | Listed equities £m | Fixed income £m | Private markets £m | Total firm £m |
|---|---|---|---|---|
| **Total AUM at 30 September 2023** | **35,552** | **1,283** | **564** | **37,399** |
| Net flows | (5,796) | (144) | 151 | (5,789) |
| Acquired assets (Absalon Corporate Credit) | 0 | 312 | 0 | 312 |
| Performance, market movement, and FX | 5,264 | 27 | (27) | 5,265 |
| **Total AUM at 30 September 2024** | **35,021** | **1,478** | **689** | **37,187** |

The case for our investment philosophy continues to build. This philosophy is predicated on our strongly held belief that long-term secular trends are causing inevitable sectoral transformations across virtually every area of the economy. Well-rehearsed examples include the transition to renewable power generation and electric vehicles. It's also clear to most that increasingly frequent severe weather, as evidenced by Hurricane Helene in September or the recent flooding in eastern Spain, is raising requirements for additional and innovative investment in areas such as engineering design, infrastructure monitoring, weather forecasting and disaster management systems.

Overall, we are encouraged by indications of an improvement in investor sentiment through 2024. As I expand in the "Outlook" section below, as stock and credit selectors, we're able to adjust our clients' portfolios to reflect changing economic prospects and are currently analysing the anticipated strengthening of US economic conditions and domestic business confidence heralded by the forthcoming (second) Trump Administration.

In the round, we believe the outlook is positive for those companies that are set to benefit from the transition to a more sustainable economy. This provides a supportive backdrop for the platform that we have built over many years and will enable further growth in the future.

## INVESTMENT STRATEGIES AND PERFORMANCE

We continue to offer investment strategies covering thematic equities, core equities, fixed income and private markets.

Our strategies largely performed positively on an absolute basis over the Period, with our three largest strategies (Global Opportunities, Leaders and Water) returning 17.8%, 19.4% and 18.9% respectively. Together these strategies accounted for 59% of our AUM at the end of the Period.[1]

Nevertheless, relative to generic indices, top-down factors near the beginning of the Period impacted performance. During the first half of the financial year, the market concentration of the mega-cap technology stocks in the MSCI All Country World Index ("ACWI") acted as a detractor for many of our strategies. However, by the fourth quarter we saw a re-rating of the 'quality growth' businesses in which our principal investment portfolios invest, with corresponding relative outperformance. This was driven by stronger market conditions, supported in part by lower bond yields and interest rate cuts (as a result of falling inflation) in the US and elsewhere.

Longer term, 72% of our strategies' AUM have outperformed their benchmarks over five years.

See pages 27–29 for more detail on our strategies' investment performance.

## STRATEGIC PRIORITIES

During the Period we continued to pursue a strategy of diversifying our revenue by asset class and by client type. Our priorities centre on deepening our leadership in listed equities, while at the same time scaling up our fixed income and private markets propositions. While we will primarily achieve this growth organically, we will consider smaller acquisitions on an opportunistic basis, particularly in the latter two asset classes.

Meanwhile, we will continue to focus on growing our direct channel distribution capabilities, deepening our partnership with selected third parties and continuing to build an efficient, scalable and agile operating model. For more information on our six strategic priorities and our progress against each, please refer to page 19.

1 During this Period the MSCI ACWI returned 19.9%. Please refer to page 27 for more detail on our strategies' investment performance.

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# **Chief Executive's Report** continued

## FIXED INCOME

As the transition to a more sustainable economy unfolds, larger mature businesses are increasingly able to finance their growth through borrowings, and hence the investment opportunity in corporate credit continues to expand.

We made particularly significant progress in the expansion of our fixed income capabilities during the Period, announcing two acquisitions.

In July we completed the acquisition in Denmark of Absalon Corporate Credit, representing £312 million of AUM with capabilities in Global High Yield Bond and Emerging Markets Corporate Bond. That month we also announced a conditional agreement to acquire the European assets of and hire a team from SKY Harbor Capital Management LLC, bringing us investment capabilities and approximately £1.3 billion of funds in their Short Duration High Yield strategy. We expect to complete this second acquisition around the end of this calendar year.

> **"The investment opportunity in corporate credit continues to expand."**

Following the completion of both acquisitions, subject to market performance and client retention, Impax will have total pro forma fixed income AUM of approximately £2.7 billion.

We have also established a new Global Credit Research platform and launched a new analytical framework for fixed income focused on sustainability issues.

Please see page 30 for information on our fixed income business strategy.

## LISTED EQUITIES

We have good capacity to grow within our existing range of listed equities strategies, while continuing to develop our suite of products. For example, in North America we have seen some good interest in our recently launched Sustainable Infrastructure strategy and Global Social Leaders strategy. Meanwhile, the US Environmental Leaders strategy is now available on our European UCITS fund platform.

Before the end of the Period we seeded a Global Emerging Markets Opportunities strategy and, subsequently, an active EAFE Opportunities strategy that is focused on the Europe, Australasia and the Far East regions.[1]

As our team in this area has expanded, we have continued to adjust the team structure and individual roles to optimise results. During the Period we created a Global Equity Research structure, tightening the coverage definition for each analyst and thereby introducing a clearer distinction between idea generation for individual stocks and portfolio management responsibilities.

## PRIVATE MARKETS

We continue to identify attractive opportunities to invest privately in real assets in the renewable energy sector. In early 2024 we announced the successful final close of our fourth fund in this area, which at €459 million was the team's largest fundraise to date and approximately 30% larger than the previous fund. This is a significant achievement by the team given the very challenging fundraising environment over the past two years.

The fourth fund's portfolio currently consists of 12 investments in seven countries across seven technologies, including a German wind developer, Italian solar PV and energy efficiency portfolio and an Irish electric vehicle charging company.[2]

The team's third fund has also made several notable realisations including exiting a Norwegian small-scale hydropower platform and a sizeable German wind portfolio. As at the end of the Period, 42% of this fund's portfolio has been exited.

The team is currently working on plans for raising the next fund in Impax's renewable energy fund series.

## CLIENT GROUP

In line with our strategy of diversifying our distribution capabilities, we further strengthened our own direct channels and expanded our relationships with partners.

In Europe, following the Absalon acquisition, we opened an office in Copenhagen and hired a Head of Nordics to lead business development in the region. We also added new distribution partners in Spain and Italy. Subject to the completion of the SKY Harbor deal, we expect to have client-facing team members based in Germany and Switzerland.

1 Europe, Australasia & Far East
2 As at October 2024



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# **Chief Executive's Report** continued

## CLIENT GROUP CONTINUED

Following the closing of the Absalon transaction, we are now offering fixed income products on our Ireland-based European fund platform for the first time. During the Period we also added two new listed equities funds to this platform.

On our US mutual fund platform we launched a new Global Social Leaders fund and also made enhancements to two other funds: the Impax Ellevate Global Women's Leadership fund and the Impax Global Sustainable Infrastructure fund. Meanwhile we are currently filing with the US regulator to offer ETF share classes of our mutual funds.

## NET FLOWS

With total net outflows of £5.8 billion, client redemptions were primarily made through our wholesale channel and largely by retail clients served by our third-party distribution partners, including BNP Paribas Asset Management in Europe & Asia-Pacific.

However, during the fourth quarter of the year we saw a sharp drop in redemptions (down 36% compared to the third quarter).

Significant new client wins during the Period included listed equities mandates for pension funds in the UK, Sweden, Australia and the US, and new accounts through our wholesale channel in the US, Canada, Italy, and Australia.

While we experienced client redemptions through our intermediary/wholesale channel in particular, our client retention levels remain solid, with accounts closing during the Period representing 0.2% of the opening AUM.

In October, after the Period end, St. James's Place ("SJP") announced that it was reallocating its Global Quality fund away from Impax. At ca. 13% of the total AUM that Impax manages for SJP, this is the smaller of our two accounts with them. The impact on our annualised revenue is expected to be very modest and we continue to manage the much larger SJP portfolio, the Sustainable & Responsible Equity Fund, on a sole basis.

## STRENGTHEN BRAND DIFFERENTIATION

The Company continues to be recognised for its leadership in investing in the transition to a more sustainable economy.

During the Period, Impax received a third prestigious King's Award for Enterprise, in the Sustainable Development category.[1] Morningstar named Impax as "Best Asset Manager" in its 2024 Sustainable Investing Awards, while the Company was named "Responsible Investor of the Year" in the Reuters Responsible Business Awards and "Boutique Manager of the Year" by Financial News.

The Impax Sustainability Centre acts as the centre of excellence for the business and for clients, providing services, tools and expertise.[3] This encompasses our policy, advocacy and sustainability activity, including reporting.

This year we marked a decade of measuring and reporting some of the non-financial impacts of the companies in which we invest. We have also introduced some new metrics in this area and expanded our reporting at the account and fund level. See page 36 for further information.

We were also pleased to initiate and co-write a report for the Sustainable Markets Initiative to understand how asset owners integrate climate change issues into their investment decisions.

Working together with State Street, we interviewed the chief investment officers of 11 large asset owners, presenting the findings at Climate Week New York in September 2024.

Following our engagement with the US regulator, in March 2024, the Securities & Exchange Commission cited Impax 24 times in the background notes to its new climate risk disclosure rule, including the requirement that companies report on physical risks and asset locations when impacts are material.

In our Climate Report 2024 we describe how we manage climate-related risks and identify climate-related opportunities in line with the recommendations of what is now the International Sustainability Standards Board. See page 43 for more information.

## OPERATIONS: MANAGING COSTS AND EFFICIENCY

We have continued to focus on the effectiveness of our operations, undertaking a wide range of initiatives to improve efficiency.

The 2.4% decline in adjusted operating costs, notwithstanding investment into our fixed income platform, demonstrates our ability to support our profitability and continue to position the Company for scalable growth over the medium term.

1 Previously received the Queen's Award for Enterprise: Sustainable Development in 2014 and 2020

# **Chief Executive's Report** continued

## OPERATIONS: MANAGING COSTS AND EFFICIENCY CONTINUED

We continued to strengthen our approach to risk and compliance, with second line functions now having a management reporting line through the Chief Risk Officer directly to me.

We have also improved our data processing capabilities and strengthened the security and resilience of our operational data transfer infrastructure.

Meanwhile, our headcount grew very modestly to 315 at the end of the Period, which included five new colleagues in Denmark, compared to 300 a year earlier.

## ATTRACTING AND DEVELOPING OUR TALENT

We conduct an employee engagement survey annually. This year, the overall engagement score, which reflects colleague satisfaction and commitment, was, at 86 points, four points ahead of our peer group benchmark. Our colleagues continue to tell us that they feel closely aligned to Impax's mission and values, in particular our focus on sustainable development. Our staff turnover remains low relative to peers and we made good progress against our equity, diversity and inclusion goals.

## BOARD SUCCESSION

As referred to in the Chair's Introduction, at the end of July, Simon O'Regan succeeded Sally Bridgeland as Chair of the Board. Simon has been a member of the Impax Board for four years and brings considerable international experience as a pensions consultant, business leader and qualified actuary. He is perfectly placed to succeed Sally, and I look forward to working with him closely as we continue to grow and diversify the business.

I would like to welcome Julia Bond and Lyle Logan, who have joined the Board this year, and to thank both Sally and Lindsey Brace Martinez, who also retired from the Board in July, for their important contributions to Impax over nearly a decade.

## OUTLOOK

Following a challenging 12 months for client flows, we are broadly encouraged by the outlook for the business and believe that the macroeconomic backdrop is supportive for our strategies.

Expectations of a 'soft landing' for the US economy should underpin improved investor confidence, while improved risk sentiment should lead investors to look beyond the narrow range of stocks (including those in artificial intelligence and obesity drugs) that have driven the performance of global indices for much of the past 18 months.

In these circumstances, our investment teams will continue to seek out companies displaying quality characteristics, structural growth and the ability to consistently compound returns. This will include companies enabling innovation in areas such as healthcare, re-shoring in the semiconductor and other industries, reinsurance of climate events, and the building of infrastructure in emerging markets.

Despite President-elect Donald Trump's negative stance on climate policies, experience from the first Trump administration suggests that the next four years are likely to be positive for US businesses delivering innovative products and services in the above areas and in which materials and energy efficiency are significant contributors.

Against this backdrop, we are highly confident that our investment portfolios can deliver excellent returns for clients.

I'm pleased by the resilience that the business has shown during the Period and by our ability to maintain cost discipline. Above all, I'm particularly encouraged by the progress that we have made in diversifying our business, with the development of our fixed income capabilities and the build-out of our direct distribution channels; importantly, this has been achieved while still providing an excellent service to our existing clients.

I'd like to thank you for your continued support for and interest in Impax.

**Ian Simm**
27 November 2024

> **"We believe the macroeconomic backdrop is supportive for our strategies."**

## Strategic Report



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# Our Strategic Priorities

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

## Organically grow listed equities

Appointed Charles French as Co-Chief Investment Officer, Listed Investments, who jointly leads the team with Bruce Jenkyn-Jones.

During the Period we have created a Global Equity Research function, with a new team head joining Impax in November 2024. With research coverage focused on the analysts' sector specialisms, the team delivers value-added proprietary research and idea generation to Impax's portfolio managers.

We launched the Global Social Leaders strategy, which is now being distributed on our European UCITS and US mutual funds platforms and via our Canadian partner, NEI.

The US Environmental Leaders strategy is now available on our European UCITS platform and we have recently seeded a Global Emerging Markets Opportunities strategy.

After the Period, in October 2024 we seeded an active EAFE strategy, investing in developed markets ex-US, to complement an existing systematic strategy.

## Build to scale in fixed income

We completed the acquisition of Absalon Corporate Credit and entered into a conditional agreement to acquire the European assets of SKY Harbor Capital Management, LLC.

Following the completion of both acquisitions, Impax will have total pro forma fixed income AUM of approximately £2.8 billion, subject to market performance and client retention. The acquisitions bring in additional capability in Global High Yield Bond, Short Duration High Yield and Emerging Market Corporate Bond.

We established a new Global Credit Research platform, with new sector review process and coverage model, a Quantitative Credit Research function, and a monthly Credit Strategy Group.

We launched a new analytical framework for fixed income focused on sustainability issues.

We began marketing our Core Plus Bond strategy more broadly. This has previously been run as a bespoke portfolio.

## Grow private equity

The final close of our fourth private markets infrastructure fund during the Period brought total commitments in the fund to €459 million, the team's largest fund to date. The fund's portfolio currently consists of 12 investments, diversified across seven countries and seven technologies, including a wind developer, solar PV and energy portfolio and an electric vehicle charging company.

The third fund has made several notable realisations including exiting a Norwegian small-scale hydropower platform and a sizeable German wind portfolio. As at the end of the Period 42% of the fund's portfolio has been exited.

The team is currently working on plans for raising additional capital.

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# Our Strategic Priorities continued

## Enhance direct channel capabilities

Following the Absalon acquisition, we opened our Copenhagen office and hired a Head of Nordics to lead business development in the region.

We are now offering fixed income products on our European UCITS fund platform for the first time, in addition to two new listed equities funds added during the Period.

In the US, we launched our Global Social Leaders fund on our mutual fund platform. We also made enhancements to two other funds on the platform: the Impax Ellevate Global Women's Leadership fund and the Impax Global Sustainable Infrastructure fund.

Significant new client wins during the Period included listed equities mandates for pension funds in the UK, Sweden and Australia.

## Deepen client partnerships and strengthen brand differentiation

In the US the US Leaders Strategy Is now being offered as a Separately Managed Account at two of the largest wealth management firms in country. Our Global Social Leaders strategy is now being distributed via our Canadian partner, NEI.

We produced a report for the Sustainable Markets Initiative to understand how asset owners integrate climate into their investment decisions. Working together with State Street, we interviewed the chief investment officers of 11 large asset owners, presenting the findings at Climate Week New York in September 2024.

This year we celebrate a decade of measuring and reporting the impact of our investments beyond financial returns. We have expanded our account and fund level reporting this year. Meanwhile, in our Impact Report 2024, we introduced three additional social impact metrics. See page 36.

In our Climate Report 2024 we describe how we manage climate-related risks and identify climate-related opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures as well as the Transition Plan Taskforce. See page 43.

Following our engagement with the US regulator, in March 2024, the Securities & Exchange Commission cited Impax 24 times in the background notes to its new climate risk disclosure rule, including the requirement that companies report on physical risks and asset locations when impacts are material.

Impax received a prestigious King's Award for Enterprise, in the Sustainable Development category. Morningstar named Impax as "best asset manager" in its 2024 Sustainable Investing Awards, while Impax was named "Responsible Investor of the Year" in the Reuters Responsible Business Awards and "Boutique Manager of the Year" by Financial News.

## Continue to build an efficient scalable and agile operating model

We have continued to focus on the effectiveness of our operations, undertaking a wide range of initiatives to improve efficiency.

Our headcount grew very modestly to 315 at the end of the Period, compared to 300 a year earlier.

Our overall employee engagement score, at 86 points, is four points above our peer group benchmark.

We have enhanced management information systems through strategic automation initiatives, improving operational efficiency and data processing capabilities. We have also strengthened the security and resilience of our operational data transfer infrastructure, ensuring stronger protection of portfolio information transmitted by third parties.

We have improved our global office collaboration capabilities through targeted IT infrastructure upgrades.

We also strengthened our approach to risk and compliance: second line functions now having a management reporting line through the Chief Risk Officer directly to the CEO.

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# Key Performance Indicators

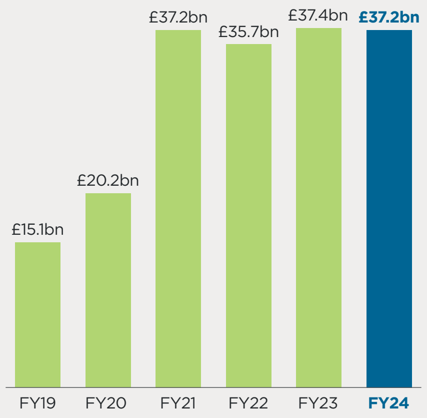
We use a number of key performance indicators ("KPIs") to measure our financial performance.

## Assets under management

**£37.2bn**

Assets under management refers to the total value of assets managed or advised by the Group and is the basis on which we generate most of our revenue.

**2024: AUM is broadly flat.**

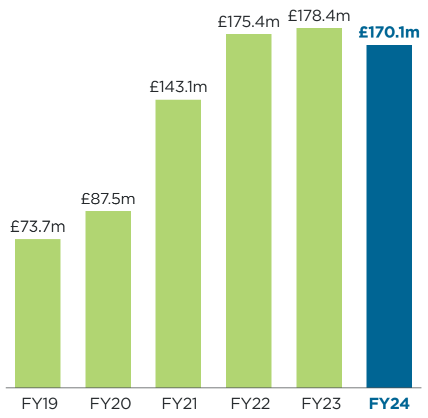



## Revenue

**£170.1m**

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

**2024: Revenue decreased by 4.7% to £170.1m.**

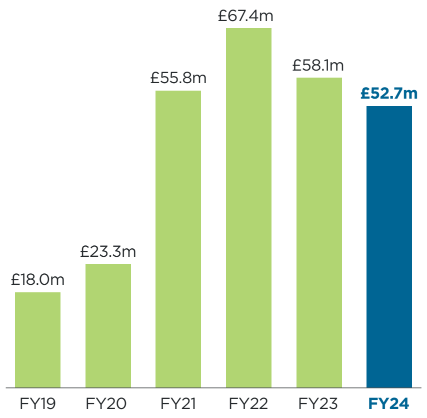



## Adjusted operating profit

**£52.7m**

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

**2024: Adjusted operating profit fell by 9.3% to £52.7m.**



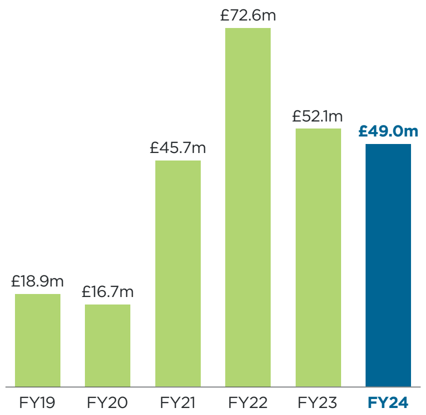
# Key Performance Indicators continued

## IFRS profit before tax

**£49.0m**

IFRS profit before tax is calculated in accordance with international financial reporting standards.

**2024: IFRS profit before tax reduced to £49.0m.**

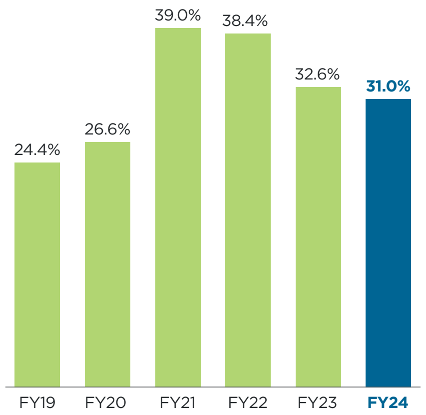



## Adjusted operating margin

**31.0%**

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

**2024: Adjusted operating margin fell slightly to 31.0%.**

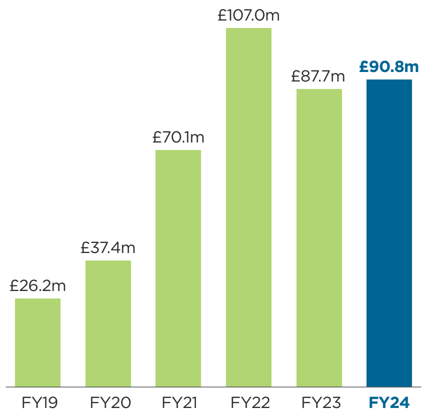



## Cash reserves

**£90.8m**

Cash reserves represents both cash held by the Company as well as cash invested in money market funds.

**2024: Cash reserves increased to £90.8m.**



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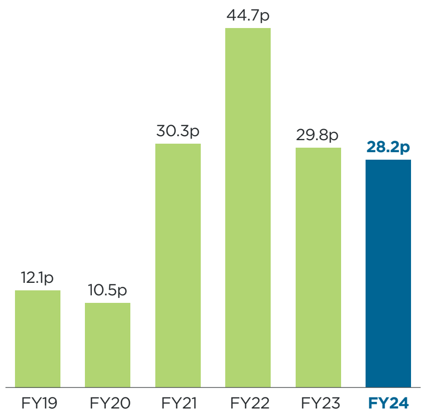
# Key Performance Indicators continued

## IFRS diluted earnings per share

**28.2p**

IFRS diluted EPS reflects the overall financial performance of the Company for the year calculated in accordance with international financial reporting standards and takes into account the dilutive effect of our share option and restricted share awards.

**2024: IFRS diluted EPS is 28.2p.**

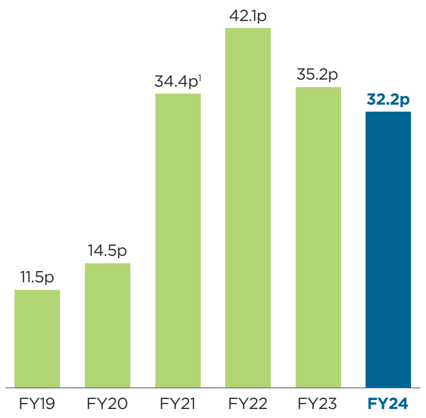



## Adjusted diluted earnings per share

**32.2p**

Adjusted diluted earnings per share (“EPS”) reflects the overall financial performance of the Company for the year and takes into account the dilutive effect of our share option and restricted share awards.

**2024: Adjusted diluted EPS is 32.2p.**

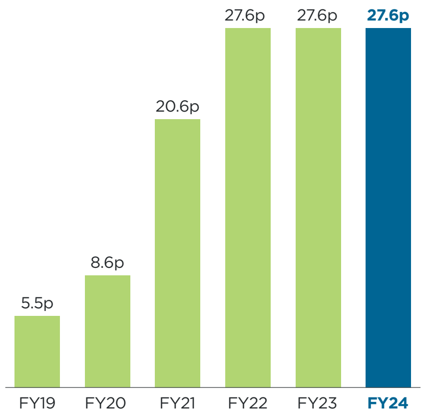



## Dividend per share

**27.6p**

The Company’s policy is to pay, in normal circumstances, an annual dividend of at least 55% of adjusted profit after tax. The Board is recommending a final dividend of 22.9 pence per share bringing the total dividend to 27.6 pence. This represents a flat total dividend relative to the 2023 payout.

**2024: Total dividend per share maintained at 27.6p.**




1 Restated to remove the impact of unrealised foreign exchange losses of £906,000

IMPAX Asset Management

## Strategic Report



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# Financial Review

## "The Company has a strong balance sheet enabling us to maintain the dividend."

**£170.1m**
Revenue

**27.6p**
Total dividend per share

I am pleased to present our results for the Period which continue to demonstrate our resilience. An emphasis on effective cost control and operational efficiency has enabled us to produce strong results despite the net outflows experienced during the Period.

In order to facilitate comparison of performance with previous time periods and to provide an appropriate comparison with our peers, we have presented adjusted financial measures alongside the IFRS measures.

Further information on the adjustments made and on the other alternative performance measures reported is provided on page 149. A reconciliation of the International Financial Reporting Standards ("IFRS") and adjusted numbers is provided in Note 5 of the financial statements.

**Karen Cockburn**
Chief Financial Officer

Strategic Report



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# **Financial Review** continued

| | 2024 | 2023 |
|---|---|---|
| AUM[1] | **£37.2bn** | £37.4bn |
| Revenue | **£170.1m** | £178.4m |
| Adjusted operating costs[2] | **£117.4m** | £120.3m |
| Adjusted operating profit[2] | **£52.7m** | £58.1m |
| Adjusted profit before tax[2] | **£55.7m** | £60.0m |
| Adjusted diluted earnings per share[2] | **32.2p** | 35.2p |
| Cash reserves[2] | **£90.8m** | £87.7m |
| Seed investments | **£16.0m** | £13.3m |
| Dividend per share[3] | **4.7p interim +22.9p final** | 4.7p interim + 22.9p final |

| | 2024 | 2023 |
|---|---|---|
| IFRS operating profit | **£49.0m** | £54.2m |
| IFRS profit before tax | **£49.0m** | £52.1m |
| IFRS diluted earnings per share | **28.2p** | 29.8p |

1 Assets under management and advice as of 30 September 2024
2 This is an Alternative Performance Measure – see page 149 for definition and calculation
3 Proposed

## REVENUE

Revenue for the Period decreased by £8.3 million to £170.1 million (2023: £178.4 million) as a result of the decrease in average AUM compared to the prior Period. The decrease in revenue was driven by total net outflows of £5.8 billion which were largely offset by positive market movements to arrive at Period end AUM of £37.2 billion (2023: £37.4 billion).[4]

At the end of the Period, the weighted average run-rate revenue margin[1] remained stable at 45 basis points (2023: 45 basis points) on the £37.2 billion of AUM. Our run-rate revenue[4], also based on the Period end AUM reduced to £166.5 million (2023: £168.8 million).

No adjustments have been made to revenue to arrive at adjusted operating profit.

## OPERATING COSTS

Adjusted operating costs decreased to £117.4 million (2023: £120.3 million) as we focused on tightening our control over costs during the Period. We continue to invest strategically in the areas of the business that we believe will support our long-term growth ambitions, particularly in the areas of fixed income and operational resilience.

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

## PROFITS AND OPERATING MARGIN

Adjusted operating profit decreased to £52.7 million (2023: £58.1 million) owing to the decreased revenue discussed above offset in part by the decrease in adjusted operating costs. This saw the adjusted operating margin fall slightly to 31.0% (2023: 32.6%). Run-rate adjusted operating profit at the end of the Period was £48.8 million (2023: £51.9 million) and run-rate adjusted operating margin at the end of the Period was 29.3% (2023: 30.8%).

Adjusted profit before tax of £55.7 million (2023: £60.0 million) and adjusted diluted earnings per share of 32.2 pence (2023: 35.2 pence) include net finance income of £3.0 million (2023: £1.9 million).

IFRS operating profit for the Period decreased to £49.0 million (2023: £54.2 million) reflecting the reduction in revenue discussed above. IFRS profit before tax of £49.0 million (2023: £52.1 million) includes foreign exchange losses of £3.0 million (2023: £4.0 million) on the retranslation of monetary assets held in foreign currencies that are not linked to the operating performance of the Group. £1.4 million of this loss relates to the retranslation of a US dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve. IFRS diluted earnings per share decreased to 28.2 pence (2023: 29.8 pence).

## TAX

The effective tax rate has increased to 25.5% (2023: 24.7%).

4 This is an Alternative Performance Measure – see page 149 for definition and calculation

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# **Financial Review** continued

## FINANCIAL MANAGEMENT

The Company continues to be a strongly cash generative business with high levels of cash and no debt. At the Period end the Company's cash resources increased to £90.8 million (2023: £87.7 million) owing to controlled cash management.

During the Period, we made seed investments, net of redemptions, of £1.2 million in our listed equity and private equity funds (2023: seed investments, net of redemptions, of £5.3 million). At the Period end total investments were valued at £16.0 million (2023: £13.3 million).

## SHARE MANAGEMENT

The Board will consider purchasing the Company's shares from time to time after due consideration of alternative uses of the Company's cash resources. Share purchases are usually made by the Group's Employee Benefit Trust ("EBT") (subject to the trustees' discretion), using funding provided by the Company.

During the Period, the EBT purchased 1.9 million ordinary shares. The EBT hold shares for Restricted Share awards until they vest or to satisfy share option exercises.

At the Period end the EBT held a total of 4.8 million shares, 3.3 million of which were held for Restricted Share awards leaving up to 1.5 million available for option exercises and future share awards. There were 2.6 million options outstanding at the Period end, of which 50,000 were exercisable.

## DIVIDENDS

The Company paid an interim dividend of 4.7 pence per share in July 2024. Our dividend policy is to pay, in normal circumstances, an annual dividend of at least 55% of adjusted profit after tax, while ensuring that we retain sufficient capital to invest in our future growth. As described above, despite the net outflows experience during the Period, the Company remains in robust financial health. The Board has therefore decided to recommend a final dividend of 22.9 pence (2023: 22.9 pence) taking the total dividend for 2024 to 27.6 pence (2023: 27.6 pence). The total dividend for the year represents 87% of our adjusted profit.

This dividend proposal will be submitted for formal approval by shareholders at the Annual General Meeting on 5 March 2025. If approved, the dividend will be paid on or around 21 March 2025.

The record date for the payment of the proposed dividend will be 21 February 2025 and the ex-dividend date will be 20 February 2025.

The Company operates a dividend reinvestment plan ("DRIP"). The final date for receipt of elections under the DRIP will be 28 February 2025. For further information and to register and elect for this facility, please visit www.signalshares.com and search for information related to the Company.

## GOING CONCERN

The Financial Reporting Council requires all companies to perform a rigorous assessment of all the factors affecting the business when deciding to adopt a 'going concern' basis for the preparation of the accounts.

The Board has made an assessment covering a period of at least 12 months from the date of approval of this report which indicates that, taking account of a reasonably possible downside in relation to asset outflows, market performance and costs, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Group has high cash balances and no debt and, at the Period end market levels, is profitable.

A significant part of the Group's cost basis is variable as bonuses are linked to profitability. The Group can also preserve cash through dividend reduction and through issuance of shares to cover share option exercises/restricted share awards (rather than purchasing shares). The Directors therefore have a reasonable expectation that the Group has adequate resources to remain in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

**Karen Cockburn**
27 November 2024

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# Our Investment Strategies and Performance

## Thematic equities

### ENVIRONMENTAL

Specialists
2002

Leaders
2008

Asian Environmental
2009

Water
2009

Sustainable Food
2012

Climate
2018

US Environmental Leaders
2019

### SOCIAL

Global Women's Leadership
2014

Global Social Leaders
2023

### INFRASTRUCTURE

Sustainable Infrastructure
2022

## Core equities

US Small Cap
2008

Global Opportunities
2015

US Large Cap
2016

International Sustainable Economy
2011

US Sustainable Economy
2021

Global Emerging Markets Opportunities
2024

## Fixed income

### INVESTMENT GRADE

Core Bond
2016

Core Plus Bond
2020

### HIGH YIELD

Global High Yield Bond
2015

High Yield Bond
2015

### EMERGING MARKETS

Emerging Markets Corporate Bond
2015

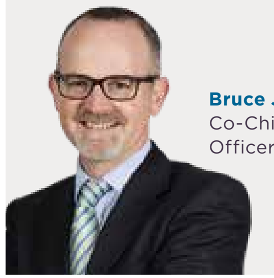
## Private markets

New Energy
2005

## Multi-asset

Sustainable Allocation
1971

**Charles French**
Co-Chief Investment Officer, Listed Investments



**Bruce Jenkyn-Jones**
Co-Chief Investment Officer, Listed Investments

**Daniel von Preyss**
Head of Private Equity /Infrastructure

Dates refer to the launch of the respective strategy

# Our Investment Strategies and Performance continued

Strategic Report



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## THE INVESTMENT TEAM

### Listed equities

Impax's listed equities strategies are managed by a team of portfolio managers and research analysts, co-headed by Bruce Jenkyn-Jones and Charles French, Co-Chief Investment Officers of Listed Investments. This team manages active strategies within thematic equities (including Environmental Markets) and core equities. Members of the team also manage Impax's Systematic Equities strategies.

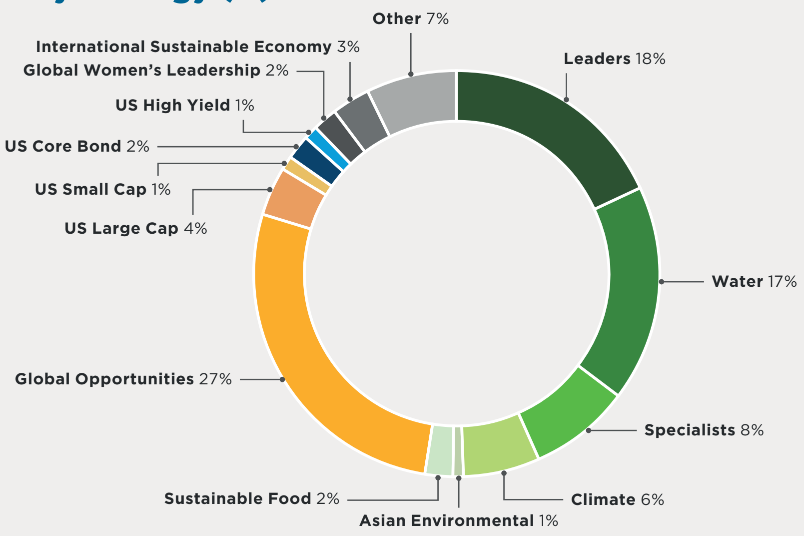
### Fixed income

Impax's fixed income strategies are managed by a team of portfolio managers and credit analysts. The team is led by Ross Pamphilon. See page 30 for more information on the fixed income team.

### Private markets

The private markets business is headed by Daniel von Preyss. The team includes professionals focused on investments as well as asset management. See page 32 for more information.

### AUM by strategy (%)




In the pie chart above, the greens represent 'thematic equities', the oranges 'core equities', the blues 'fixed income' and the greys 'other'. Data is as at 30 September 2024.

## Thematic equities

### Environmental Markets strategies

Cumulative percentage returns for one, three and five years for strategies versus benchmark ("GBP").

| | AUM | 1YR | 3YR | 5YR |
|---|---|---|---|---|
| Leaders[1] | £6.9bn | 19.4 | 15.4 | 64.6 |
| Water | £6.2bn | 18.9 | 20.7 | 76.5 |
| Specialists | £3.0bn | 12.7 | (3.1) | 55.1 |
| Climate | £2.4bn | 14.3 | (0.8) | 55.7 |
| Sustainable Food | £733m | 9.5 | (0.6) | 24.7 |
| **MSCI ACWI[2]** | | 19.9 | 26.9 | 63.3 |

| | AUM | 1YR | 3YR | 5YR |
|---|---|---|---|---|
| Asian Environmental | £526m | 6.8 | (11.5) | 30.3 |
| **MSCI Asia Composite Index[2]** | | 16.5 | 7.0 | 29.6 |
| US Environmental Leaders | £248m | 19.0 | 26.0 | 81.13 |
| **MSCI USA Index[2]** | | 23.4 | 36.0 | 88.0 |

All data is in GBP as at 30 September 2024. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees. Impax Asset Management claims compliance with Global Investment Performance Standards ("GIPS")®. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein

1 A hybrid account is not included in the total AUM of this strategy and the AUM of this account is £754 million. Further information on composite data is available on request

2 MSCI indices are total net return (net dividend re-invested). MSCI AC AP Composite is a custom-made benchmark made up of 80% MSCI AC Asia-Pacific ex-Japan and 20% MSCI Japan, rebalanced monthly

### Social strategies

Cumulative percentage returns for one, three and five years for strategy versus benchmark ("GBP").

| | AUM | 1YR | 3YR | 5YR |
|---|---|---|---|---|
| Global Social Leaders | £84m | 21.0 | – | – |
| **MSCI ACWI[2]** | | 19.9 | – | – |

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# Our Investment Strategies and Performance continued

## Thematic equities continued

### Infrastructure

Cumulative percentage returns for one, three and five years for strategy versus benchmark ("GBP").

| | AUM | 1YR | 3YR | 5YR |
|---|---|---|---|---|
| Sustainable Infrastructure | £81m | 14.5 | – | – |
| **MSCI ACWI[1]** | | 19.9 | – | – |

These figures refer to the past. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you have invested.

## Core equities

Cumulative percentage returns for one, three and five years for strategies versus benchmark ("GBP").

| | AUM | 1YR | 3YR | 5YR |
|---|---|---|---|---|
| Global Opportunities | £10.1bn | 17.8 | 20.2 | 69.6 |
| **MSCI ACWI[1]** | | 19.9 | 26.9 | 63.3 |
| US Large Cap | £1.6bn | 20.7 | 26.3 | 91.4 |
| **S&P 500[2]** | | 24.1 | 40.9 | 92.8 |
| US Small Cap | £548m | 13.3 | 7.8 | 47.1 |
| **Russell 2000[3]** | | 15.4 | 6.2 | 43.9 |

These figures refer to the past. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you have invested.

All data in GBP as at 30 September 2024. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes and gross of management fees. Cumulative percentage returns. Impax Asset Management claims compliance with Global Investment Performance Standards ("GIPS")®. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein. Further information on composite data is available on request

1 MSCI index is total net return (net dividend reinvested)
2 S&P 500 Index is an unmanaged index of large capitalisation common stocks
3 The Russell 2000 Index is an unmanaged index and measures the performance of the smallcap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalisation of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership
4 Bloomberg Barclays US Aggregate Bond Index is a broad based index, maintained by Bloomberg L.P. often used to represent investment grade bonds being traded in United States
5 The ICE BofA Global High Yield Index tracks the performance of below investment grade corporate debt of issuers domiciled in countries having an investment grade foreign currency long-term debt rating (based on an average of Moody's, S&P and Fitch)
6 The ICE BofAMerrill Lynch U.S. High Yield BB-B (Constrained 2%) index tracks the performance of BB-and B-rated fixed income securities publicly issued in the major domestic or Eurobond markets, with total index allocation to an individual issuer limited to 2%
7 The JP Morgan CEMBI Broad Diversified Index tracks the performance of US dollar-denominated bonds issued by emerging market corporate entities. The diversification methodology limits the weights of the larger index countries by only including a specified portion of those countries' eligible face amount outstanding

## Fixed income

Cumulative percentage returns for one, three and five years for strategies versus benchmark ("USD").

| | AUM | 1YR | 3YR | 5YR |
|---|---|---|---|---|
| Core Bond | £672m | 12.0 | (2.4) | 4.0 |
| Core Plus Bond | £74m | 12.7 | (1.4) | – |
| **Bloomberg Barclays US Aggregate[4]** | | 11.6 | (4.1) | 1.7 |
| Global High Yield Bond | £185m | 19.8 | 17.4 | 42.0 |
| **ICE BofA Global High Yield (Hedged)[5]** | | 16.0 | 8.5 | 23.0 |
| High Yield Bond | £404m | 14.4 | 5.9 | 22.2 |
| **ICE BofA BB-B US HY (Constrained)[6]** | | 14.6 | 8.5 | 22.8 |
| Emerging Markets Corporate Bond | £139m | 16.8 | 5.6 | 19.8 |
| **JPM CEMBI Broad Diversified (Hedged)[7]** | | 14.5 | 3.2 | 14.8 |

These figures refer to the past. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you have invested. AUM is in GBP and performance data is in USD for fixed income strategies.

***Challenges with fund labels***

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

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

*Using the EU's Sustainable Finance Disclosure Regulation ("SFDR") as a guide, 58%* of Impax's assets under management have been classified by Impax as "sustainable investments", in accordance with the SFDR definition. This includes our thematic listed equities Environmental Markets strategies and our New Energy strategy.*

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

* As at 30 September 2024

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# Our Investment Strategies and Performance continued

## Q&A

## Growing our fixed income business

Ross Pamphilon leads the global fixed income team, overseeing the fixed income platform strategy and investment process, including credit research and idea generation, together with portfolio management. He joined in October 2023 and is based in London.

**Ross Pamphilon**
Head of Fixed Income

**Q: Why is Impax expanding its fixed income business?**

**A:** We are aiming to expand our range of investment strategies that seek to generate superior investment returns by applying an in-depth understanding of the transition to a more sustainable economy. Fixed income is the largest global asset class (at more than US$100 trillion of assets), but the development of fixed income products consistent with the transition to a more sustainable economy is still at an early stage and we see an opportunity to benefit from accelerating global investor demand for this asset class. In addition, the upward rebasing of yields and interest rates over the last few years supports the prospect of more favourable total returns from fixed income over the medium to longer term.

Growing our fixed income capability will diversify our investment management business from our historical focus on listed equities portfolios, which currently makes up c.94% of our total AUM.

**Q: Can you tell us about the two fixed income acquisitions that have been announced this year?**

**A:** In July we completed the acquisition of the assets of Absalon Corporate Credit, a fixed income manager, based in Copenhagen focused on the management of Global High Yield and Emerging Market Corporate Bond. Absalon, which was formerly part of the Formuepleje Group, serves European institutional investors and Danish high net worth individuals. Four portfolio managers joined Impax, and we have now established a new office in Denmark.

# Our Investment Strategies and Performance continued



In July we also announced that we had agreed to acquire the European assets of SKY Harbor Capital Management, LLC ("SKY Harbor"), a specialist investment firm focused on the management of US short-duration high yield bonds. Subject to market performance and client retention, these funds and mandates will bring in approximately £1.3 billion of assets under management and advice. Following the completion of the acquisition (expected around the end of calendar 2024) eight SKY Harbor team members will join Impax.

Post the completion of both acquisitions, Impax will have a fixed income team of c.20 professionals, managing approximately £2.7 billion, subject to investment performance and client retention.

### Q: How will the acquisitions change Impax's product line-up?

**A:** Previously Impax has offered three fixed income strategies to investors, principally in funds available to North American investors only. This has included US Investment Grade ("Core") Bond; US 'Core Plus' Bond, comprising investment grade and 'Plus' sectors such as high yield; and High Yield Bond. As a result of the acquisitions, we will be able to offer three additional fixed income strategies: Global High Yield Bond ("Absalon"); Emerging Market Corporate Bond ("Absalon"); and Short-Duration High Yield Bonds ("SKY Harbor").

In addition, the acquisitions are also providing us with fund vehicles domiciled in Europe, enabling us to target investors outside North America for the first time.

### Q: How else have you developed the fixed income platform recently?

**A:** We have established a Global Credit Research platform and introduced additional quantitative credit resource. We have also established a Credit Strategy Group which comprises senior members of the fixed income team to co-develop Impax's fixed income market outlook over a rolling six-month investment horizon. Lastly, we have developed a new sustainability framework for fixed income to manage and mitigate sustainability risks across a range of sectors and activities. This includes four key components: screening and exclusions; a sustainability tier system at the sector-level; ESG analysis at the company level; and stewardship and issuer engagement.

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# Our Investment Strategies and Performance continued

Strategic Report



## Private Markets

The PE/Infrastructure team follows an industrially focused, value-add strategy, investing in renewable power generation, including solar, onshore wind, small-scale hydropower, and related investments in adjacent sectors.

At the beginning of 2024, we announced the final close of our fourth fund, NEF IV, which raised €459 million, the team's largest fund to date. Investors in NEF IV include a geographically diverse mix of institutional investors. The fund's portfolio currently consists of 12 investments in seven countries across seven technologies.[2] Examples include an experienced German wind developer with a sizeable portfolio, an Italian developer with an attractive solar PV and energy efficiency portfolio, and a renewables developer with operations in both Ireland and the US.

Furthermore, the fund recently expanded into a new adjacent sector investing into an Irish EV charging company in August 2024.

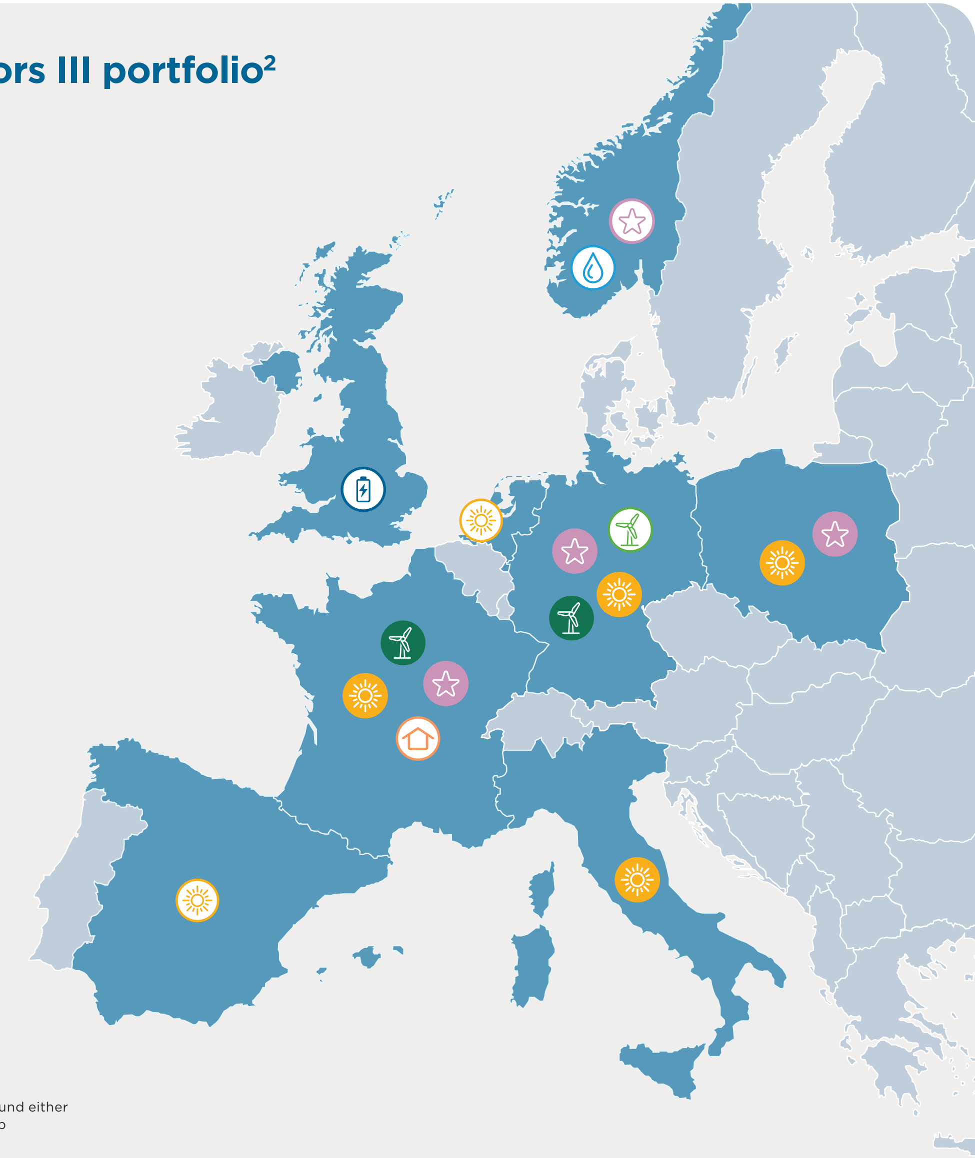
NEF IV has also already signed its first successful exit in the US. This 33MW community solar portfolio located in Maine is expected to deliver an internal rate of return ("IRR") of 64% and a c.1.6x project money multiple (see page 34 for calculation).[1]

1 Figures refer to the past and that past performance is not a reliable indicator of future results. Please see "Performance notes" for definitions and calculation methodology

### Impax New Energy Investors III portfolio[2]

**Map Key**

- Wind
- Exited wind
- Solar
- Exited solar
- Exited decentralised generation
- Exited small-scale hydro
- Exited battery storage
- Development platform[3]
- Exited development platform



2 As at October 2024
3 "Development platform" refers to development partners that the fund either owns or with whom we have established a joint venture partnership

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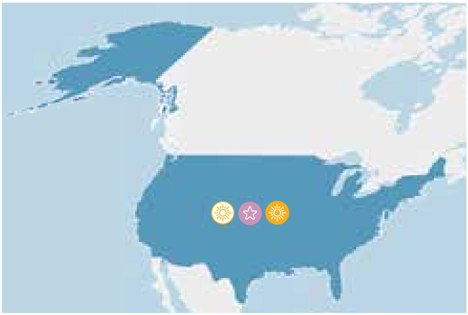
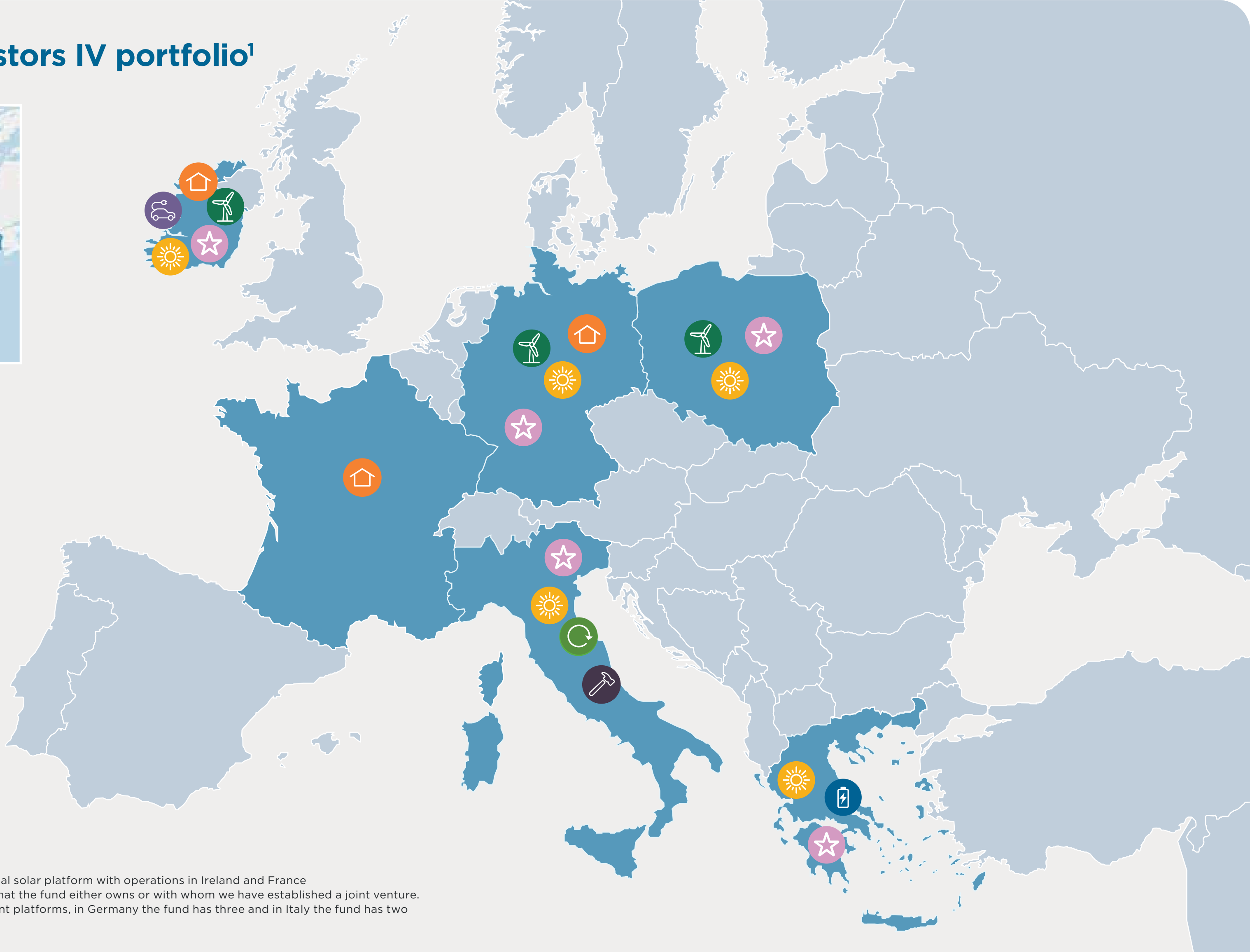
# Our Investment Strategies and Performance continued

## Impax New Energy Investors IV portfolio[1]





### Map Key

- Wind
- Solar
- Exited solar
- Decentralised generation[2]
- Battery storage
- Energy efficiency
- Services business
- EV charging
- Development platform[3]

1 As at October 2024
2 The fund has invested into DCC, a commercial and industrial solar platform with operations in Ireland and France
3 "Development platform" refers to development partners that the fund either owns or with whom we have established a joint venture. Across the Republic of Ireland NEF IV has four development platforms, in Germany the fund has three and in Italy the fund has two

# Our Investment Strategies and Performance continued

The strategy's third fund, NEF III, has made a number of notable realisations including exiting our Norwegian small-scale hydropower platform and a sizeable German wind portfolio.

42% of the Fund's portfolio has now been realised, generating a blended c. 24% project IRR and c. 1.7x project money multiple.[1] The team continues to develop NEF III's near-term pipelines whilst preparing the remaining assets for sale in the next 12–24 months.

Based on the swift deployment of NEF IV capital and the good progress made on developing the portfolio, the team is currently working on plans for raising additional capital.

## PERFORMANCE NOTES

### IRR, multiples and other return calculations

All Internal Rates of Return ("IRR"), multiples and other return or performance information calculations include realised values and unrealised values, as applicable and include all returns generated by reinvested capital and proceeds.

Where shown in this document in respect of portfolio investments the Project Money Multiple is calculated as Total Value (sum of fair market value, capital repaid, gain on disposal and income proceeds received and receivable) less acquisition and disposal costs divided by the invested amount i.e. Project Money Multiple = (Total Value – Acquisition and Disposal Costs)/ Invested Amount. It does not include non-project specific Fund overhead costs including management fees, expenses and carried interest to be borne by investors (which amounts are expected to be substantial). A portfolio investment may have incurred financing fees and other expenses (including technical adviser fees and other direct project costs), some of which may directly benefit Impax Asset Management. These are included when calculating the Money Multiple.

The Project IRRs shown in this document in respect of portfolio investments are also stated after deducting project specific acquisition and disposal costs but before the deduction of Fund over head costs including management fees, expenses and carried interest to be borne by investors (which amounts are expected to be substantial).

The IRR's shown in this document at the Fund/Partnership level are after deducting project specific acquisition and disposal costs but before management fees, carried interest and other expenses that may be incurred by the Fund/Partnership.

NEF III & IV project-level figures are net of transaction costs.

Fund/Partnership Net IRRs and other 'net' return or performance information are net of all fees including management fees, expenses and carried interest and lower than gross IRRs, multiples or other gross results.

Net IRRs, multiples and other return or performance information calculations reflect Fund/Partnership level performance to the date shown based on valuations as of that date.

## Strategic Report



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Strategic Report



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## Sustainability: Beyond Financial Returns

# Strategies designed to benefit from the transition to a more sustainable model

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

The Impax Sustainability Centre acts as our centre of excellence providing knowledge, tools and expertise on investing in the transition to a more sustainable economy to Impax and our clients. This allows Impax to meet the growing expectations of clients, regulators and other stakeholders. It also enables us to maintain our position as a market leader in dealing with the rapidly expanding range and depth of sustainability issues.

### UK Stewardship Code

Impax is a proud signatory to the UK Stewardship Code, which sets high stewardship standards for those investing money on behalf of savers and pensioners, and those that support them. As a successful applicant again in 2024, we continue to demonstrate our commitment to its principles.

### IMPAX SUSTAINABILITY CENTRE

**Providing knowledge, tools and expertise to Impax and our clients**

**Investment sustainability & stewardship**

- Research related to the transition to a sustainable economy
- Integration of proprietary analysis
- Sustainability and policy insights
- Engagement and proxy voting

**Advocacy & outreach**

- Policy advocacy
- Collaborative and systematic stewardship
- Industry organisations and initiatives
- Consultation responses & sign-on letters

**Thought leadership**

- Published insights
- Internal views on sustainable investing
- Innovation projects
- Learning and development
- Academic partnerships

**Client advisory & reporting**

- Sustainability and impact reporting
- Product development and advice
- Client advice
- Corporate sustainability

IMPAX Asset Management

Strategic Report



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# **Sustainability: Beyond Financial Returns** continued

In response to client demand and our desire to demonstrate the authenticity of our investment activities, Impax clients receive a tailored 'Sustainability: Beyond Financial Returns' ("BFR") report each year in addition to our Impact, Stewardship & Advocacy and Climate Reports.

The BFR reports provide a comprehensive overview of the stewardship, sustainability and impact outcomes for each client's specific portfolio of investments managed by Impax. Each year, we seek to improve reporting by continuing to increase transparency and to reflect the latest industry guidance.

## Impact reporting

This year, we marked a decade of measuring and reporting the impact of our investments beyond financial returns.

Investing in the opportunities arising from the transition to a more sustainable economy is attractive to asset owners with narrowly defined fiduciary duties, but it also appeals to those asset owners who are seeking to achieve positive, measurable non-financial impact outcomes through their investments.

We have continued to advance our proprietary reporting of the environmental and social impact delivered by the companies held in Impax portfolios through the development of new metrics and the refinement of our methodology to ensure it is robust.

We reported the avoided greenhouse gas ("GHG") emissions associated with the activities of our investee companies, as well as key metrics for environmental impact and the alignment of portfolio company revenues, by strategy, to the UN Sustainable Development Goals.

Additional and extensive climate-related reporting, metrics and narrative on climate and GHG emissions are included in our Impax Climate Report 2024, covering calendar year 2023.

We have further enhanced our reporting of social impact using meaningful metrics that align with the Impax Social Taxonomy, a proprietary framework that has been developed to classify companies that we believe are enabling social inclusion and development, and where positive outcomes or impacts can be measured.

This year, we introduced three additional social impact metrics that quantify the number of patients treated, individuals provided with access to finance, and individuals digitally connected through the activities of our investee companies. This complemented our metric introduced last year that quantifies the positive impacts associated with investee companies that supply consumers with healthy and nutritious food, from alternative proteins to fruit and vegetables.

As in previous years, additional environmental impact metrics reported include renewable energy generated, water treated, saved or provided, materials recovered, and waste treated. See page 37 for more information.

# Sustainability: Beyond Financial Returns continued

## Environmental impact of portfolio companies in calendar year 2023

Based on US$1mn invested, companies held in Impax strategies contributed to:

| | TOTAL AVOIDED EMISSIONS (TONNES) | Equivalent to number of cars taken off the street for a year | TOTAL MATERIALS RECOVERED/ WASTE TREATED (TONNES) | Equivalent to number of households' waste output for a year | TOTAL RENEWABLE ELECTRICITY GENERATED (MWH) | Equivalent to number of households' electricity consumption for a year | TOTAL WATER PROVIDED, SAVED OR TREATED (MEGALITRES) | Equivalent to number of households' water consumption for a year |
|---|---|---|---|---|---|---|---|---|
| ASIAN ENVIRONMENTAL[1] | 388 | 141 | 7 | 14 | 353 | 147 | 0 | 0 |
| CLIMATE | 519 | 371 | 97 | 99 | 241 | 67 | 72 | 563 |
| GLOBAL ENVIRONMENTAL LEADERS | 167 | 119 | 104 | 106 | 23 | 6 | 56 | 438 |
| SPECIALISTS | 490 | 350 | 13 | 13 | 190 | 53 | 41 | 321 |
| SUSTAINABLE FOOD | 321 | 229 | 48 | 49 | 4 | 1 | 87 | 680 |
| US ENVIRONMENTAL LEADERS | 104 | 74 | 50 | 51 | 11 | 3 | 50 | 391 |
| WATER | 308 | 220 | 118 | 120 | 26 | 7 | 236 | 1,845 |
| SUSTAINABLE INFRASTRUCTURE (ACTIVE) | 232 | 166 | 87 | 89 | 168 | 47 | 75 | 586 |
| NEW ENERGY | 382 | 273 | | | 2,242 | 623 | | |
| CORE PLUS BOND | 271 | 193 | 1 | 1 | 194 | 54 | 27 | 177 |

There can be no assurance that impact results in the future will be comparable to the results presented herein. Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2023. New Energy figures include exited assets. For assets still owned by the fund at the end of 2023, the amounts total 86 tonnes, equivalent to 61 cars taken off the street, and 658 MWh of renewable electricity, equivalent to 183 households. Please refer to our Methodology (pages 44 to 47) for details including sources for the households and cars taken off the street equivalencies data used in our calculations. Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2022. Please refer to our Impact Report 2023 for details including sources for the household equivalencies data used in our calculations

1 Asian household equivalencies. UK household equivalencies are used for other strategies (see page 47 of the Impact Report 2024 for details)

## Strategic Report



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# Sustainability: Beyond Financial Returns continued

## Social impact of portfolio companies in calendar year 2023

Based on US$1mn invested, companies held in Impax strategies contributed to:

### Healthy and nutritious food provided

| | |
|---|---|
| Sustainable Food strategy | 361 tonnes |
| Global Social Leaders strategy | 10 tonnes |

### Number of individuals digitally connected

| | |
|---|---|
| Global Social Leaders strategy | 280 |

### Number of individuals provided with access to essential financial services

| | |
|---|---|
| Global Social Leaders strategy | 203 |

### Number of patients treated and/or supported by health care services

| | |
|---|---|
| Global Social Leaders strategy | 11 |

There can be no assurance that impact results in the future will be comparable to the results presented herein. Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2023. No previous year data is available as the Global Social Leaders strategy launched in 2023. We will be considering how we can apply these social metrics to our core equities strategies in the future

We will continue our work linking environmental markets solutions and activities to the solutions alleviating the pressures on nature and biodiversity loss, and seek to establish impact metrics for nature-based solutions.

Impax has a strategic focus on expanding our resources and investments within fixed income, including impact bonds. We anticipate much more focus and emphasis on this asset class in our impact measurement and reporting work in the years to come.

## Alignment with the UN Sustainable Development Goals

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

The nature of Impax's investment philosophy results in meaningful exposure to the SDGs as a result of the investment process focusing on alignment to a more sustainable economy. Our 2024 Impact Report summarises portfolio company exposure to the UN SDGs by strategy, as at the end of 2023.

Impax's investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Instead, we use the SDG framework to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise.

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



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# Sustainability: Beyond Financial Returns continued



## Stewardship and advocacy

**We believe that significant-positive real-world impact can be achieved through focused, well-structured stewardship and advocacy efforts.**

Full details are available in our Stewardship and Advocacy Report 2024, which was published in June 2024, covering activities in calendar year 2023.

As an active shareholder with a long-term investment horizon, we believe it is in the interests of our clients that we proactively engage with a wide spectrum of stakeholders – including investee companies and regulators – in an effort to minimise risks, and to protect and enhance value for shareholders.

Our levers for accelerating change range from company-specific engagements to advocacy initiatives related to global frameworks, as illustrated in this graphic opposite.

| | Activities | Outputs | Outcomes (examples) | Impact (examples) |
|---|---|---|---|---|
| Advocacy | Establishing global frameworks | Collective approach to market failures | Food and Agriculture Organization ("FAO") roadmap for net-zero global food system | GHG agriculture targets in nationally determined contributions ("NDCs") |
| Advocacy | Greening the financial system | Helping regulators design financial regulation | Climate Financial Risk Forum ("CFRF") Climate Disclosure Dashboard | Decision-useful disclosures on climate risks |
| Advocacy | Overcoming investment barriers | Sectoral policies to scale up net-zero investment | Energy Transitions Commission proposals on streamlining planning and permitting | Faster deployment of wind and solar projects |
| Advocacy / Stewardship | Systematic engagement | Combined company and policy outreach | Engaging with S&P 500 companies and SEC on geolocation data | Enabling analysis of physical climate risks |
| Stewardship | Thematic, collaborative engagement | Collaboration and joint representations with other institutions and investors | Sustainable protein product targets set by food retailers | More sustainable product offering |
| Stewardship | Exercising shareholder rights | Proxy voting and engagement, filing shareholder resolutions | Racial equity audit conducted | Improved company equity, diversity and inclusion ("E,D&I") processes and practices |
| Stewardship | Company-specific engagement | Outreach and meetings to encourage improvements | GHG reduction target set | Reduced company GHG emissions |

Inputs to the process include the Impax Sustainability Centre, investment analysts, other shareholders and external industry groups
Examples of these stewardship and advocacy activities are included within the "Stewardship & Advocacy Report 2024", highlighted using the respective logos above

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# Sustainability: Beyond Financial Returns continued

This framework visualises how our stewardship and advocacy activities can achieve positive outcomes and, ultimately, real-world impact. The framework highlights three things in particular.

First, how our stewardship work entails both 'bottom-up' engagement and proxy voting with specific investee companies and a 'top-down' focus on engagement themes, where we work with other investors and organisations to amplify our influence.

Second, it highlights the breadth of our advocacy work, which ranges from contributing to well-designed financial regulation to collective action alongside peers on policy.

Third, the framework illustrates how our stewardship and advocacy activities come together on specific themes in what we call systematic engagement. By combining our thematic engagement and policy outreach, we aim to help overcome structural barriers to the transition to a more sustainable economy and so, ultimately, accelerate change in the real economy.

Given that systematic engagements are a growing focus of our stewardship and advocacy activities, our report highlights two examples, on disclosures relating to physical climate risk and improving Japanese board diversity.

## PILLARS OF STEWARDSHIP AND ADVOCACY

Each year we assess and outline the priorities of our stewardship and advocacy activities. These priorities are based on market developments and emerging sustainability-related issues that are relevant and material to our companies and issuers. Our areas of priority remain climate, nature, people and corporate governance.

## ENGAGEMENT

The Impax investment process is focused on a comprehensive understanding of the character and quality of our investee companies and issuers. Engagement is used both to mitigate risk and to enhance value and investment opportunities. Engagement can help us to:

- Manage risks by proactively identifying, monitoring and mitigating issues
- Enhance company analysis – how companies respond to engagement is informative of their character
- Strengthen investee companies over time; improving quality, processes, transparency and resilience

Our investee companies' business models, products and services are generally aligned with the transition to a sustainable economy.

This means that our engagements are usually not focused on changing companies' strategies or business models, but rather seeking to influence how the companies operate and the structures, processes and disclosures they have in place.

## PROXY VOTING

In 2023, a record number of shareholder proposals were filed across our areas of thematic focus, but overall support was down, particularly for climate-related proposals. However, proposals relating to 'People' issues were more positively received by shareholders, a reflection of changing labour and workforce dynamics that began to emerge during the pandemic.

Our approach to shareholder proposals continues to be recognised. Impax was ranked second in ShareAction's Voting Matters Report for consistently voting in key environmental and social shareholder proposals in 2023. This follows top rankings in 2022, 2021 and 2020. Our voting decisions follow our publicly disclosed Proxy Voting Guidelines, which are informed by global governance best practices and are updated annually.[1]

**93**
**Companies with whom we initiated outreach in 2023**

**158**
**(with 115 companies)**
**Engagement dialogues in 2023**

**63%**
**Progress against objectives[1]**

**24%**
**Objectives achieved[2]**

1 "Progress against objectives" includes instances where the investee company has:
- Acknowledged relevance/materiality of issue being raised; demonstrated growth in understanding of an issue
- Committed to strengthen or adopt specific sustainability-related policies, processes, targets or disclosures in a reasonable timeframe
- Taken interim steps in support of the objective

2 "Objectives achieved" includes instances where:
- A company has adopted or strengthened sustainability-related policy, processes and/or targets
- Transparency is enhanced via public disclosures (e.g. CDP, TCFD, issue specific)
- There has been a measurable improvement in performance (e.g. board diversity, GHG emissions)



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# Sustainability: Beyond Financial Returns continued

Strategic Report



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## POLICY ADVOCACY

The principal purpose of our policy advocacy work is to support policymakers in the creation of enabling environments which will accelerate the transition to a more sustainable economy. We are active across a range of channels ranging from traditional reactive approaches – working through industry associations, responding to consultations and participating in issue-specific initiatives and sign-on letters – to more innovative proactive interventions such as publishing our perspectives, funding research, partnering with clients and bilateral discussions with policymakers.

### Engagement dialogues by theme in 2023

**25%** Climate

**14%** Nature

**32%** People

**29%** Governance

### Priority themes for stewardship and advocacy

**Climate:**
- Transition to net zero
- Physical climate risk and adaptation
- Climate-related disclosures

**People:**
- Human capital management
- Leadership and workforce equity, diversity and inclusion
- Human rights due diligence

**Nature:**
- Reporting on nature-related dependencies and impacts
- Halting deforestation
- Increasing investment in biodiversity solutions

**Governance:**
- Board structure and independence
- Executive compensation
- Oversight of sustainability-related risks

1 Impax Asset Management, January 2024: Proxy Voting Guidelines

# Sustainability: Beyond Financial Returns continued

## CLIMATE

Climate risks are systemic for all companies in all economies, so both transition and physical climate risks are important topics of our stewardship and advocacy activities. It is our conviction that climate-related risks and opportunities are likely to be growing drivers of investment performance across the global economy for decades to come.

## NATURE

We believe that the financial sector can play a critical role in addressing environmental degradation by both influencing companies to stop depleting natural resources and by deploying capital into solution providers whose products and services play a positive role in alleviating the pressures on biodiversity.

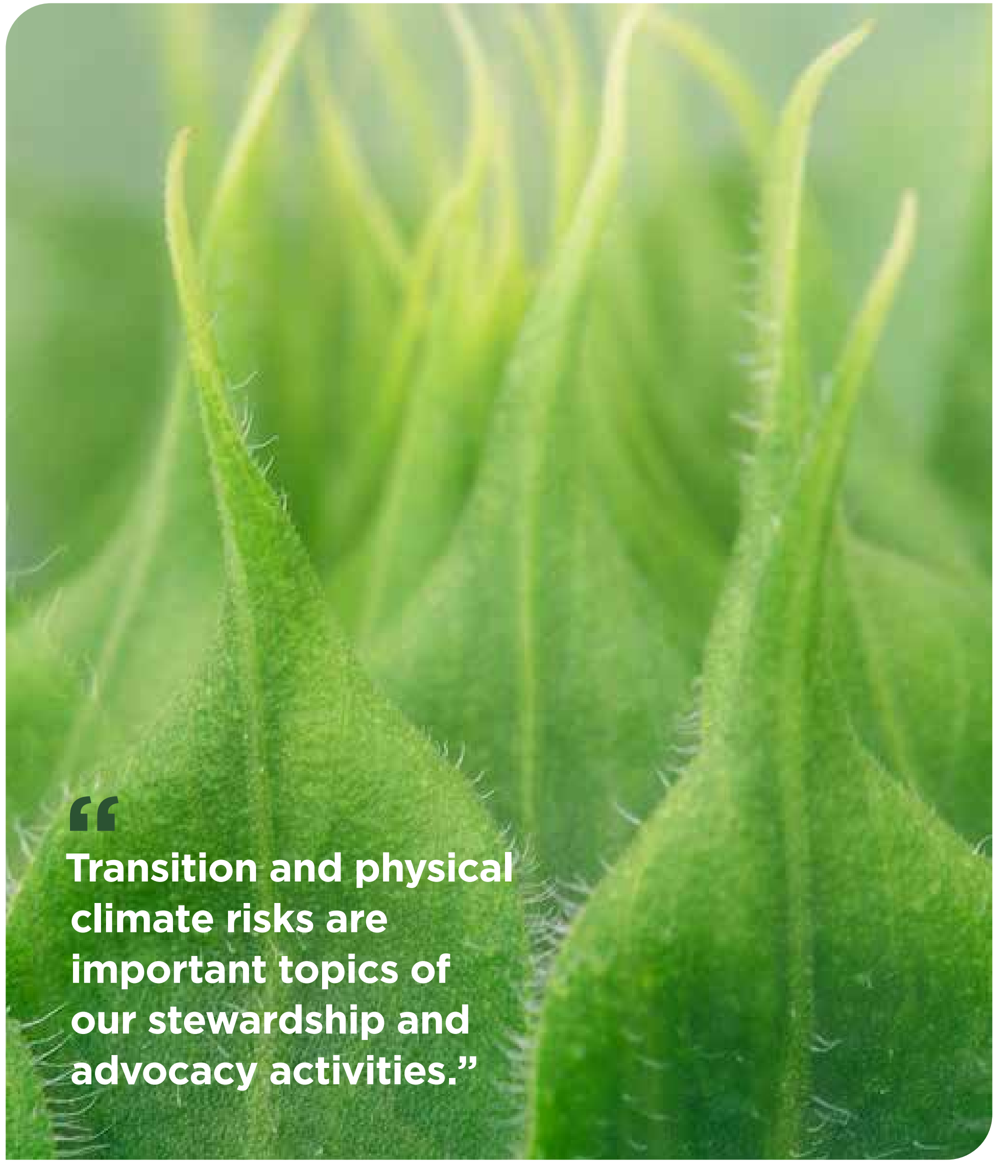
## PEOPLE

We believe that diversity and equitable workplace systems and processes are key to long-term company performance and risk management. We also view human capital management and equity, diversity and inclusion ("E,D&I") as systemic issues for all companies. This perspective is grounded in decades' worth of studies linking corporate diversity with financial performance.[1]

We engage with investee companies on the diversity of their senior management teams, boards of directors and workforces, as well as their E,D&I processes and disclosures, talent recruitment and retention, and health and wellness policies.

## GOVERNANCE

We believe that companies need to demonstrate sound risk management, and be able to adapt intelligently to changing conditions, if they are to successfully navigate the opportunities and risks arising from the transition to a more sustainable economy. We expect high standards of corporate governance from our investee companies and engage where we believe the effectiveness of structures and processes could improve.




1 Impax, 2023: The financial impact of diversity and culture

Strategic Report



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# Climate-related Disclosures

In June 2024, we published our first Climate Report covering the calendar year 2023 in line with the recommended disclosures of the Taskforce on Climate-related Financial Disclosures. It seeks to demonstrate how we integrate the management of climate-related risks and the search for investment opportunities, in the interests of both our clients and shareholders.

## IMPAX'S APPROACH TO THE CLIMATE TRANSITION

We consider that the asset management sector as a whole can best contribute to meeting the goals of the Paris Agreement in the following ways:

1. **Integrating climate risk into our investment decisions:** adjusting portfolios and using tools to minimise exposure to transition and physical risks.
2. **Investing in climate solutions:** through a range of asset classes in both private and public markets.
3. **Engaging with investee companies such as policymakers:** identifying companies to engage with on their targets, disclosures and the details of their transition plans; encouraging policymakers to implement policies which will accelerate the climate transition.

## INTEGRATING CLIMATE INTO OUR INVESTMENT PROCESS

As a specialist investor into the transition to a more sustainable economy, managing climate-related risks and identified climate-related opportunities is at the core of what we do.

Many of our strategies invest in companies whose products and services address the drivers of climate change and help increase resilience to the impacts that arise from a warming climate.

Roughly half of assets covered by our commitment under the Net Zero Asset Managers ("NZAM") initiative are invested in assets that we deem 'climate solutions'.[1,2] Climate-related risks are meanwhile integrated into the investment process for all of Impax's assets under management ("AUM"), across all asset classes, using proprietary tools and analysis.

## COMBINING STEWARDSHIP AND ADVOCACY

Climate remains central to the stewardship and advocacy efforts that underpin our investment process and which we see as fundamental to decarbonising the real economy.

We actively engage with our investee companies on climate-related issues to manage transition and physical risks and to protect and enhance long-term shareholder value. One-quarter of our engagement dialogues in 2023 related to climate themes; one in five achieved the objectives we set within the year.

In tandem, we actively engage with policymakers and industry peers through our policy advocacy activities.

Increasingly, we combine our stewardship and advocacy to address critical issues that involve a breadth of stakeholders through systematic engagement.

The Impax Sustainability Centre acts as a centre of excellence to deal with the rapidly expanding range and depth of sustainability-related issues. It also positions us to meet the growing expectations of clients, regulators and other stakeholders.

## SHAPING THE MARKET

Given the systemic nature of climate-related risks, we actively engage with peers, policymakers and regulators to help shape better-informed policy approaches and disclosure frameworks. An example from the Period was our continued engagement with the US Securities and Exchange Commission ("SEC") on proposed climate-related disclosure rules. Following from our extensive outreach to the SEC over the last two years, both bilaterally and via industry groups, the final proposal positively cited Impax 24 times.

1 As of 31 December 2023, 49% of Impax's AUM committed under the Net Zero Asset Management initiative was invested in assets that we assess to be 'climate solutions'. To be classified as 'climate solutions' under Impax's proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences
2 Net Zero refers to the goal of reaching net zero greenhouse gas emissions, in line with global efforts to limit warming to 1.5 degrees Celsius

## Strategic Report



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# **Climate-related Disclosures** continued

### SHAPING THE MARKET CONTINUED

We believe that sharing our perspectives with clients and broader audiences can play a part in positively shaping the market. We continuously seek to provide thought leadership that helps audiences better understand the nuances of the transition to a low-emission, climate-resilient economy (the "climate transition").

For example, one three-part series of papers that concluded during the Period, "The transition will not be televised", explored how the economics of renewable power, emerging technologies and government policies are disrupting the US energy system, and so creating opportunities for companies whose products and services can enable this clean energy transition.

### ALIGNMENT WITH AN EVOLVING LANDSCAPE

To demonstrate our commitment to improving climate-related disclosures, in the Climate Report 2024 we also took into account the disclosure guidance recently published by the Transition Plan Taskforce ("TPT"), including the TPT Disclosure Framework and its Asset Managers Sector Guidance. As a step towards preparing our own transition plan and in an effort to streamline reporting, we chose to address the recommendations of both TCFD and TPT in a single climate report, which also incorporates references to other relevant Impax reports, such as our UK Stewardship Code Statement.

In light of the growing pressure on financial institutions to disclose their exposure to nature-related risks, we included an appendix in our Climate Report setting out how we are integrating those risks into our investment processes, ahead of more detailed reporting for 2025 as an early adopter of the recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD").

### SUMMARY TCFD DISCLOSURES

This following section of the Annual Report provides a summary of our TCFD disclosures on governance, strategy, risk management and metrics and targets, covering the calendar year 2023 followed by the detailed metrics included in our Climate Report and a summary of how we use them in our investment processes and engagement activities.

It also includes information on the measures that we continue to take to increase the Company's energy efficiency. Please refer to the Impax Climate Report 2024 for full details.

### GOVERNANCE

| Summary of Impax disclosure |
| --- |
| The Board is responsible for governing and overseeing Impax's strategy and providing an oversight, control and monitoring role of its operations and risks. The Audit & Risk Committee is responsible for oversight of audit and risk management, including climate and sustainability risk management. A Non-Executive Director is Board Observer of the employee-led Environment Group, which provides input and advice to support decision making on Impax's operational climate policies, performance and targets.<br><br>**See Section 4.1 of the Impax Climate Report 2024.** |
| Management and monitoring of climate-related risks and opportunities, including implementing the TCFD recommendations, is delegated to senior management, specifically the Management Committee. Senior management is represented on investment committees, which oversee the Company's investment activities, investment performance and risk management, and regularly address climate-related issues. In October 2023, the Impax Sustainability Centre was established as a centre of excellence providing services, tools and knowledge to the firm and our clients.<br><br>**See Section 4.2 of the Impax Climate Report 2024.** |

### STRATEGY

| Summary of Impax disclosure |
| --- |
| Impax's business model is aligned towards the transition to a more sustainable economy, which is more resource efficient, achieves deep reductions in GHG emissions and is positioned to provide substantial long-term benefits to society, such as a healthier environment. As a result, our exposure to climate risks is, in most cases, the opposite of investment portfolios with high exposure to the conventional energy value chain.<br><br>**See Section 1.1 of the Impax Climate Report 2024.** |

Strategic Report



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# **Climate-related Disclosures** continued

## STRATEGY CONTINUED

**Summary of Impax disclosure**

The principal climate-related risks we face, as investors focused on the transition to a more sustainable economy, are related to a slower pace of transition. We have presented the material climate-related risks and opportunities identified over different timeframes, their potential impact and our strategy for mitigating those risks.

**See Section 1.2 of the Impax Climate Report 2024.**

We consider that Impax is well-positioned to benefit from the climate transition and to realise the opportunities associated with more ambitious climate scenarios. We have identified a range of business risks associated with a slower transition and have incorporated measures within our investment process and engagement activities to ensure that our strategy remains resilient to them.

**See Section 1.2 of the Impax Climate Report 2024.**

## RISK MANAGEMENT

**Summary of Impax disclosure**

Climate risk has been embedded into our investment process, our engagements with investee companies and other stakeholders and our business operations.

**See Section 4.1 of the Impax Climate Report 2024.**

We integrate climate and other material risks into the investment process for all of Impax's AUM, across all asset classes and geographies, through company-, issuer- or project-level ESG analysis. To identify markets for potential investment, we have developed proprietary tools, including the Impax Sustainability Lens and our Environmental Markets taxonomy, which integrate climate-related risks and opportunities. We undertake fundamental analysis at the company level including specific climate change assessments to analyse companies' exposure and preparedness for transition and physical risks through evaluation of their disclosures, targets, management practices and performance. We also apply Impax's Fossil Fuel Policy to mitigate or eliminate climate-related risks associated with investing in companies with fossil fuel-related assets and activities.

**See Section 2.1 of the Impax Climate Report 2024.**

We view engagement as a key part of our strategy for managing climate-related risks and supporting the transition to a low-GHG emission, climate-resilient economy. We proactively engage with investee companies, encouraging them to adopt best practices such as targets for emission reductions, improve disclosures of climate risks and opportunities and address concerns regarding physical risk and adaptation. Working together with industry peers is a key part of our stewardship work, both through collaborative engagement and active participation in industry working groups. Through our advocacy work, we look to shape better policy and accelerate the transition by engaging directly with policy makers, collaborating closely with academics and publishing our insights to influence wider public debate.

**See Section 3 of the Impax Climate Report 2024.**

While our operational GHG emissions and transition risks are low, we are committed to monitoring and reducing our operational emissions, including setting a target to source 100% of our electricity from renewable sources by 2030, increasing energy efficiency and reducing business travel emissions. The physical risks facing our offices, which vary by location, remain relatively low. We manage these through our business continuity plan which includes measures to allow the company to operate from multiple remote locations.

**See Section 2.2 of the Impax Climate Report 2024.**

Climate risk has been formally included in the Company's key risk register, making it subject to independent oversight and assurance from the Enterprise Risk team. Two climate-related risks are identified: first, physical risks to Impax operations, and second, risks arising from any failure to appropriately integrate climate risk into investment-related decisions.

**See Section 2.3 of the Impax Climate Report 2024.**

# Climate-related Disclosures continued

## METRICS AND TARGETS

**Summary of Impax disclosure**

**Investments Sections 5.1, 5.2 and 5.3 of the Impax Climate Report 2024.**

The key metrics we use are: % AUM invested in 'transition aligned/aligning' companies; % AUM invested in 'climate solutions'; avoided emissions; financed emissions (various metrics identified by the FCA); exposure to carbon risk; and exposure to acute risks hazards and vulnerability/ resilience. See page 14 of the Impax Climate Report 2024 for our definition of 'transition aligned/aligning' and 'climate solutions'.

**We provide details of methodologies used in Section 5 of the Impax Climate Report 2024.**

Our NZAM target is to aim for 100% of our 'Committed AUM' (see page 14 of the Impax Climate Report) to be 'climate resilient' and within the categories 'transition aligned' or 'transition aligning' by 2030. As of 31 December 2023, the distribution of committed AUM was 92% transition aligned or aligning, 8% 'non-aligned', with 49% of Impax's 'Committed AUM' invested in companies or assets providing 'climate solutions'. The avoided emissions associated with our Active Listed Equities strategies (91% of AUM) were 230 $tCO_2e$/US$1mn invested.

The financed emissions associated with Impax's total AUM during calendar year 2023 were: Scope 1 & 2 emissions 2.9m $tCO_2e$; Scope 3 emissions 8.4m $tCO_2e$; total carbon footprint 250 $tCO_2e$/US$1mn invested.

Exposure to carbon risk: our estimate of Active Listed Equities strategies' exposure to heightened carbon risk under the ambitious NGFS Net Zero 2050 scenario is 11% in 2030, rising to 17% in 2050.

Exposure to physical risks: our analysis of exposure to acute risks hazards (extreme heat and precipitation, drought, cyclones and floods) and scores for vulnerability and resilience for each Impax strategy are **set out in Section 5.3.2 of the Climate Report 2024.**

The relevant metrics of in-scope AUM relating to the two FCA-regulated entities in the Impax group ("AIFM" and "IAML") can be found in their accompanying entity-level reports.

**Operations See Section 5.4 of the Climate Report 2024.**

Emissions arising from our operations in the calendar year 2023 were: direct (Scope 1, natural gas) 23 $tCO_2e$; indirect (Scope 2, electricity consumed market-based approach) 77 $tCO_2e$; business travel (Scope 3) 477 $tCO_2e$.

We have set a target of sourcing 100% of our electricity from renewable sources by 2030 and are seeking opportunities to maximise the energy efficiency of our offices. At the end of the calendar year 2023, the figure stood at 97%. We also look to minimise business-related travel emissions, our largest source of operational emissions. We have assessed the physical risks facing our offices, which vary by location, and remain relatively low. We manage these through our business continuity plan which includes measures to allow the company to operate from multiple remote locations.

See the narrative disclosures within Section 1.1 (c), and within Section 5.4 respectively of the Climate Report 2024, which continue to be applicable for the financial year 2024.

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# Climate-related Disclosures continued



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## METRICS AND TARGETS CONTINUED

In our Climate Report, we evolved our approach to disclosing metrics by identifying the principal ways in which Impax uses the metrics used in the report (see table below), giving greater prominence to our targets and commitments under the Net Zero Asset Managers initiative and providing comparative information between strategies where possible. A selection of those metrics are set out below. For further information including methodologies used, please see Climate Report 2024.

**Use cases for metrics included in the Climate Report 2024**

| Metric | Use cases |
|---|---|
| Transition 'aligned' & 'aligning'/'non-aligned' | • Monitoring companies' NZAM target process for prioritising engagements<br>• Investment process (input into ESG analysis/scoring) |
| Investments in climate solutions | • Investment process (input into investment universe formation) and key sustainability indicators ("KSIs")<br>• Client reporting |
| Avoided GHG emissions | • Investment process (input into investment universe formation and KSIs)<br>• Impact measurement/methodology development<br>• Client reporting |
| Financed emissions | • Regulatory compliance<br>• Client reporting |
| Exposure to carbon risk | • Investment process (input into ESG analysis)<br>• Prioritising companies for thematic engagement |
| Exposure to physical risks | • Investment process (input into ESG analysis)<br>• Prioritising companies for thematic engagement |
| Engagement metrics | • Monitoring effectiveness of company engagement<br>• Client reporting |
| Operational metrics | • Monitoring progress against operational targets<br>• Regulatory reporting |

1 Impax analysis, at 31 December 2023. Investment-related AUM excludes cash. Please note that these data have not been externally assured but undergone internal verification. To be classified as 'climate solutions' under Impax's proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences

| Net zero transition alignment | | 2023 | 2022 | 2021* |
|---|---|---|---|---|
| **Aligned & aligning** | Share of Committed AUM | 92% | 92% | 92% |
| **Non-aligned** | Share of Committed AUM | 8% | 8% | 8% |

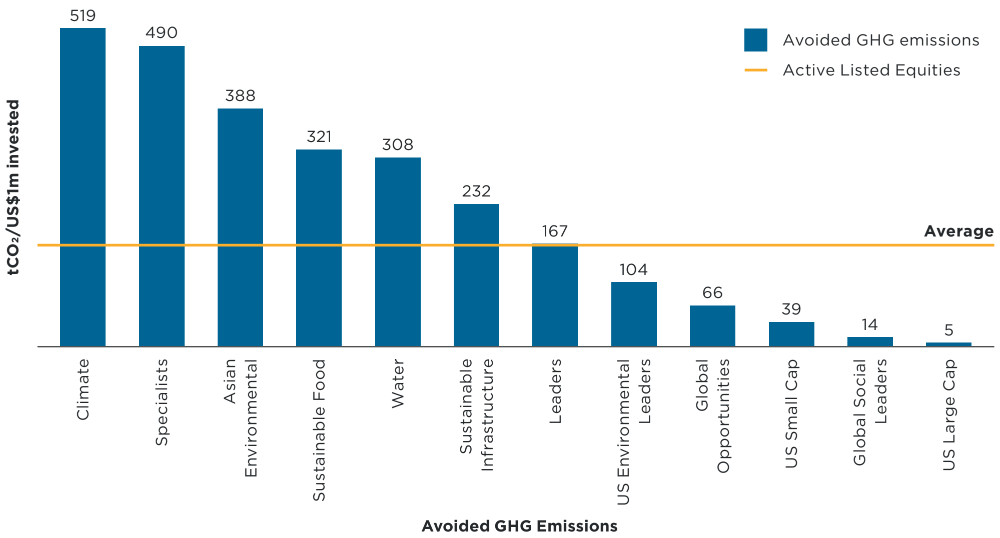
* Baseline
Source: Impax analysis, as at 31 December 2023

### Investments in climate solutions

As part of our commitment to the climate transition, we committed to reporting on the level of our investment in 'climate solutions'. As at 31 December 2023, 49% of Impax's Committed AUM was invested in 'climate solutions' provided by investee companies and private market assets, representing a total investment of US$21.3bn.[1]

### Avoided GHG emissions by Active Listed Equities strategy in calendar year 2023

**Based on US$1mn invested, companies held in Impax strategies contributed to:**



# Climate-related Disclosures continued

## METRICS AND TARGETS CONTINUED

### Financed GHG emissions – Active Listed Equities

| Metrics | Unit | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Scope 1 & 2 emissions | Million $tCO_2e$ | 2.9 | 3.0 | 3.5 |
| Scope 3 emissions | Million $tCO_2e$ | 8.4 | 7.4 | 6.4 |
| Total GHG emissions (Scope 1, 2 & 3) | Million $tCO_2e$ | 11.4 | 10.4 | 9.9 |
| Total carbon footprint (Scope 1, 2 & 3) | $tCO_2e$/US$1mn invested | 250 | 257 | 188 |
| WACI (Scope 1, 2) | $tCO_2e$/US$1mn revenue | 125 | 131 | 141 |
| WACI (Scope 1, 2 & 3) | $tCO_2e$/US$1mn revenue | 479 | 456 | 436 |

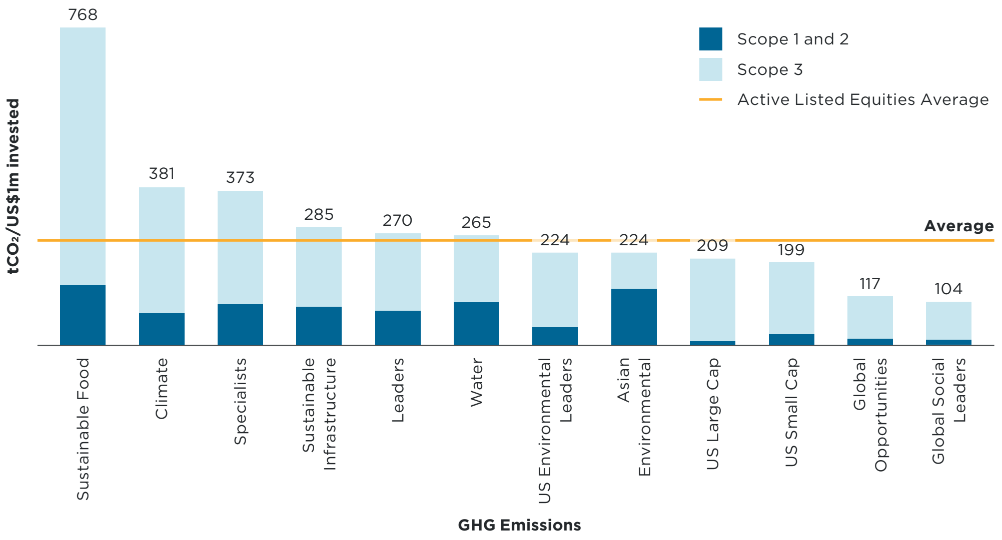
Source: Impax analysis, as at 31 December 2023. The underlying emissions data in this table has been gathered by Impax and has been subject to external assurance as part of our annual impact reporting. As part of this process, at the point of publication of this report, we have received verbal assurance from the external assurance partner, with the official statement of assurance being included in Impax's Impact Report 2024 (to be published later in 2024).Financed GHG emissions – Private Markets

| Metrics | Unit | 2023 | 2022 |
|---|---|---|---|
| Scope 1 & 2 emissions | $tCO_2e$ | 954 | 323 |
| Scope 3 emissions | $tCO_2e$ | 694 | 587 |
| Total GHG emissions (Scope 1, 2 & 3)[1] | $tCO_2e$ | 4,948 | 2,482 |
| Total carbon footprint (Scope 1, 2 & 3) | $tCO_2e$/US$1m invested | 11 | 8 |

Source: Impax analysis, as at 31 December 2023. The underlying emissions data in this table has been gathered by Impax and externally validated
1 Including lifecycle emissions which are not accounted for in the reported Scope 1, 2 and 3 emissions

### Financed GHG emissions by Active Listed Equities strategy in calendar year 2023

**Based on US$1mn invested, companies held in Impax strategies contributed to:**



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# Climate-related Disclosures continued

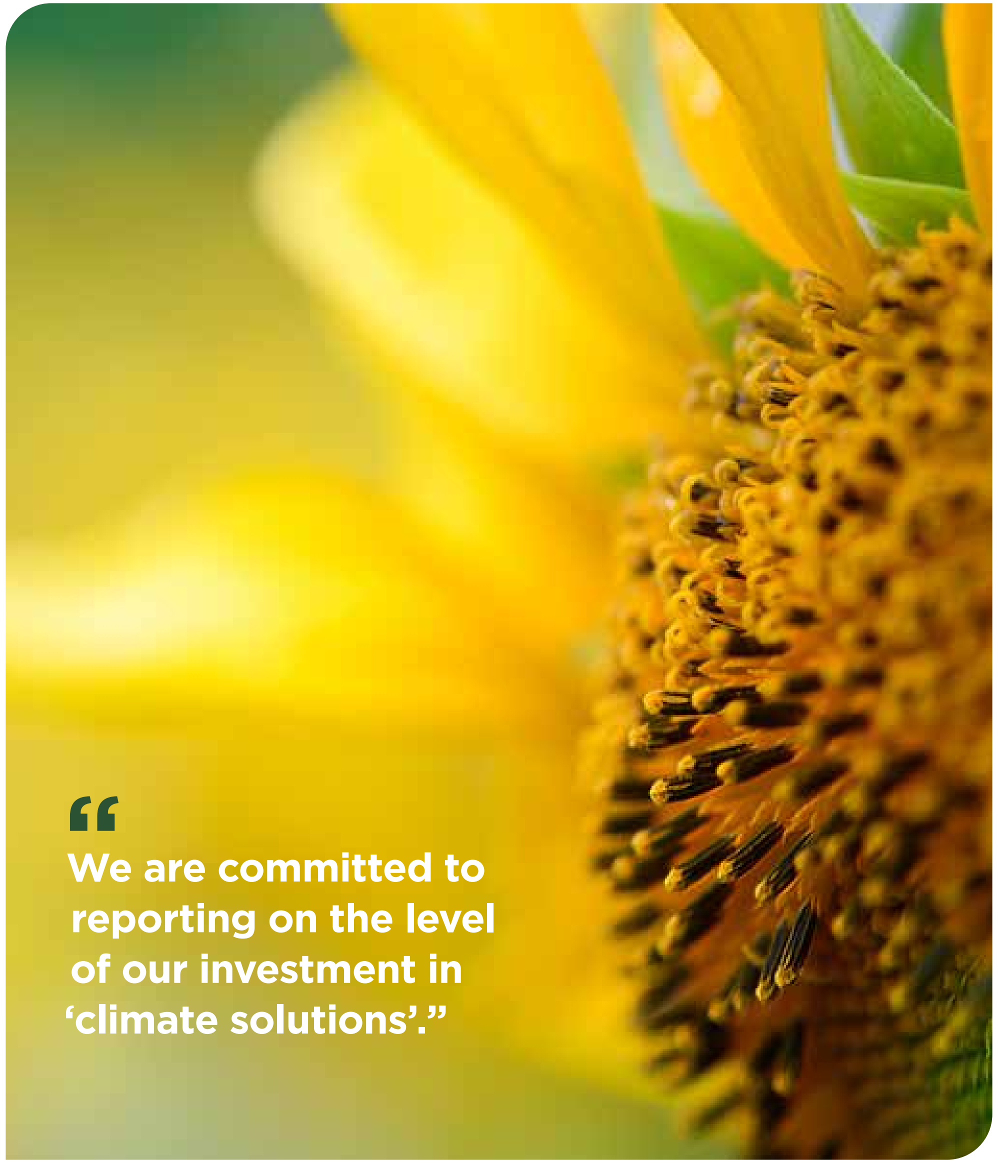
## METRICS AND TARGETS CONTINUED

### Operations

### Operational metrics

Company GHG emissions for the calendar year 2023

| GHG emissions | Unit | 2023[1] | 2022 | Change (%) |
|---|---|---|---|---|
| **Direct** (Scope 1, natural gas) | $tCO_2e$ | 22 | 27 | -21% |
| **Indirect** (Scope 2, electricity consumed, location-based approach) | $tCO_2e$ | 77 | 74 | 5% |
| **Indirect** (Scope 2, electricity consumed, market-based approach) | $tCO_2e$ | 25 | 4 | 519% |
| **Value chain** (Scope 3, Category 6: business travel only)[2] | $tCO_2e$ | 477 | 495 | -4% |
| **Impax total** (Scope 1,2 & 3; market-based approach) | $tCO_2e$ | 524 | 526 | 0% |




1 2023 operational emissions have been externally assured to a Limited level by ERM Certification and Verification Services Limited ("ERM CVS"), in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised)

2 The Scope 3 GHG emissions reported here are exclusive of financed emissions, which are reported separately under Investments further above in this chapter

Strategic Report



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# Our Colleagues

## Embedding our culture, developing our people.

**During the Period the HR team focused particularly on culture and conduct; enhancing training and development programmes; and improving the performance review process, with the introduction of a new peer review element.**

Impax colleagues continue to indicate that they are highly engaged, with an overall engagement score of 86 out of 100, four points ahead of the industry benchmark, based on a 94% employee response rate.

This resulted in Impax once again winning a 5-star employer rating – the highest accolade – from Workbuzz, the survey organiser.

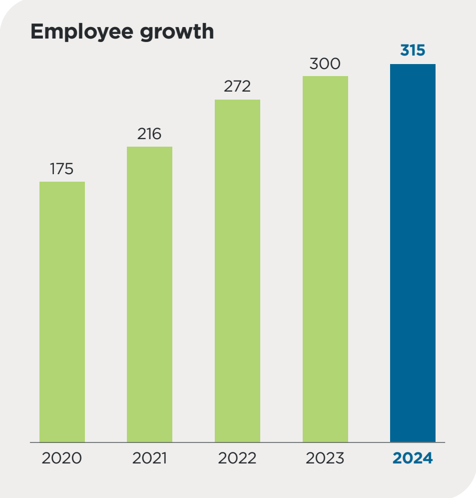
### MODERATED GROWTH

Our headcount grew very modestly to 315 at the end of the Period, compared to 300 a year earlier. This included the addition of five new colleagues in Denmark, who joined following the acquisition of Absalon Corporate Credit in July as we opened our new office in Kune, near Copenhagen.

During the Period we had an employee turnover of 10% (2023: 10%), relatively low compared to many of our peers, while 11% of the team celebrated a promotion, of which 56% were female and 25% minority ethnic.

Our priorities during the Period included reducing our gender pay gap and creating a more systemic approach to equality, diversity and inclusion ("E,D&I"). See page 52 for further detail.

**"As part of an update to our annual performance review process, we introduced a new peer review element."**




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

**95%**

**2,000+**

**reviews submitted by colleagues**

### Whistleblowing

We promote openness in our culture and regularly provide training on conduct and the values of responsibility and integrity. This includes reminding colleagues of the ways that they can raise any concerns about perceived, suspected or actual wrongdoing, including via an anonymous whistleblowing hotline that is readily accessible 24 hours a day and provided by an external supplier. Non-Executive Director and Chair of the Audit & Risk Committee, Annette Wilson, is the Board Champion for Whistleblowing. See page 81.

# Our Colleagues continued



## DEVELOPMENT: EQUIPPING OUR PEOPLE FOR SUCCESS

We continued to focus on providing development opportunities for our colleagues, who have access to a significant training budget as well as the possibility to participate in courses provided by LinkedIn Learning. The Company supports colleagues through a wide range of professional qualifications.

During the Period, the HR team ran cultural awareness as well as neurodiversity training for all people managers. The team also commenced an early-stage succession planning project with the aim of targeting specific training needs that will develop high potential, and high performing employees.

Over the summer we welcomed 14 paid interns, working across a range of disciplines and on real business research projects. We also continued our participation in the 10,000 Black Interns programme. See our E,D&I section for more information on page 52.

**14**

**paid interns welcomed over the summer**

## SCALING OUR CULTURE FOR FUTURE GROWTH

### Performance and Reward

As part of an update to our annual performance review process, we introduced a new peer review element, which has provided additional perspectives on colleagues' contributions. More than 2,000 reviews were submitted by colleagues in total.

As part of our focus on culture, we have also included an assessment of colleagues' conduct and behaviours as well as on their technical competence as part of the performance process. This all feeds into the compensation framework that we rolled out in the previous year. We now have a strong emphasis on outcome-focused goals with clear definitions of how to define success.

The HR team also undertook a benchmarking exercise to ensure that our roles are well aligned to the market.

### Benefits

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

## MENTORSHIP PROGRAMMES

During the Period, we signed up to two cross-company mentorship programmes run by Moving Ahead, in association with 30% Club and other organisations, focused on supporting the development of women and underrepresented groups, with 30 colleagues participating in total 10 US colleagues – five mentors and five female mentees – participated in 'Mission Gender Equity' and, kicking off at the end of the Period, 'Mission Include' involves 10 Impax mentors (leaders with 15+ years' professional experience) and 10 mentees (from underrepresented groups across all levels of the organisation).

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## Equity, Diversity & Inclusion

# Equity, diversity, and inclusion ("E,D&I") is central to Impax's philosophy, values and mission.

Impax's E,D&I vision is to continue to build an inclusive, equitable culture where every colleague feels they belong, are valued as an individual, and can thrive – bringing all aspects of themselves to work. Impax remains focused on increasing the diversity of its employees, especially at senior levels, and committed to pay equity, including by gender and ethnicity.

E,D&I continues to be central to our investment and engagement process, incorporated through consideration of diversity indicators in our fundamental research, and through our established track record of principled proxy voting, successful company engagements and collaborative public policy engagements on E,D&I issues. Impax aims to work with firms across the value chain that share our principles and are actively participating in the transition to a more sustainable economy, including our investee companies and companies with which we engage, as well as our partners, vendors and suppliers.

### GOVERNANCE AND ACCOUNTABILITY

Our E,D&I Group is responsible for Impax's strategy in this area and reports regularly to the Senior Leadership Team and the Board. It is sponsored by Ian Simm, Chief Executive, with Julia Bond as its Non-Executive Director sponsor. The E,D&I Group meets monthly to align on ideas, actions and progress, and to communicate feedback from colleagues. It is supported by employee-run sub-groups, which are responsible for implementing the Group's priority initiatives.

### GOALS AND OBJECTIVES

This year we introduced new aspirational E,D&I goals, following a benchmarking exercise, which analysed our demographic profile, the markets in which we operate, and comparing ourselves with our peers.

### Progression against E,D&I goals (%)

| | 2022 | 2023 | 2024 | December 2027 goal |
|---|---|---|---|---|
| Total company: female | 49% | 47% | **48%** | 48–52% |
| Total company: Asian, Black and additional ethnic groups | 25% | 25% | **25%** | 28–32% |
| Senior staff: female[1] | 34% | 36% | **37%** | 38–42% |
| Senior staff: Asian, Black and additional ethnic groups[1] | 11% | 13% | **14%** | 14–18% |

1 Senior staff defined as Corporate Level of Director and above

### DEMOGRAPHICS AND PROGRESSION

Understanding our demographics and sharing this information with our stakeholders is a key pillar of our E,D&I strategy to make sure that we are finding and retaining diverse talent to help Impax, and our clients thrive.

We are advancing diversity across the firm and creating an inclusive workforce at all levels of our organisation.

Since last year we have started to collect demographic information using our own HR system; the data is reported on an anonymous basis and with the individual agreement of each colleague. We analyse these changes year-on-year and report to senior management and the Board on our progress against our aspirational goals.

56% of promotions and 62% of new hires during the Period were women. This represents good progress compared to equivalent figures of 54% and 49% in 2023.

# Equity, Diversity & Inclusion continued

## DEMOGRAPHICS AND PROGRESSION CONTINUED

### Gender overview 2024

| | Female | Male | Prefer not to disclose gender |
|---|---|---|---|
| Total Company | 48% | 52% | 1% |
| Board | 43% | 43% | 14% |
| Senior Leadership Team | 38% | 63% | 0% |
| Senior staff[1] | 37% | 61% | 2% |
| Investment Team | 25% | 74% | 1% |
| Promotions | 56% | 44% | 0% |
| New hires | 62% | 38% | 0% |
| Leavers | 63% | 30% | 7% |
| Equity participation | 42% | 57% | 1% |

1 Senior staff defined as Corporate Level of Director and above
Self-reported, anonymous data collected in September 2024. Conducted by Impax, with a 90% response rate

### Ethnicity overview 2024

| | Asian | Black | Additional ethnic groups | Asian, Black and additional ethnic groups | White | Prefer not to disclose race/ ethnicity |
|---|---|---|---|---|---|---|
| Total Company | 14% | 6% | 5% | 25% | 74% | 1% |
| Board | 0% | 14% | 0% | 0% | 86% | 0% |
| Senior Leadership Team | 6% | 6% | 0% | 13% | 88% | 0% |
| Senior staff[1] | 8% | 3% | 3% | 14% | 85% | 2% |
| Investment Team | 18% | 1% | 11% | 30% | 68% | 1% |
| Promotions | 14% | 3% | 8% | 25% | 75% | 0% |
| New hires | 5% | 16% | 5% | 27% | 73% | 0% |
| Leavers | 23% | 10% | 3% | 37% | 60% | 3% |
| Equity participation | 14% | 4% | 4% | 22% | 77% | 1% |

1 Senior staff defined as Corporate Level of Director and above
Self-reported, anonymous data collected in September 2024. Conducted by Impax, with a 90% response rate. Due to Impax's size and our focus on protecting employees' privacy and individually identifiable data, Impax's gender identity and race and ethnicity categories with relatively few respondents have been aggregated for the purposes of external data reporting. As such, "additional ethnic groups" represent Hispanic or Latinx, American Indian or Alaska Native, Middle Eastern, Native Hawaiian or Other Pacific Islander, North African, Two or More Races or Mixed Heritage, and other identities that staff have self-identified

However, women also accounted for a majority of leavers (63%) during the Period and 42% of equity participants, or shareholders of the Company. These are two measures that we include in this report this year for the first time.

25% of promotions and 27% of new hires during the Period were colleagues who identify as Asian, Black and from additional ethnic groups. This is down from 31% of promotions in 2023 and a lift in the proportion of new hires (25%) in 2023. 37% of leavers during the Period and 22% of equity participants identify as Asian, Black and from additional ethnic groups.

As at September 2024, 43% of the Board members are female and 14% of the Board identify as Asian, Black or from additional ethnic groups.



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# Equity, Diversity & Inclusion continued



## DEMOGRAPHICS AND PROGRESSION CONTINUED

### Gender progression

| | Female | Male | Prefer not to disclose gender |
|---|---|---|---|
| **2024** | **48%** | **52%** | **1%** |
| 2023 | 47% | 52% | 2% |
| 2022 | 49% | 50% | 1% |

2024 and 2023 data as at September in the respective year, 2022 data as at November in that year. Numbers may not add up to 100 due to rounding

### Ethnicity progression

| | Asian | Black | Additional ethnic groups | Asian, Black and additional ethnic groups | White | Prefer not to disclose race/ethnicity |
|---|---|---|---|---|---|---|
| **2024** | **14%** | **6%** | **5%** | **25%** | **74%** | **1%** |
| 2023 | 15% | 4% | 6% | 25% | 74% | 2% |
| 2022 | 14% | 6% | 5% | 25% | 74% | 1% |

2024 and 2023 data as at September in the respective year, 2022 data as at November in that year. Numbers may not add up to 100 due to rounding

### Gender pay gap – median base salary gap

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| Senior staff | 1.9% | 7.1% | **11.5%** |
| Mid-level staff | 2.7% | 5.6% | **7.4%** |
| Junior staff | 12.9% | 21.7% | **9.2%** |

Data as of April in the respective year

## GENDER PAY GAP

Our gender pay gap analysis, measured in April 2024, compares median base pay of men and women across all positions in three groups – junior staff, mid-level staff and senior staff.

At the junior level, the median pay gap decreased significantly by 12.5 percentage points, from 21.7% in 2023 down to 9.2% in 2024. This improvement was due to the change in gender composition at the junior level where there has been a fall in female headcount in some support-level roles, which had a significant impact on the gap at this level last year.

The mid-level pay gap has increased by 1.8 percentage points to 7.4% due to slight increases in the proportion of men. The senior level pay gap has also increased by 4.4 percentage points, influenced by a proportional rise in the number of men above Director level.

As part of our overall E,D&I strategy, we remain focused on increasing the number of women in our business, and are focused particularly on promotion pathways to the senior staff (Director) level as articulated in our E,D&I goals, and to the continued examination of in-level pay differences, including using robust external pay benchmarking data.

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# Equity, Diversity & Inclusion continued

## TALENT

To ensure Impax is seeking candidates from all backgrounds and objectively evaluating the Company's processes to understand and monitor trends throughout the hiring process, Impax has:

- Ensured a solid foundation is in place for reducing bias in the recruitment process by examining language in job descriptions.
- Provided training materials for the HR team to reduce unconscious bias in the recruitment process.
- Developed a set of questions for hiring managers to eliminate bias in the interview process where possible.
- Launched a GDPR-compliant applicant tracking system, allowing the Company to collect demographic information on candidates.
- Ensured that hiring practices and instructions to recruitment firms include, where practicable, female and/or racial/ethnic minority candidates for every open role.

Our focus on talent development and promotion pathways includes the following:

- Enhanced career and talent development programmes to promote, where appropriate, the progression of current Impax employees from female and minority racial and ethnic groups to senior levels.
- This year we have signed up to two focused mentorship programmes for underrepresented groups (see page 51) and to the Diversity Project's Pathway programme for developing female investment professionals into portfolio managers and traders.
- During the Period we ran training for all people managers on neurodiversity in the workplace as well as offered a masterclass for all colleagues on neurodiversity. We also offered training for our new Diversity Champions.

## INCLUSION, EDUCATION AND ENGAGEMENT

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

## PARTNERSHIPS AND SOCIAL IMPACT

Impax partners with organisations that spotlight the unique challenges faced by women and minorities within the investment industry, and is an active member of the Diversity Project. See page 148 for a list of our memberships and our charters.

## INVESTMENTS

Impax invests in companies that are well positioned to benefit from the transition to a more sustainable economy, including companies that are leaders on human capital issues such as E,D&I. Impax is a pioneer in gender lens investing and has recently launched a Global Social Leaders strategy (see page 19). This latter strategy uses the Impax Corporate Culture Indicator, a proprietary framework that seeks to assess workplace factors to help evaluate broader corporate culture.

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

We believe that diversity and equitable workplace systems and processes are key to long-term company performance and risk management. We also view human capital management and E,D&I as systemic issues for all companies. This perspective is grounded in decades' worth of studies linking corporate diversity with financial performance.

In the calendar year 2023, we supported 77% of total People-related shareholder proposals, where we were eligible to vote. This included topics such as human rights, pay gap reporting, racial equity, E,D&I reporting, hiring practices, and health & wellness benefits. See page 39 for more information on our Stewardship & Advocacy activity.

## THOUGHT LEADERSHIP

Impax continues to publish thought leadership pieces related to E,D&I. This included an article on "Opportunities in advancing more inclusive careers" in October 2023, a paper introducing the Impax Corporate Culture Indicator in September 2024, and, after the end of the Period, an examination of "The business case for diversity and inclusion" in October 2024.

# Impax in the Community

Our Mission Statement underpins our community strategy: "...to collaborate with others to contribute to the development of a sustainable society."

We believe we have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations. Impax partners with organisations that reflect our long-term goal of investing in the transition to a more sustainable economy. Our community network contains complementary organisations with coaligned aims and values, maximising our impact.

During the Period, we demonstrated a new commitment to giving, introducing an aim to donate 0.5%–1% of pre-tax profit to support our charitable partners.

We expanded our community activity during the Period, donating £563,074 to charitable causes (2023: £504,933).

We focus our efforts on forming multi-year strategic partnerships with charities in education and developing skills in the green economy and during the Period supported 29,278 hours of learning time on this area.

During the Period, we launched a new community partnership with the HOPE Program in New York City, and also maintained relationships with UK-based Ashden, Client Earth, Country Trust, and Groundwork UK; basis. point in Ireland, and Ceres and the Pax Scholarship programme in the US.

**29,278 hours**

**of learning time supported by Impax during the Period.**



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# Impax in the Community continued



COMMUNITY PARTNERS: GREEN SKILLS AND EDUCATION

## A CLOSER LOOK

### Country Trust

We continued our partnership for the second year to support the charity to expand its "Food Discovery" programme, which connects primary-aged school children in the UK with food, sustainability and farming.

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

Over the Period, the Food Discovery programme supported by Impax helped 10 schools and 420 children to receive over 6,478 learning hours delivered across 118 sessions in Derby, Manchester, Liverpool, and London.

### Groundwork UK

Our partnership supports young people from underrepresented communities into work in the green economy in Leeds and Manchester, in cities with previously high carbon industry and high youth unemployment.

The Impax Green Jobs pathfinder is the next step in the journey for trainees to explore future careers in a sheltered setting whilst receiving paid work on short to six-month contracts. They are placed in roles within local companies operating in different areas of the green economy, from delivering energy advice to low-income households to promoting the conservation of land and green spaces.

The Groundwork programme supported by Impax placed ten participants, receiving 5,650 hours of training and support.

### The HOPE Program

Impax launched this new partnership during the Period, supporting HOPE's Sustainable South Bronx ("SSBx") programme in New York City.

The SSBx programme trains individuals for careers in green construction and maintenance. Participants learn about environmental justice; gain carpentry, utilities, building mechanics, and energy auditing skills; and earn industry certifications to help them stand out in the job market.

Impax's support helped expand the participants' weekly stipend, to further HOPE's goals of ensuring financial sustainability for participants, and to encourage a higher rate of 'completers' of each programme. Each participant who has completed the programme will receive 50% of the available funding, and an additional 50% is deposited to their account upon securing employment. At this time, they will work with the employment and alumni teams to receive financial counselling.

Over the Period, 35 participants graduated from the SSBx programme and receiving 17,150 hours of training.

**35**
SSBx programme graduates

**17,150**
hours of training

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# Impax in the Community continued



## VOLUNTEERING AND GIVING

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

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

In total, colleagues volunteered 540.5 hours during the Period.

Impax colleagues globally have access to matched giving schemes. Impax has been awarded a Diamond Award from the UK's Charities Aid Foundation for its participation in the UK giving scheme – its highest accolade.

**£563,074**

**donated to charity**

## STEPS CHALLENGE: JAPAN

In May 2024, our Wellbeing Group led our annual Steps Challenge, 'hosted' by colleagues in Tokyo. 125 colleagues were placed into 11 teams and each week, 'stepped' across Japan, touring locations in Tokyo, Kanazawa, Kyoto, Miyajima learning about the country and sharing photos of their own walks or runs with colleagues. Over a four-week period, they clocked up a total of 37,921,362 steps, or 27,068 km! The challenge focused on fitness, teamwork and culture sharing with colleagues.

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## Risk Management and Control

# Enterprise Risk Management

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

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

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

During the Period, Impax, through the Board and the Audit & Risk Committee ("ARC"), has built on the existing risk management framework with the objective of improving and enhancing the framework on an ongoing basis, ensuring it remains aligned with business activities.

Key enhancements included the further development and refinement of key risk indicators and associated reporting to the Enterprise Risk Committee ("ERC"), the ARC and the Board. In addition, reporting line changes were introduced with second line functions having a management reporting line directly to the CEO.

Impax's Enterprise Risk Management ("ERM") team is responsible for maintaining a global risk management framework, including an ongoing programme to monitor the effectiveness of internal controls and processes designed to mitigate the risks identified. The ERM team provide reports to the ERC and the ARC on a quarterly basis on risk matters, including the effectiveness of the agreed internal controls. The Board receives a quarterly report from the Chair of the ARC, which is responsible for independently overseeing risk management and internal control environment effectiveness.

Board members receive internal audit reports which independently assess the adequacy of internal controls. The effectiveness of specific internal controls is externally audited each year and documented in an ISAE 3402 Report. The principal risks that the Company faces are described in this section. Further information on financial risk is given in Note 28 to the financial statements.

# Risk Management and Control continued

Strategic Report



## HOW WE MANAGE RISK

### Risk governance

Impax operates its business across "three lines of defence", with first line business functions identifying, assessing and managing and reporting on risk in day-to-day operations. The second line comprises of our ERM and Compliance teams, who are independent from the first line teams, and who monitor the activities of the first line, reviewing, monitoring, testing and challenging the controls established to manage risks, and providing assurance on risk management by the first line.

Third line assurance is provided by internal audit (these services are currently provided to Impax by Grant Thornton) and independent externally appointed auditors, who provide assurance on the risk management framework and internal control environment, and the ERM and Compliance teams.

### Risk Appetite

Impax has identified principal risks (see page 61) and has documented its appetite for each in a Risk Appetite Statement.

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

### Risk Management

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

**FIRST LINE:**
**Business units**

- Responsible for day-to-day risk management
- Apply internal controls and risk responses

**SECOND LINE:**
**Risk and compliance**

- Independent oversight of first line risk management
- Advice, guidance and direction
- Maintain enterprise risk management framework

**THIRD LINE:**
**Internal Audit/ External Audit**

- Provide independent perspective and challenge of activities of first and second line
- Objective and offer assurance

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# Risk Management and Control continued

## PRINCIPAL RISKS

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

| Level 1 Principal Risk | Level 1 Principal Risk Definition | How we mitigate risk |
|---|---|---|
| Strategic Risk | Strategic risks relate to factors that could prevent Impax from fulfilling its strategic objectives. | The Company closely monitors the performance of its executed strategy and focuses additional resources where potential deviations from plans during execution are identified in order to remain on track or to establish new directions. |
| Financial Risk | Impax is exposed to various financial risk types which could result in the loss of money or failure of Impax to meet its financial and regulatory obligations. | The Company closely monitors its profitability, cash balances, impending liquidity requirements and the financial health of its counterparts, within regulatory frameworks, to prevent and react promptly to any associated issues. |
| Operational Risk | The risk of direct or indirect losses, or of reputational damage, arising from inadequate or failed internal processes, people and systems or from external events. This includes regulatory risk; the failure to comply with regulatory obligations. | The Company's controls framework is designed to minimise losses from operational failure and to reduce the risk of: business disruptions; software and hardware and network failures; compromised IT security/poor data quality or breaches (including cyber attacks).<br><br>The Company considers and seeks to manage physical climate risk within its operational risk management framework. Impax maintains crisis management plans with defined responses to initiate business contingency plans and recovery procedures. For the UK Listed Equities business, the company obtains annual ISAE 3402 assurance. The Company has insurance cover which is reviewed each year prior to policy renewal.<br><br>Regulatory risks are managed by ensuring close monitoring of compliance with the regulations, and by tracking regulatory developments and reacting promptly when changes are required through the Company's permanent and independent compliance function.<br><br>Climate risk and sustainability and ESG regulations are monitored as part of the compliance and risk programmes at Impax. |
| Market Risk | This risk refers to the possibility of market conditions negatively impacting Impax. | The Company operates a number of different strategies which themselves are diversified by geography and industry. The Company's investment teams adhere to defined investment processes.<br><br>Seeded investments are hedged appropriately to mitigate exposure to market risk. |
| Investment Risk/ Liquidity Risk | The risk refers to Impax not being able to meet investor expectations. | We actively monitor investment and liquidity risk of individual stocks, portfolios and at a strategy level. Liquidity risk in the context of Impax funds is managed consistently during the stable or stressed market conditions. The Company's approach to managing its own liquidity is outlined in the Financial Risk section. |



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## Strategic Report



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## Engaging with our Stakeholders

# Promoting success and delivering 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 Board recognises the requirements of reporting against matters set out in Section 172 (1) (a) to (f) of the Companies Act. The information on these pages identifies key stakeholders and summarises actions and engagement activities undertaken during 2024, in support of the success of the Company and for the benefit of its members as a whole. Further information is also provided on pages 75–76 of the Corporate Governance Report and the Chair's Introduction on pages 11–13.

As an example of how the Board has considered Section 172 in decision-making when discharging its duties, Directors have considered how the fixed income acquisitions would diversify the Group's business in the long-term interests of shareholders and how the teams would contribute to the Company's culture and enhance services for clients. Further details of how Section 172 factors have been applied by the Board can be found throughout the Strategic Report.

## Shareholders

### Our approach

We are committed to full disclosure and clear communications with institutional and private shareholders.

We invest by seeking price inefficiencies in high growth markets and are focused on managing a small number of highly scalable investment strategies.

The governance and management of the Company is driven by the Board and senior management team. We seek to adhere to high standards of corporate governance and reporting.

We manage and optimise a scalable platform for growth, including systems, processes, and infrastructure.

We balance tight costs control with the needs of an expanding business.

The Company's amended dividend policy is to pay in normal circumstances, an annual dividend of at least 55% of adjusted profit after tax, while ensuring that we retain sufficient capital to invest in the business' future growth. The Board assessed peer analysis and stakeholders, including shareholders and employees.

### 2024 highlights

Revenue: £170.1m (2023: £178.4m). Adjusted operating profits: £52.7m (2023: £58.1 million). Adjusted operating profit margin 31.0% (2023: 32.6%). Adjusted diluted EPS 32.2p (2023: 35.2 p). Total dividend for the Period flat compared to 2023.

The Board has been instrumental in guiding the strategic development of the Group during the Period, particularly with respect to the development of the fixed income business including the acquisition of the Absalon and Sky Harbor teams.

Shareholder outreach following the Chair succession. The Company communicated with institutional shareholders and advisers to discuss the business development and Remuneration Policy.

The Company's governance was further developed, resulting in the repositioning of the Group's subsidiary boards and committees, including the Management Committee and Senior Leadership Team.

We continue to engage with institutional investors and with groups to support our interaction with private investors.

# Engaging with our Stakeholders continued

## Clients

### Our approach

We provide a wide range of investment products and solutions, including mutual funds and private assets to our clients who are predominantly institutional investors and pension funds.

We are focused on ensuring that we are managing all our funds and accounts in line with clients' investment objectives and within a framework that is fully compliant with applicable regulations and policies.

We seek to deliver consistent outcomes for our clients and superior financial returns over the longer term.

We conduct fundamental analysis which incorporates long-term risks.

We focus on four broader areas beyond financial returns: corporate engagement and stewardship; environmental and social impact reporting; policy and advocacy; and publishing research.

Our client teams build long-term relationships and have a deep understanding of our clients' needs and expectations.

Informed by our dialogue with clients we develop new products to provide client solutions and invest our own balance sheet as seed capital.

We have a data breach procedures in place and use external security operations to monitor our network.

### 2024 highlights

We opened our new Copenhagen office.

We are now offering fixed income products on our European fund platform for the first time, in addition to two new listed equities funds.

In the US, we launched our Global Social Leaders fund on our mutual fund platform. We also made enhancements to two other funds on the platform.

We produced a report for the Sustainable Markets Initiative to understand how asset owners integrate climate into their investment decisions. Working together with State Street, we interviewed the chief investment officers of 11 large asset owners, presenting the findings at Climate Week New York in September 2024.

This year we celebrate a decade of measuring and reporting the impact of our investments beyond financial returns. We have expanded our account and fund level reporting this year. Meanwhile, in our Impact Report 2024, we introduced three additional social impact metrics.

## Colleagues

### Our approach

We seek to offer a stimulating, collaborative, and supportive workplace for our people.

We are focused on integrating our one-team culture, expanding our global presence, ensuring business resilience through scalability, and sustaining a high-performing environment.

We prioritise investment to empower our colleagues to reach their full potential. This includes both professional and personal development training for all employees, to ensure we have the skills needed to develop the business.

We are committed to equity, diversity and inclusion ("E,D&I"). We value individuals and seek to understand our peoples' perspectives and to reflect their views. Julia Bond is the Board Sponsor of the Company's E,D&I activities. We remain focused on addressing the gender pay gap at all levels of the Company.

We are signatories of Women in Finance and Race at Work.

We learn from and act on the feedback from our colleagues.

We promote openness in our culture and regularly provide training on conduct and the values of responsibility and integrity. This includes reminding colleagues of the different ways that they can raise any concerns of a more serious nature, including formal processes and via an anonymous whistleblowing hotline that is readily accessible 24 hours a day and provided by an external supplier.

### 2024 highlights

Our headcount grew very modestly to 315 at the end of the Period, compared to 300 a year earlier.

86 points employee engagement score and 95% aligning with Impax's mission, culture and values.

During the Period we updated the Company's conduct framework.

We maintain a low staff turnover relative to peers at 10%. (2023: 10%).

Made good progress against our aspirational E,D&I goals. As at year end, 48% of colleagues are female and 25% are minority ethnic. 37% of senior staff are female and 14% of senior staff were minority ethnic.

48% of the Board are female and 14% are Black, Asian or additional ethnic groups.

During the Period, we signed up to two cross-company mentorship programmes run by Moving Ahead, in association with 30% Club, focused on supporting the development of women and underrepresented groups, with 30 colleagues participating in total.

Further progress on succession planning and talent development plans, which is a key focus for the Board and the HR Team.



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# Engaging with our Stakeholders continued

## Distribution partners

### Our approach

We have developed strong relationships with other asset managers who distribute our white-label funds through their networks. This enables the Company to distribute its products to a much wider network of clients.

Our senior management team, investment professionals and client relationship managers meet our distribution partners regularly and we have strong reporting systems in place.

We are deepening the level of reporting that we provide to our clients via our distribution partners.

### 2024 highlights

We added new distribution partners in Spain and Italy.

In the US the US Leaders Strategy Is now being offered as a Separately Managed Account at two of the largest wealth management firms in country.

Our Global Social Leaders strategy is now being distributed via our Canadian partner, NEI.

## Investee companies

### Our approach

We are long-term investors and develop strong relationships with many of our holding companies. We conduct deep, ongoing research into all areas of their businesses.

We engage with companies to minimise risks, protect shareholder value, promote greater transparency and encourage companies to become more resilient over time.

We take a supportive rather than activist approach and often work in collaboration with other asset managers or organisations.

### 2024 highlights

Took part in 158 engagement dialogues in 2023, with 63% progress against objectives and 24% objectives achieved.

We combine our engagement and our policy advocacy activities, seeking to shape company practices through regulatory or policy change and focusing our activities on four pillars: climate, nature, people and governance. See page 40 for more information.

We were a successful applicant to the UK Stewardship Code.

## External service providers

### Our approach

We engage proactively with service providers and have an established framework that governs our approach to selection, onboarding, and oversight. We provide an anonymous whistleblowing hotline for external parties.

Our Supplier Code of Conduct sets out the high standards we expect from our suppliers, covering social inclusion, sustainability and the environment. We engage specialist external service providers to supplement our own infrastructure and staff so that we can deliver key services more cost effectively.

The Audit & Risk Committee reviews the Company's material outsourced providers annually.

### 2024 highlights

We implemented a number of new systems, working closely with service providers. This included:

- strategic automation initiatives, improving operational efficiency and data processing capabilities
- strengthening the security and resilience of our operational data transfer infrastructure, ensuring stronger protection of portfolio information transmitted by third parties
- new HR system and UK payroll system implemented
- new cybersecurity detection methods; increased staff education

## Industry-wide groups

### Our approach

We believe that working together with like-minded organisations we can be more effective in bringing about change.

For a list of memberships see page 148.

### 2024 highlights

During the Period we participated in a number of industry initiatives. We continue to combine our company engagement and our policy advocacy activities through the work of the Impax Sustainability Centre, seeking to shape company practices through regulatory or policy change. See the Impax Stewardship & Advocacy Report 2024 for more details.

Strategic Report



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# **Engaging with our Stakeholders** continued

## Community and the environment

### Our approach

We are committed to operating to the highest standards of corporate responsibility, recognising our responsibility to the community in which we operate, and to a wider society.

We support a low-carbon economy, primarily through our investment decisions, company engagement, our collaboration with clients and stakeholders and policy advocacy. We are committed to reducing our operational emissions; Scope 1, 2 & 3. Annette Wilson is the Board Sponsor of the Environment Group.

We are members of the Net Zero Asset Managers Initiative.

Impax partners with organisations aligned with our focus on the transition to a more sustainable economy, focusing on green skills and education.

We facilitate charitable giving by our staff via numerous schemes and match many of the contributions. We also encourage staff to volunteer both as individuals and on Company organised initiatives.

### 2024 highlights

As of 31 December 2023, 58% of Impax's AUM were invested in assets that we assess to be 'climate solutions'.

In our Climate Report 2024 we describe how we manage climate-related risks and identifying climate-related opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures as well as the Transition Plan Taskforce.

We have set a target to source 100% of our electricity from renewable sources across all Impax offices by 2030. At the end of the calendar year 2023, the figure stood at 97%.

The Board agreed a new aim to donate 0.5% – 1% of pre-tax profit each year to support our charitable partners. This was achieved as we donated £563,074 (2023: £504,933) to charitable causes.

We supported 29,278 hours of learning hours through our community partnerships.

We developed a new community partnerships with the Hope Program in New York.

## Financial industry regulators

### Our approach

Impax is a global business which has a strong focus on ethical conduct and compliance with applicable requirements in all jurisdictions where we operate.

We are committed to regulatory reporting and disclosures which benefit market transparency and integrity.

We seek to contribute positively to evolving regulatory standards and actively advocate for sustainable regulatory policies relevant to our activities and clients.

### 2024 highlights

We provided comments to regulators on a range of regulatory proposals and rules including:

Submitted consultation responses in Malaysia, Singapore, Australia, mainland China, Hong Kong, India, Korea and Japan on ISSB adoption.

Co-signed letters from the Asian Corporate Governance Association to the Security and Exchanges Board of India (market practices), Reserve Bank of India (climate-related financial risks), and on strategic shareholdings in Japan.

Contributed to the Roundtable Discussion on Audit Quality and Climate-integrated Audits in Hong Kong organised by the Accounting and Financial Reporting Council ("AFRC") as one of the six investors invited.

**Ian R Simm**
Chief Executive

27 November 2024

Governance



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# Governance

> "In a year of significant external challenges, Impax has demonstrated its resilience."

**Simon O'Regan**
Chair

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# Governance at a glance

## Highlights

Read more in our Chair's Introduction on **page 11**

**14**

**Board meetings held during the year**

**(2023: 6)**

**97%**

**Board meeting attendance for quarterly meetings**

**(2023: 100%)**

**27.6p**

**Total dividend per share**

**(2023: 27.6p)**

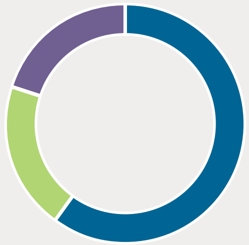
See our Board of Directors and biographies on **page 68**

## Board of Directors

### Composition of the Board


### Gender diversity


### Non-Executive Directors' tenure




## Governance highlights

### Corporate Governance

- Simon O'Regan became Chair and Annette Wilson Senior Independent Director in July 2024.
- Julia Bond and Lyle Logan joined as Non-Executive Directors (November 2023 and May 2024 respectively).
- Lindsey Brace Martinez and Sally Bridgeland stepped down from the Board in July 2024.

Read more on **page 71**

### Audit & Risk

- The Group further enhanced its approach to Enterprise Risk Management.
- The Chief Risk Officer now reports to the Chief Executive.
- The Committee reviewed and discussed Internal and external audit reports.

Read more on **page 80**

### Remuneration

- Julia Bond became Chair of Remuneration Committee in July 2024.
- First full year of new remuneration approach, aligned with updated Directors' Remuneration Policy.
- Total bonus pool of 40.0% of adjusted operating profit for FY2024.

Read more on **page 83**

# Board of Directors

## Simon O'Regan
Chair

Joined the Board 2020
Appointed Chair 2024

### Previous roles and experience
Simon has 40 years' experience in the insurance, pensions and asset management industries. Simon served as CEO of Mercer in Australia, in the UK, in Europe and in the USA/Canada. He was formerly a non-executive director of Alexander Forbes Group Holdings Ltd and Mercer Africa Limited. He was a member of the UK's Nuclear Liabilities Financing Assurance Board until it submitted its final advice on Hinkley Point in 2015 and served as a non-executive member of the Foreign, Commonwealth and Development Office's Audit & Risk Assurance Committee.

### External appointments
Non-Executive Director of the Financial Reporting Council.

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

Fellow of the Institute of Actuaries (UK).

### Committee membership and other roles
Remuneration Committee – Member

## Ian Simm
Founder &
Chief Executive

Joined the Board 2001

### Previous roles and experience
Ian has been responsible for building the Company since its launch in 1998. Prior to joining Impax Ian was an engagement manager at McKinsey & Company advising clients on resource efficiency issues. Between 2013 and 2018 he was a board member of the Natural Environment Research Council ("NERC"), the UK's leading funding agency for environmental science.

### External appointments
Member of the UK government's Net Zero Innovation Board and Net Zero Council. Commissioner with the Energy Transmissions Commission and the Severn Estuary Commission. Board member of the Institutional Investors Group on Climate Change ("IIGCC"). Chair of the Decarbonisation Committee of the Confederation of British Industry. Member of the Cambridge University Endowment Trustee Body.

### Education and experience
First class honours degree in physics from Cambridge University and a master's degree in Public Administration from Harvard University.

### Committee membership and other roles
n/a

## Julia Bond
Non-Executive
Director

Joined the Board 2023

### Previous roles and experience
Julia has deep experience of capital markets in the financial services sector. She is a former Managing Director at Credit Suisse where she led the Central Bank and Sovereign Wealth Fund teams globally as well as co-heading Non-Japan Asia Fixed Income Sales. Julia served as a Non-Executive Director for European Assets Trusts plc.

### External appointments
Julia serves as a Non-Executive Director on various private and public sector organisations, including UK Strategic Command, the British Foreign and Commonwealth Development Office, and International Public Partnerships.

### Education and experience
Julia was educated in the UK, Argentina and the USA. Her executive experience includes over 27 years' experience of capital markets in the financial sector, operating in Europe, Asia and the US. She has also led on issues such as diversity, talent management and change management.

### Committee membership and other roles
Remuneration Committee – Chair
Audit & Risk Committee – Member
Board Sponsor – E,D&I



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# **Board of Directors** continued

## Lyle Logan
Non-Executive Director

Joined the Board 2024

**Previous roles and experience**

Lyle worked at Bank of America (formerly Continental Bank) in Chicago, where he held several leadership positions, including as a Senior Vice President in the Private Bank and Domestic Portfolio Management Group. Lyle retired from his role as Non-Executive Director of Heidrick & Struggles International in September 2024.

**External appointments**

Lyle is currently Vice Chairman of Northern Trust, the latest role in a career within the Chicago-based financial services company spanning more than 20 years.

Lyle serves as a Non-Executive Director to several organisations, including The Field Foundation of Illinois and Ann & Robert H. Lurie Children's Hospital of Chicago, and as Trustee of the Impax Funds Series Trusts.

**Education and experience**

BA degree in Accounting and Economics from Florida A&M University and a MBA degree in Finance from the University of Chicago.

**Committee membership and other roles**

Audit & Risk Committee – Member
Remuneration Committee – Member

## Arnaud de Servigny
Non-Executive Director

Joined the Board 2018

**Previous roles and experience**

Arnaud was previously a Managing Director at Deutsche Bank Asset and Wealth Management, where he was the CIO for the Multi Asset Group. Prior to this he was a Managing Director at Barclays Wealth, heading the Global Investment Committee and before that at Standard & Poor's where he ran the global quantitative group.

**External appointments**

Non-executive directorships of BNP Paribas Asset Management France, director of Queens Field SAS and President of Queensfield AI Technologies.

**Education and experience**

A specialist in artificial intelligence, Arnaud has been a Visiting and then Adjunct Professor of Finance at Imperial Business School since 2005. He is the author of several books on finance, economics and investment management.

MSc in engineering From Ecole Nationale des Ponts & Chaussées and a PhD in finance from Sorbonne University.

**Committee membership and other roles**

n/a

## Annette Wilson
Non-Executive Director

Joined the Board 2022

**Previous roles and experience**

Annette has spent over 20 years in the private equity and venture capital sector. She is a former Partner and COO of Finch Capital and was founding CFO of Palamon Capital Partners, a European growth investor. Prior to joining the private equity sector, Annette worked in the insurance sector at Sedgwick plc, a FTSE 100 company in various roles in the UK, USA and Europe and thereafter was CFO of Windsor PLC, a LSE listed company. She started her career at PricewaterhouseCoopers.

**External appointments**

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

**Education and experience**

BCom (Hons), University of Johannesburg.

Fellow of the Institute of Chartered Accountants in England and Wales.

**Committee membership and other roles**

Senior Independent Director (from July 2024)
Audit & Risk Committee – Chair (from November 2022) and Member
Remuneration Committee – Member
Board sponsor, Environment (from November 2022)
Whistleblowing Champion (from July 2024)



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# Board of Directors continued

## Karen Cockburn
Chief Financial Officer

Joined the Board 2023

**Previous roles and experience**

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

**External appointments**

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

**Education and experience**

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

**Committee membership and other roles**

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

## Zack Wilson
Group General Counsel and Company Secretary

Assumed roles 2011

**Previous roles and experience**

Zack was Director & General Counsel for the investment management group Development Capital Management. Previously he was Corporate Counsel for Telewest Global Inc (renamed Virgin Media Inc), where he played a leading role in managing the successful execution of a number of high profile transactions. Zack was a non-executive director of Impax Funds (Ireland) plc.

**External appointments**

Member of the Advisory Board of Prime Advocates Limited.

**Education and experience**

Qualified as a solicitor in 2000 at the global law firm Norton Rose. MA in Jurisprudence from the University of Oxford.

**Committee membership and other roles**

n/a

Governance



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# Corporate Governance Report



## COMPLIANCE WITH QCA CODE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The correct application of the QCA Code requires the Company to apply its 10 principles and to publish certain related disclosures either on our website or in this Annual Report or a combination of both. We have chosen to use a combination of both. Our website includes disclosure, updated annually, considering each principle in turn and references where the appropriate disclosure is given, highlighting and providing an explanation in the event of any departures from the provisions of the Code. The Directors believe that the Group has fully complied with the 10 principles set out in the QCA Code during the Period. The QCA Code recommends that all members of a remuneration committee must be independent. All members of the Remuneration Committee and Audit & Risk Committee are considered to be independent in accordance with the recommendations of the QCA Code.

An updated version of the QCA Code was published in November 2023 (the "Revised Code") applying to financial years on or after 1 April 2024. We will carefully consider and interpret the Revised Code during the 12-month transition period to ensure that we continue to observe its important principles.

In recognition of the Group's growing scale and complexity and to ensure that the Company is well placed for further growth, the Company's governance has been further developed during the Period.

This has resulted in the repositioning of the Group's subsidiary boards and committees, including the Management Committee and Senior Leadership Team, across the wider governance framework.

Following their introduction in November 2023 the Management Committee and the Senior Leadership Team have met regularly during the Period and have contributed to the development and implementation of strategy, whilst reinforcing the Company's culture and promoting the importance of good conduct across the business.

The Management Committee have had several opportunities to meet with the Board, having been invited to present at various Board Meetings and the annual strategy day held in June 2024.

## THE BOARD OF DIRECTORS

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

### Board composition

The Board consists of a Non-Executive Chair, four Non-Executive Directors, the Chief Executive and the Chief Financial Officer. Details of the current Board members are given on pages 68–70 of this report. Throughout the year the position of Chair and Chief Executive were held by separate individuals. There is a clear division of responsibilities between the Chair and Chief Executive.

The Chair's primary role is to ensure that the Board and Directors are able to operate effectively, setting the agenda and format of Board discussions to promote constructive challenge and sound decision making. The Chair provides a sounding board for the Chief Executive and leads on succession planning and skills assessments for the Board and Executive Director roles.

The Chief Executive is primarily responsible for implementing the Board's strategy, communication with shareholders and managing the activities of the Group, other than in relation to those matters specifically reserved for the Board or delegated to its Committees.

The Board has appointed one of the Non-Executive Directors (Annette Wilson) to act as the Senior Independent Director. Annette also acts as the Board's Whistleblowing Champion. The Board considers that the Chair (Simon O'Regan) and three of the Non-Executive Directors (Annette Wilson, Julia Bond and Lyle Logan) are independent as envisaged by the QCA Code.

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# Corporate Governance Report continued



## THE BOARD OF DIRECTORS CONTINUED

Arnaud de Servigny is not considered to be independent as he represents a significant shareholder. He does not serve as a member of either the Remuneration Committee or the Audit & Risk Committee.

In accordance with UK corporate governance best practice and our succession planning there were several changes to the Board composition during the Period.

We were pleased to welcome two new Non-Executive Directors to the Board during the Period, with Julia Bond being appointed on 29 November 2023 and Lyle Logan on 1 May 2024. Julia and Lyle also joined the Audit & Risk and Remuneration Committees with immediate effect.

As previously reported, Lindsey Brace Martinez and Sally Bridgeland stepped down from the Board on their ninth anniversary of joining the Company. Simon O'Regan was appointed as Independent Non-Executive Chair on 31 July 2024 and ceased to be a member of the Company's Audit & Risk Committee. On this date Julia Bond also became Chair of the Remuneration Committee and Board Sponsor of the E,D&I Group. Annette Wilson succeeded Simon O'Regan as Senior Independent Director and the Board's Whistleblowing Champion. A thorough handover process has been completed and all of the required arrangements have been made with respect to the Board and Committee composition changes.

The Non-Executive Directors and Chair all have or have had senior executive experience and offer insightful judgement on Board matters. The Non-Executive Directors do not participate in any bonus schemes or share ownership schemes and their appointments are non-pensionable. The Company anticipates a time commitment from the Non-Executive Directors of approximately 20 days per annum. This includes attendance at regular Board meetings, participation in the Audit & Risk and Remuneration Committees and meeting with the Management Committee to review and discuss progress. The Chief Executive and the Chief Financial Officer work full time in the business and have no other significant outside business commitments.

As at September 2024, 43% of the Board members are female and 14% of the Board identify as Asian, Black or from additional ethnic groups.

### Board Committees

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

The Audit & Risk Committee is responsible for overseeing financial reporting, external audit, risk management, internal audit, whistleblowing adequacy and security, fraud prevention or detection and internal controls. Annette Wilson is the Chair of this Committee and the Committee's report is provided on pages 80–82.

The purpose of the Remuneration Committee is to ensure that the Chief Executive and other senior employees are fairly rewarded for their individual contribution to the overall performance of the Group and that remuneration packages provided do not promote undue risk taking. Julia Bond has been the Chair of this Committee since 31 July 2024, succeeding Lindsey Brace Martinez, and the Committee's report is provided on pages 83–95.

The Board considers the skills and knowledge of individual members of each Committee upon appointment and periodically, to ensure that each Committee includes members with appropriate skills and expertise and who can offer an independent outlook. The Committees report to the Board on a regular basis and have clearly defined Terms of Reference which are published on the Company's website.

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# Corporate Governance Report continued



## THE BOARD OF DIRECTORS CONTINUED

| Meeting attendance | Board | Audit & Risk Committee | Remuneration Committee |
|---|---|---|---|
| Total number of meetings | 14 | 4 | 8 |
| Ian Simm | 13 | 1 as observer | 7 as observer |
| Simon O'Regan | 14 | 3 as member<br>1 as observer | 8 |
| Annette Wilson | 13 | 4 | 7 |
| Arnaud de Servigny | 13 | 3 as observer | 7 as observer |
| Julia Bond[1] | 11 | 3 | 5 |
| Lyle Logan[2] | 5 | 2 | 2 |
| Sally Bridgeland[3] | 10 | 3 as observer | 6 |
| Lindsey Brace Martinez[3] | 12 | 3 | 7 |
| Karen Cockburn | 14 | 4 as observer | 8 as observer |

1 Director since 29 November 2023
2 Director since 1 May 2024
3 Director until 31 July 2024

### Meetings

The Board has a formal agenda of items for consideration at each meeting and a forward agenda of items to be considered during the annual board cycle. The Board also convenes at additional times when required. All Directors receive detailed Board papers and reports sufficiently in advance of meetings to enable a proper review and have full access to the advice and services of senior management should further information be required. There is provision for Board members to solicit professional advice on Board matters at the Company's expense. The Directors of the Company during the year and at the date of this report, details of the number of Board and committee meetings, and the attendance record of each Director is shown in the table above.

### Appointment of new Directors

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

Where new Board appointments are considered, as has been the case during the Period, the search for candidates will be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Board also considers appropriate and effective succession planning. All Directors are subject to reappointment by shareholders at the first opportunity after their appointment and thereafter at intervals of no more than three years pursuant to the Company's Articles of Association. The Board considers it best practice that all Directors are put up for re-election at the Annual General Meeting and accordingly has decided to go beyond the requirements of the Company's Articles of Association and require that all Directors of the Company offer themselves for re-election.

### Performance evaluation

The Board carries out an evaluation of its performance annually. In 2022, the Company engaged Boardroom Review to carry out its first external evaluation and it is intended that a further external evaluation is held in 2025, given it will have been three years since the last external review.

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# Corporate Governance Report continued

## THE BOARD OF DIRECTORS CONTINUED

This year the Chair led a formal evaluation to assess the performance of the Board and the individual Directors. The Board also completed an evaluation of the Chair's performance which was led by the Senior Independent Director. The steps in the process were similar to those of the previous year, with the evaluation questionnaire including a self-assessment of how the Board benchmarks itself against specific statements representing the agreed corporate expectations. The Non-Executive and Executive Directors completed online questionnaires which were followed up with discussions with the Chair. The conversations with the Chair covered individual development issues as well as suggestions for how to clarify Board objectives and improve Board focus and performance.

In general, the Board felt that it continued to perform well against the new corporate expectations. Significant progress has been made on the prior year's recommendations.

The Board held several detailed discussions, including with external speakers, to develop their understanding of matters including the Company's evolving governance structure, the competitive landscape, changing client service requirements and evolving client demands.

Board papers and agendas were further developed to increase focus on strategic issues relevant to the Company and its stakeholders.

The evaluation discussions identified several areas for further focus for the Board including investment performance, key client relationships, the evolving distribution marketplace, talent development and succession planning for the management team, staff retention, culture and E,D&I objectives.

### Board development

Following the external evaluation, in 2022 the Board developed a long-term plan of action to respond to the recommendations, including:

A review of the division of responsibilities between the Group and subsidiary boards and the delegations to executives and their committees. This work has made further progress and is near completion. The performance of the new governance model will be assessed early in 2025 and will be refined during the year ahead.

Aligning performance objectives for the Board to the scale of business envisaged in the Company's business plan. The Board has set itself specific objectives for 2025 which include the execution of our ambitious but realistic strategy and business plans, developing and sustaining the Company's culture, developing talent and ensuring that its governance structure is effective and efficient.

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

Talent development and succession planning (including the forums within which they are discussed). Board succession plans were carried out during the year to address the ninth-year anniversary in July 2024 of the tenure of Sally Bridgeland and Lindsey Brace Martinez. Succession planning for senior management is a key focus for the Board and the HR Team.

The evolution of how the Board oversees risk management. Key actions included the further development and embedding of the Company's enterprise management framework and associated reporting, including key risk indicators.

The Board's mix of formal and informal time, including private sessions and discussions with both internal and external stakeholders. In addition to the annual strategy day, private sessions and board dinners with and without senior management were held and have been scheduled for the year ahead.

During the Period, the Board visited Impax's North America offices and met with key stakeholders to the North American business. The detailed itinerary, which included external speakers, provided the Board with further insight into the opportunities for the North American business and its operations.

The Board has been instrumental in guiding the strategic development of the Group during the Period, particularly with respect to the development of the fixed income business including the acquisition of the Absalon and Sky Harbor teams and is excited by the opportunities that these will bring to the wider and more diversified Group.

The annual Board strategy discussions focused on several matters, including investment performance, the development of the fixed income business, the Company's Sustainability Centre and also providing input into the business plan, including the evolution of the existing business areas and other opportunities to diversify the Group's business.

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# Corporate Governance Report continued

## THE BOARD OF DIRECTORS CONTINUED

Board members maintain and extend their skillsets through practice in day-to-day roles, enhanced with attending specific training where required. The training consists of a combination of online modules, in-house Company arranged briefings and external training. The Company Secretary, Chief Risk Officer, Global Head of Compliance and the Chief Financial Officer (who has responsibility for HR matters) support the Chair in addressing the training and development needs of Directors.

In order to develop a greater awareness and understanding of the Group's operations, the Chair ensures there are additional opportunities for the Non-Executive Directors to meet with members of the Management Committee and Senior Leadership Team outside of the Board and its committee meetings.

### Resources

The Board uses external advisers to enhance knowledge or to gain access to particular skills or capabilities. Accountants and lawyers are used for diligence work on acquisitions. Specialist advisers have also been used by the Board to ensure compliance or to benchmark against peers, in areas such as internal audit, remuneration and regulatory compliance.

### Indemnity

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

## INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal controls including financial, operational, compliance and risk management controls. The Group performs regulated activities in multiple jurisdictions globally, which are supervised by a number of supervisory authorities, including the UK Financial Conduct Authority ("FCA"), the US Securities and Exchange Commission ("SEC"), the Central Bank of Ireland ("CBI"), the Hong Kong Securities and Futures Commission ("SFC") and the Financial Services Agency in Japan ("JFSA").

The Board has adopted procedures and controls designed to ensure its obligations are met and uses a risk management framework which is overseen by the Enterprise Risk Management team, Enterprise Risk Committee and Audit and Risk Committee. Details of the key risks facing the Group and internal controls acting to control or mitigate the risks and further details on the risk framework are set out on pages 59–61 of the Strategic Report.

## DIALOGUE WITH SHAREHOLDERS

The Company reports formally to shareholders at the half-year and year end. At the Annual General Meeting of the Company, a presentation is usually given, and Directors are available to take questions, both formally during the meeting, and informally after the meeting. The Chief Executive, Chair and/or Senior Independent Director are available for dialogue with major shareholders on the Company's plans and objectives and meet with them at appropriate times.

Management (typically the Chief Executive and Chief Financial Officer) meet formally with institutional shareholders, usually after the interim and final results announcements, presenting Company results, articulating strategy and updating shareholders on progress. Management also holds webinars and attends investor forums for private investors. The Board recognises the Annual General Meeting as an important opportunity to meet private shareholders. We have continued to work closely with our brokers, Peel Hunt and Berenberg, to maintain contact with institutional investors.

# Corporate Governance Report continued

## DIALOGUE WITH SHAREHOLDERS CONTINUED

In parallel, we have engaged other groups, including Shares/AJ Bell and Mello Events, to support our interaction with private investors and are looking to increase this outreach.

This year the Company has continued to engage with institutional shareholders and advisers to discuss the development of the business and Remuneration Policy. The Company's variable remuneration structure and outcomes are set out in the Remuneration Committee Report (see pages 83–95). On his appointment as Chair, Simon O'Regan wrote to major shareholders to introduce himself and looks forward to developing his relationship with the Company's investors.

## CULTURE

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

The Company continues to develop its E,D&I strategy and has made good progress against its goals in this area. See pages 52–55 for more information.

In addition to supporting a new approach to performance evaluation the HR team has enhanced its training and development programmes and supported employee engagement initiatives to further enhance the Company's culture. See pages 50–51 for more information.

The Company has a strong collegial culture which continues to evolve. This centres on Impax's five values, which are closely aligned with our mission of investing in the transition to a more sustainable economy. See page 05 for more information.

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# Directors' Report

For the year ended 30 September 2024

## RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated income statement on page 104. The Directors propose a final dividend of 22.9 pence per share (2023: 22.9 pence) which together with the interim dividend of 4.7 pence per share (2023: 4.7 pence) gives a total for the year ended 30 September 2024 of 27.6 pence per share (2023: 27.6 pence). The dividend will be submitted for formal approval at the Annual General Meeting. These financial statements do not reflect the final dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 September 2025.

The final dividend for the year ended 30 September 2023 was paid on 22 March 2024, being 22.9 pence per share. The trustees of the Impax Employee Benefit Trusts ("EBT") waived their rights to part of these dividends, leading to a total dividend payment of £30,132,057. The interim dividend of 4.7 pence for the year ended 30 September 2024 was paid on 19 July 2024 and totalled £6,169,438 after the EBT waiver. These payments are reflected in the Statements of Changes in Equity for the Group and Company.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is the provision of investment management services. The business review has been considered within the Strategic Report.

## SHARES

During the year the Group's EBT purchased 1,866,000 ordinary shares. The EBT holds shares for Restricted Share awards until they vest or to satisfy share option exercises. The Board will consider purchasing the Company's shares from time to time after due consideration of alternative uses of the Company's cash resources. Share purchases are usually made by the EBTs (subject to the trustees' discretion), using funding provided by the Company.

## FUTURE DEVELOPMENTS

The Group's priorities for the following financial year are disclosed in the Chief Executive's statement on pages 14–18.

## DIRECTORS AND THEIR INTERESTS IN SHARES

The Directors of the Company during the year and at the date of this report are set out below. The Directors' interests and those of their connected persons in the Ordinary Shares of the Company, all of which are beneficial, at 30 September 2024 and 30 September 2023 were:

| | 30 September 2024 | 30 September 2023 |
|---|---|---|
| Ian Simm[1] | **9,548,986** | 9,565,653 |
| Karen Cockburn | **148,000** | 28,000 |
| Simon O'Regan | **25,000** | 12,000 |
| Annette Wilson | **12,000** | 12,000 |
| Arnaud de Servigny | **–** | – |
| Julia Bond[3] | **12,000** | – |
| Lyle Logan[4] | **12,000** | – |
| Sally Bridgeland[5] | **n/a** | 12,000 |
| Lindsey Brace Martinez[2,5] | **n/a** | 12,000 |

1 Includes vested shares within sub-funds of the Impax Group Employee Benefit Trust 2004 ("EBT 2004") from which the individual and their families may benefit
2 Shares held by Lindsey B. Martinez Trust
3 Appointed on 29 November 2023
4 Appointed on 1 May 2024
5 Retired on 31 July 2024

There have been no changes to the above holdings since 30 September 2024.

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

Ian Simm has 13,332 Restricted Share Awards awarded in February 2021 which vest in two equal tranches between February 2025 and January 2026, a further 17,500 awarded in January 2022 which vest in three equal tranches between January 2025 and January 2027 and finally a further 12,250 awarded in February 2023 which vest in three equal tranches between February 2026 and January 2028.

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# **Directors' Report** continued

For the year ended 30 September 2024

## DIRECTORS AND THEIR INTERESTS IN SHARES CONTINUED

Karen Cockburn has 20,000 options under the 2022 LTOP scheme awarded in March 2023 which vest in January 2028, a further 28,000 Restricted Share Awards under the RSS 2022 scheme awarded in February 2023 which vest in three equal tranches between February 2026 and January 2028 and a further 120,000 Restricted Share Awards awarded in January 2024 which vest in three equal tranches between January 2027 and January 2029.

Directors' remuneration, payable in the year ended 30 September 2024, is set out in the Remuneration Committee Report.

## SUBSTANTIAL SHARE INTERESTS

The following interests in 3 per cent or more of the issued Ordinary Share capital have been notified to the Company as at 27 November 2024:

| | Number | Percentage |
|---|---|---|
| BNP Paribas Asset Management Holding | 18,258,112 | 13.8 |
| Funds managed by Liontrust Investment Partners LLP | 15,593,955 | 11.8 |
| Ian R Simm[1] | 9,548,986 | 7.2 |
| Funds managed by Gresham House Asset Management | 6,693,572 | 5.0 |
| Hargreaves Lansdown Asset Management | 6,116,428 | 4.6 |
| Funds managed by Janus Henderson Investors | 6,045,332 | 4.6 |
| Rathbone Investment Managers | 5,703,429 | 4.3 |
| Impax Asset Management plc Employee Benefit Trust 2012 | 4,822,280 | 3.6 |
| Bruce Jenkyn-Jones[1] | 4,401,854 | 3.3 |

1 Includes vested shares within sub-funds of the EBT 2004 from which the individual and their families may benefit

In addition, the EBT 2004 has a legal interest in a further 13,950,080 shares which have transferred to sub-funds from which individuals and their families may benefit.

## RISK

A description of the key risks facing the Group and policies and procedures in place to monitor or mitigate the risk is provided on pages 59–61 of the Strategic Report.

## PEOPLE

Through our robust people management policies, we aim to attract and develop the best people. Our performance management processes comprise a twice-yearly performance appraisal against agreed objectives and our core values. Output from this performance process is used to inform decisions on remuneration, career development and progression. As part of creating a high-performance organisation, we encourage all of our employees to fulfil their potential. We provide our employees with access to a range of training and development opportunities that are relevant to our business. Further details of our people policies and employee engagement are provided on pages 50–51 of the Group's Strategic Report.

## CREDITOR PAYMENT POLICY

The Group seeks to maintain good terms with its trading partners. It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed. Trade creditor days of the Group for the year ended 30 September 2024 were 30 (2023: 32).

## ENGAGEMENT WITH STAKEHOLDERS

The Board recognises the importance of stakeholder engagement and the requirements of reporting against matters set out in section 172 (1) (a) to (f) of the Companies Act. Our Section 172 statement, is set out in the Strategic Report on pages 62–65, where we identify our key stakeholders and explain how the Board has considered their interests during the period. Further information is also provided in the Chair's Introduction on pages 11–13.

## INDEMNITY

During the financial year, the Group has maintained Directors' and Officers' liability insurance. As permitted by the Company's Articles of Association, the Company has maintained qualifying third-party indemnity provisions (as defined under relevant legislation) for the benefit of the Company's Directors throughout the period.

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# **Directors' Report** continued

For the year ended 30 September 2024

## CHARITABLE DONATIONS

During the year the Group has made donations to charities totalling £563,074 (2023 £504,933). No political donations were made (2023: nil).

## ENERGY CONSUMPTION

Details of the Group's energy consumption and measures taken to achieve energy efficiencies are provided on page 46 of the Strategic Report.

## FINANCIAL INSTRUMENTS

Disclosures in respect of the Company policy regarding financial instruments and risk management are contained in Note 28 to the financial statements.

## GOING CONCERN

For information on how management has assessed going concern, see page 108.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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

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

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

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

## AUDITORS

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant information and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to the section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

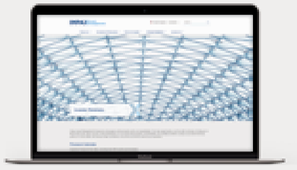
A resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

**Zack Wilson**
Company Secretary

27 November 2024

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



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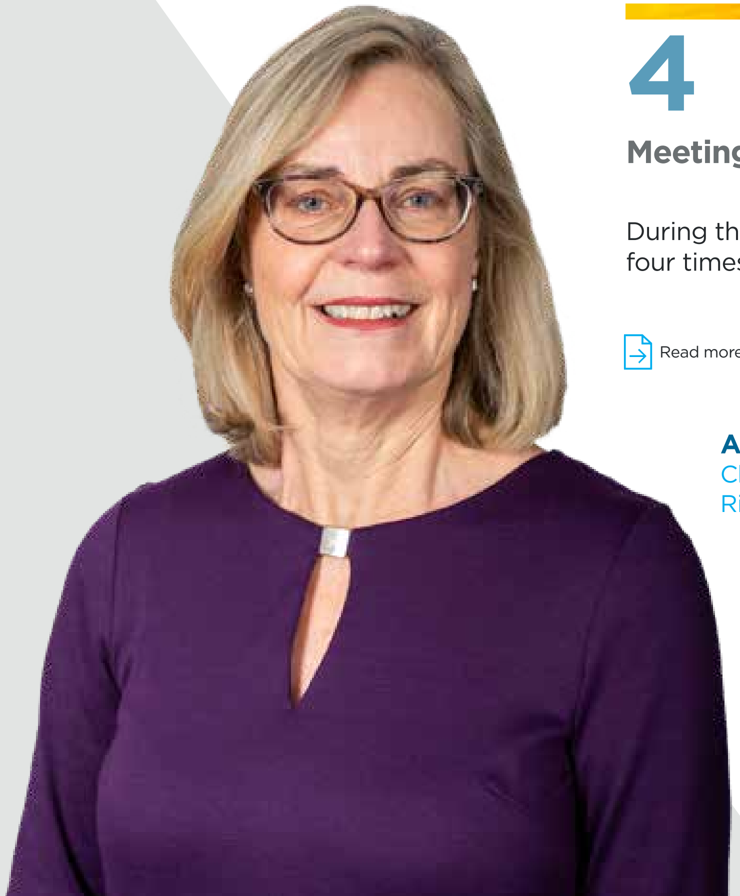
# Audit & Risk Committee Report

## "The Committee welcomed the further enhancement to the risk management framework."



**4**

**Meetings**

During the year the Committee met four times.

Read more on **pages 59–61**

**Annette Wilson**
Chair of the Audit & Risk Committee

### Corporate Governance

| Committee Members and Meetings Attended | |
|---|---|
| Annette Wilson (Chair) | 4/4 |
| Julia Bond (since 29 November 2023) | 3/3 |
| Lyle Logan (since 1 May 2024) | 2/2 |
| Simon O'Regan (until 31 July 2024) | 4/4[1] |
| Lindsey Brace Martinez (until 31 July 2024) | 3/3 |

The meetings are also attended by the Chair of the Board and Arnaud de Servigny (Board Member). With regards to attendance in their capacity as Chair of the Board, Sally Bridgeland attended until she stood down on 31 July 2024 and Simon O'Regan being in attendance after he took on the role of Chair of Board on 31 July 2024.

### CHAIR'S STATEMENT

I am pleased to present the Audit & Risk Committee Report for the year ended 30 September 2024, summarising the work undertaken by the Audit & Risk Committee ("the Committee").

1 3 meetings as member, 1 as observer

### Financial reporting

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

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# Audit & Risk Committee Report continued

## CHAIR'S STATEMENT CONTINUED

The Committee supports the Board in its assessment of going concern. The Committee considered a report from management setting out a number of factors such as the Group's current financial position, budget and cash flow forecasts, liquidity and the impact of downside scenarios. The Committee concluded that it was appropriate to prepare the financial statements on a going concern basis for the year ended 30 September 2024.

### Financial Reporting Council Review

During the Period the Company received an enquiry letter from the Corporate Reporting Review team at the Financial Reporting Council ("FRC") in relation to the annual report and accounts for the year ended 30 September 2023. The Company was requested by the FRC to provide further information on potential variability within management and advisory fees. The Committee discussed the contents of the letter and response to the FRC. The response included background information relevant to the item raised and an agreement to enhance future disclosures to provide more clarity on this matter. No accounting changes were required. The FRC subsequently closed their enquiry with no further action.

### External auditor

KPMG LLP has been reappointed as the auditor of the Group. This was after considering its independence and taking into account its length of tenure and the fact that a five-year audit partner rotation had taken place during the previous financial year end. The Committee also discussed putting the audit out for tender when the current audit partner's role comes up for rotation. The Committee reviewed and approved the scope of the audit and the auditor's remuneration for the year audit ended 30 September 2024.

Details of fees paid to the Company's auditor are shown in Note 8 of the financial statements. Total fees paid for non-audit services, which were all assurance-related, were £38,000 and 12% of total fees. In the opinion of the Board, none of the non-audit services provided caused any concern as to the auditor's independence or objectivity. The Committee also considered if there were any other factors impacting the auditor's independence and objectivity and concluded that there were none.

The Committee received and considered the KPMG report on their findings of the audit for the year ended 30 September 2024. A discussion of the findings was held with the external auditor, including the work performed on key audit matters of revenue recognition and recoverability of the Company's investments in subsidiaries. The report from KPMG also confirmed that they were independent.

### Risk management

The Company's risk management process and the risks which are considered to be the key risks facing the Group are described on pages 59–61.

The Committee welcomed the continued enhancement to the risk management framework and note the reporting line changes during the Period with second line functions (Risk and Compliance) now having a management reporting line through the Chief Risk Officer directly to the Chief Executive.

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

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

### Internal audit

Grant Thornton were appointed to carry out the internal audit function for the Group.

The Committee oversaw the annual work programme against the four-year plan to ensure topics remain aligned with key risk areas. Grant Thornton attended Committee meetings and independently presented their audit reports and recommendations to the Committee. The Internal Auditors have also been appointed to review remedial actions by management following previously reported recommendations.

### Whistleblowing

The Company has an established Whistleblowing Policy and Procedure and uses an online system called EthicsPoint, an independent third-party platform to facilitate anonymous reporting by employees, contractors and external parties. I hold the role of Whistleblowing Champion and the Audit & Risk Committee is responsible for keeping the adequacy and security of the Whistleblowing arrangements under review.

**Annette Wilson**
Chair of the Audit & Risk Committee

27 November 2024

Governance



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# Audit & Risk Committee Report continued

## ROLE AND RESPONSIBILITIES

The Committee's responsibilities include:

### Financial Reporting

- monitoring the integrity of the financial statements and formal announcements relating to the Company's and Group's financial performance, including climate-related financial disclosures
- the implementation of new accounting standards and policies and monitoring internal financial controls

### External Auditors

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

### Risk Management

- reviewing the design and effectiveness of the Group's risk management systems and internal controls to identify, assess, manage and monitor risks
- reviewing and advising the Board on appropriate Risk Appetite levels, changes to Principal Risks and oversight of ongoing monitoring of risk and effectiveness of risk management of key risks through reporting from Enterprise Risk Committee and the Chief Risk Officer
- overseeing Internal Capital and Risk Assessment ("ICARA")/and Internal Capital Adequacy Assessment Process ("ICAAP") processes

### Internal Audit

- approving the appointment or termination of internal auditors
- reviewing and approving an internal audit plan
- reviewing the findings of the internal audits performed
- monitoring the implementation of agreed actions from internal audits performed
- monitoring the performance of the internal auditors

### Whistleblowing & Fraud Detection

- reviewing adequacy and security of Whistleblowing arrangements to facilitate proportionate and independent investigation of such reports
- reviewing procedures for detecting fraud

IMPAX Asset Management

## Governance



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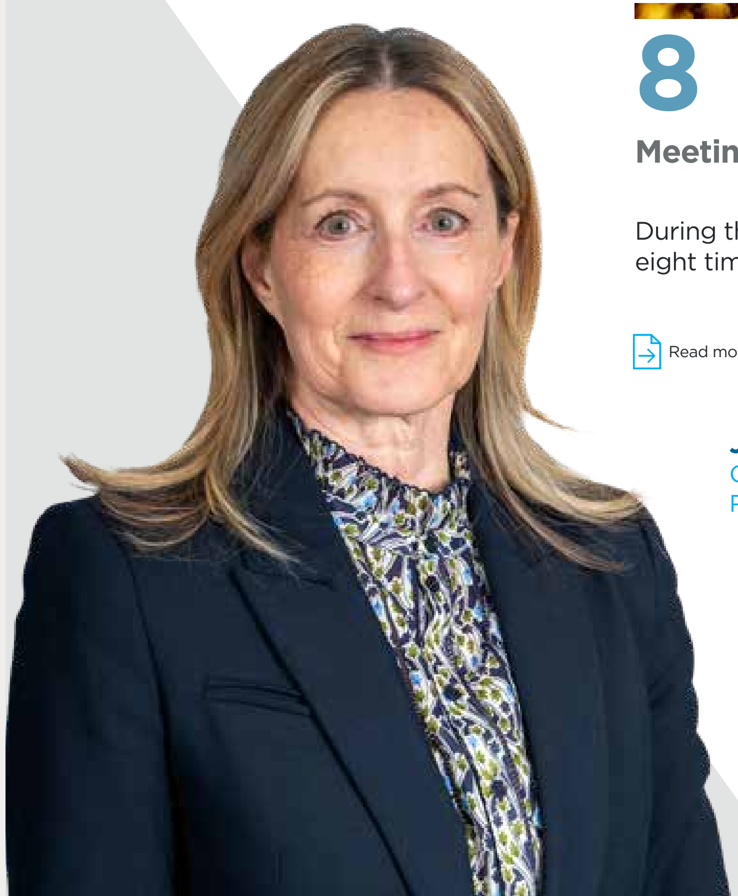
# Remuneration Committee Report

## "I look forward to building on the strong foundation the Committee has established."



**8**

**Meetings**

During the year the Committee met eight times.

Read more on **page 87**

**Julia Bond**
Chair of the Remuneration Committee

### COMMITTEE MEMBERS

As part of the Board's succession plan, there were a number of changes to the Committee's membership during the Period. On 31 July 2024, Sally Bridgeland and Lindsey Brace Martinez stepped down from the Impax Board and were succeeded by Simon O'Regan as Board Chair and by Julia Bond as Remuneration Committee Chair respectively. Lyle Logan was also welcomed to the Impax Board and the Remuneration Committee with effect from 1 May 2024.

As of 30 September 2024, the Remuneration Committee consists of four independent Non-Executive Directors. The CEO, CFO, Head of HR, Europe & Asia-Pacific, Global Reward Analyst and the Secretary of the Committee normally attend meetings. The Committee is further supported by representatives from Risk, Compliance, and Internal Audit as needed. Individuals recuse themselves when their own pay is discussed.

The Committee held eight meetings during the year. Its key areas of focus during that period are set out later in this report.

| Committee Members and Meetings Attended | |
|---|---|
| Julia Bond – Chair of the Remuneration Committee (Chair from 31 July 2024, member from 29 Nov 2023) | 5/5 |
| Lindsey Brace Martinez – Chair of the Remuneration Committee (to 31 July 2024) | 7/7 |
| Simon O'Regan – Board Chair (from 31 July 2024) | 8/8 |
| Sally Bridgeland – Board Chair (to 31 July 2024) | 6/7 |
| Annette Wilson | 7/8 |
| Lyle Logan (member from 1 May 2024) | 2/3 |

# Remuneration Committee Report continued



## COMMITTEE MEMBERS CONTINUED

### Role of the Remuneration Committee

The Committee supports the Board in overseeing executive and workforce pay. Key responsibilities include:

- Reviewing remuneration strategy and recommending Executive Directors' remuneration policy
- Setting remuneration for the Executive Directors
- Overseeing remuneration for Material Risk Takers and broader workforce pay
- Recommending annual fixed and variable remuneration budgets
- Reviewing share-based and deferred remuneration plans
- Overseeing changes in employee benefits
- Ensuring compliance with disclosure requirements and taking into consideration shareholder feedback

The Committee's terms of reference are available in the Rule 26 section of the Investor Relations pages of the Impax website.

## CHAIR'S STATEMENT

As the new Remuneration Committee Chair, I'd like to thank Lindsey and the Committee members for their support and contributions this year. I look forward to building on the strong foundation that they have established in shaping the Company's approach to remuneration.

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2024 ("FY2024"), which outlines the key decisions taken by the Committee regarding Executive Directors' pay and provides details of total remuneration for FY2024 and our proposed approach to remuneration for 2025.

Last year we introduced a new Directors' Remuneration Policy ("DRP"), following engagement with shareholders. Taking account of shareholder feedback, the DRP included the introduction of formal performance scorecards, a variable pay cap/maximum opportunity, a deferral policy and minimum shareholding requirements. In my first year as Committee Chair, our focus has been on embedding these elements, in particular the performance scorecards and applying this process in a challenging market environment.

### Remuneration Committee's activities during the year

- Ensured a smooth transition from Lindsey to Julia as new Committee Chair
- Set objectives and approved the performance scorecards for Material Risk Takers for FY2024
- Reviewed the Company's Remuneration Policy to ensure compliance with relevant FCA Remuneration Codes and remuneration-related regulations
- Ensured the Company's Remuneration Policy supports shareholders long-term interests and effective risk management, with independent oversight
- Re-tendered for Adviser to the Remuneration Committee and re-elected PWC for three years
- Reviewed the Remuneration Committee's Terms of Reference
- Reviewed the governance framework for remuneration and the Committee's activities
- Approved enhancements to global employee benefits
- Reviewed gender pay equity

The variable pay structure supports the Company's growth strategy by linking key objectives to annual variable pay awards. While performance based scorecards are an important input into the Committee's decision-making on remuneration, the Committee exercises judgement, consulting with Executive Directors, by modifying the outcome to ensure that its final decision reflects the company's overall performance and upholds the ethos of collective accountability and team oriented culture and that only exceptional, stretch performance receives exceptional reward. This means that the Committee's decision may often reflect a considered adjustment from the performance scorecard outcome.

Further in this report we outline how the DRP has been implemented during its first full year of operation.

### Remuneration Overview

Recruiting and retaining skilled leaders and employees is essential for success. The Committee ensures that the Company adopts a competitive remuneration framework that aligns personal rewards with shareholder value in the short and long term. Impax's remuneration ethos is one of collective accountability and success.

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# Remuneration Committee Report continued

## CHAIR'S STATEMENT CONTINUED

Under normal circumstances, up to 45% of adjusted operating profit (including costs such as national insurance payments and accruals for expensing prior year awards) is allocated to performance-related variable pay, based on Company and individual achievements. The Company's share-based variable remuneration includes a Restricted Share Scheme ("RSS") and a Long-Term Option Plan ("LTOP"). These have been established to reward performance, retain talent, sustain a healthy high-performing culture and align long-term interests with the Company's business strategy and its shareholders.

As at 30 September 2024, the founders and employees owned 19.5% of shares in the Company. Over the medium term we anticipate that non-founding employees will hold circa 10% of the Company's shares, which we believe creates further alignment of our remuneration framework with all stakeholders. This fosters a sense of shared success through ownership and long-term commitment, as well as motivation to achieve ambitious targets that support sustainable growth.

Detail of the Company's Remuneration Policy and how it applies to both the wider workforce and the Executive Directors, is set out on pages 87–89.

In compliance with the Investment Firm Prudential Regime ("IFPR"), Alternative Investment Fund Managers ("AIFM"), and Undertakings for Collective Investment in Transferable Securities ("UCITS") regulations, an annual assessment of remuneration for Material Risk Takers and Code Staff was undertaken which considered changes with respect to remuneration for FY2024 and those to take effect at the start of FY2025. In accordance with IFPR, we reconfirmed a maximum variable-to-fixed pay ratio and that all awards are subject to malus and clawback provisions.

To satisfy itself of the appropriateness of the 2024 bonus outcome, the Committee noted that no adjustments were needed for risk, compliance, conduct or performance.

Conduct and Consumer Duty are central to our governance, ensuring our remuneration approach reflects responsible conduct and compliance with industry standards.

On pages 90–95 of the report, we outline the key decisions taken by the Committee regarding Executive Directors' pay, provide detail of total remuneration for FY2024 and describe our approach for 2025.

Whilst operating within the framework of the Company's Remuneration Policy, including the DRP, the Committee maintains discretion over remuneration matters, including:

- Timing of awards
- Award sizes and vesting levels
- Performance conditions and weightings
- Adjusting scorecard performance outcomes to reflect the Company's performance, as well as team-oriented culture
- Applying malus and clawback as necessary

### Financial year 2024 Company performance

As set out in preceding sections of the report, the Company's financial performance during the financial year 2024 was resilient in continuing challenging market conditions. Against the market backdrop it is commendable that AUM has remained broadly flat. Revenue contracted however as a result of the net outflow position throughout the year. Operating cost reduced in the year, in response to a strong focus on operational efficiency and cost management. As a result the adjusted operating profit for the business reduced to £52.7 million.

The strategic imperative of diversifying the revenue flows was further advanced with the completion of the acquisition of Absalon and the signing of the SKY Harbor transaction. Reflecting the underlying strength of the business, the dividend was maintained at 27.6p.

### Remuneration outcomes for 2024

In determining the total variable performance-related pay pool, the Committee balanced considerations of affordability with the need to support talent and invest in long-term strategic growth.

Based on the Committee's assessment of the Company's results and individual performance, a total bonus pool of 40% of adjusted operating profit for FY2024 was awarded. This is consistent with recent prior years, but lower in absolute terms, due to reduced adjusted operating profit.

The CEO's and CFO's variable pay aligns with the updated DRP, which introduced a pay cap, deferral policy, minimum share ownership, an enhanced performance scorecard.

The performance scorecards consist of two principal objectives: Financial, weighted 60% and Strategic, weighted 40%. Within these categories are defined success measure/s, selected to align with the Company's long-term growth strategy.

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# Remuneration Committee Report continued

## CHAIR'S STATEMENT CONTINUED

The Committee assesses the level of performance against the Financial and Strategic objectives based on target ranges; where meeting threshold equals 25% pay-out, target result equals 62.5% and reaching maximum results in a 100% pay-out.

### Fixed pay

Ian Simm's annual base salary of £300,000 has been in effect from 1 January 2021. This is lower than the median salary for CEOs of comparable listed investment management companies, however weighting the balance of total compensation toward variable pay aligns with our ethos of strongly aligning pay with performance.

Karen Cockburn's annual base salary was set 1 October 2022, at £250,000. Like the CEO, Karen's salary is similarly positioned relative to peers.

Both Ian and Karen's salaries will remain unchanged for financial year 2025.

### Deferal of variable pay

For FY2024, the Committee has deferred 30% of the total variable pay for the CEO and CFO (see details below). Total variable pay comprises the annual bonus and restricted share scheme (RSS) awards.

In last year's report, we indicated our intention to defer 30% of the annual bonus. However, during the implementation of the DRP, the Committee determined that deferring 30% of total variable pay, is a more appropriate approach for Impax. This change provides greater flexibility in balancing RSS awards and bonuses, considering the specific circumstances of the year, the available bonus pool, and outcomes across the senior team, without altering the overall deferral percentage. This approach is more intuitive as we operate an overall variable pay cap for EDs.

Looking ahead to FY2025, the Committee intends to maintain this approach and will increase the deferral to 40% of total variable pay for the CEO and CFO.

### Variable pay cap

Rather than setting a percentage of salary as upside variable reward, the Committee prefers to set a monetary variable performance cap (maximum award), which for Ian was agreed for FY2024 at £2,700,000. The same approach was taken for Karen Cockburn, where her variable performance cap/maximum award for FY2024 was set at £1,500,000. The Committee believes this approach to be well aligned with shareholder and wider workforce experience. These levels of variable pay cap will remain in place for FY2025.

Bonus levels for Executive Directors were consistent with senior management and the broader workforce, ensuring fair distribution across the business without favouring executives.

### Chief Executive Officer's performance

The Committee reviewed the Chair's appraisal of the CEO's performance against the performance scorecard.

Taking account of the Company's resilient financial performance, strategic progress and the strength of Ian's leadership in a time of challenging markets, the scorecard resulted in an outcome of 55.8% of the maximum. The total bonus pool for FY2024, set by the Committee at 40.0% of adjusted operating profit, is 11.1% lower than the prior year, resulting in a constrained bonus pool. Accordingly, in consultation with the Executive Directors, the Committee has used its discretion to determine a variable pay outcome which is lower than their scorecard calculation but is consistent with the profitability of the Company, the size of the bonus pool and the variable pay/annual bonuses for the senior team, thus supporting Impax's team-oriented culture.

Considering the Company's performance, including financial results and progress on strategic goals as set out in the CEO's scorecard, the Committee agreed to award the CEO total variable pay of £900,000 (2023: £1,200,000), with 30% deferred into units of Impax-managed funds that will vest over three years and be subject to malus and clawback. From financial year 2025, the deferral will increase to 40% and will continue at 40% thereafter.

### Chief Financial Officer's performance

The Committee also reviewed the CEO's appraisal of the CFO's performance as well as performance against her scorecard which produced an outcome of 75.1% of the maximum. As with the CEO's remuneration, the Committee has used its discretion to reduce the amount that this formula produces and awarded total variable pay of £751,200 (2023, when Karen was CFO for only part of the financial year: £505,950), with 30% (£225,360) deferred: of which £151,200 in shares (40,000 units of restricted shares at £3.78) and the remainder into Impax funds.

As with the CEO, from financial year ended 30 September 2025, Karen's deferral will increase to 40% and will continue at 40% thereafter.

Further details on the CEO and CFO performance appraisals and remuneration are outlined on pages 90–92.

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# **Remuneration Committee Report** continued

## CHAIR'S STATEMENT CONTINUED

### Looking forward to financial year 2025

The Company continues to follow remuneration policies and disclosures, which we have enhanced further this year, beyond those required by AIM listed companies. As a result of external consultation and shareholder feedback, significant changes were made to the Directors' Remuneration Policy, effective for FY2024 and we will continue to develop and embed how we use the performance scorecards for FY2025.

We will continue to be thoughtful in aligning our remuneration approach to support the Company's long-term strategic objectives with market and shareholder expectations.

Mindful of the implications for our cost base, the financial year 2025 budget allows for a 4% increase in the aggregate salary bill, with individual decisions reflective of market conditions, role, performance and location-specific inflation.

This year's report is divided into four sections for ease of reference for shareholders:

1. Summary of the Company's Global Remuneration Policy and Executive Directors' Remuneration Policy
2. FY2024 remuneration outcomes for the Executive Directors, including the Committee's performance assessment
3. Details of Executive and Non-Executive Directors' remuneration for FY2024
4. Outlook for FY2025

Following on from the work of Sally Bridgeland and Lindsey Brace Martinez, the Board and I are keen to carry on engaging with shareholders. We value your feedback in continuing our journey as we embed our remuneration strategy to align with creating long-term value for all our stakeholders.

I encourage feedback from all shareholders at any point and I would welcome your continued support in approving this Directors' Remuneration Report at the forthcoming AGM on 5 March 2025.

**Julia Bond**
Chair, Remuneration Committee

27 November 2024

## IMPAX'S GLOBAL REMUNERATION, AND EXECUTIVE DIRECTORS' REMUNERATION POLICY

Below is a summary of the Company's remuneration structures and how they are applied to the Company's Executive Directors ("EDs") namely the CEO and the CFO. This policy is effective for the financial year 2024 ("FY2024") and beyond. The table below also compares the EDs' remuneration structure with the Company's Global Remuneration Policy (the "Global Policy") that applies to all other employees.

| Element | Global Policy | EDs' Remuneration Policy |
|---|---|---|
| **Base Salary** | Base salary is set at an appropriate level to attract and retain a suitable calibre of talent for the role. Takes into account the employee's role and responsibilities, skills and experience, and ongoing contribution.<br><br>Salary is reviewed against similar positions in comparable companies to ensure the base pay is market competitive. | Benchmarked against comparable listed investment managers and AIM companies of a similar size.<br><br>Following consultation with CEO & CFO, their salaries have been set at the lower end of benchmarked companies, in order to weight the balance of total compensation toward variable pay. This is consistent with our ethos of strongly aligning pay with performance and our team-oriented culture. |
| **Pension and Benefits** | The Company pays into defined contribution pension schemes for employees. The individual pension schemes are private, and their assets are held separately from those of the Company.<br><br>Benefits include income protection, critical illness insurance, life assurance, private medical and dental insurance, and employee psychological support. These benefits support employees' health and well-being and reflect local market practice. | Same as Global Policy. |

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# Remuneration Committee Report continued

## IMPAX'S GLOBAL REMUNERATION, AND EXECUTIVE DIRECTORS' REMUNERATION POLICY CONTINUED

| Element | Global Policy | EDs' Remuneration Policy |
|---|---|---|
| **Performance Scorecards** | All employees are set a performance scorecard with weighted objectives at the start of the performance year. At the end of the performance year an assessment is made for each individual based on their performance and contribution towards their objectives. Each individual's year-end assessment is rated using a four-part performance rating. | 60% of EDs' performance scorecard is based on financial performance measures including net AUM flows, profit, investment performance and share price metrics, and 40% of the scorecard is based on strategic measures that reflect the strategic priorities of the Company.<br><br>At the end of the financial year, when ED performance is assessed, no more than 25% of the maximum variable pay cap will be awarded for threshold performance. The Board will set stretching objectives for the achievement of the maximum 100% variable pay cap. Achieving the maximum would require an exceptional performance across all the financial and strategic objectives. Where performance falls between threshold and maximum performance level, an intermediate level of variable pay will be awarded, subject to the Committee's discretion to determine the award level commensurate with Company performance or other factors as determined by the Committee. |
| **Variable Pay – Annual Bonus** | Annual Bonuses are determined based on the achievement of overall Company goals and results, team and individual performance and contribution.<br><br>The overall bonus pool is set at up to 45% of pre-bonus operating profit, subject to the Committee's discretion. The bonus pool covers the value of annual cash bonuses as well as the accounting value of current and previous years share awards. This provides clarity for shareholders and alignment between shareholders and senior Impax staff.<br><br>The level of Annual Bonus is driven by the individual's performance scorecard outcome. However, particularly for senior staff, Annual Bonus is strongly affected by the overall size of the bonus pool, and the Committee ensures that variable pay outcomes across the senior team are appropriate given Impax's team-oriented culture. This culture is a key driver of Impax's past and future success. | Same as the Global Policy.<br><br>EDs' variable pay is subject to a regulatory IFPR maximum fixed-to-variable pay ratio.<br><br>In addition, EDs are subject to a variable pay cap to provide shareholders with clarity on the maximum variable pay quantum (including both Annual Bonus and share awards) that EDs might be awarded in a year. The variable pay caps for FY2024 were:<br><br>CEO: £2.7 million<br><br>CFO: £1.5 million<br><br>EDs' variable pay outcome will be reduced if necessary to fit the available bonus pool and to ensure fair outcomes across the senior team. |

# Remuneration Committee Report continued



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## IMPAX'S GLOBAL REMUNERATION, AND EXECUTIVE DIRECTORS' REMUNERATION POLICY CONTINUED

| Element | Global Policy | EDs' Remuneration Policy |
|---|---|---|
| **Variable Pay Deferral** | No deferral currently applies to employees' annual bonus. | A portion of the EDs' annual variable pay will be deferred for a minimum of three years, vesting on a pro rata basis subject to malus and callback provisions.<br>The deferral of variable pay will be 30% for financial year 2024 and 40% for financial year 2025 and beyond.<br>Deferred variable pay will be awarded in actual investment into fund units and/or cash or shares based on the Committee's discretion. |
| **Share-based awards** | Impax operates two long-term equity incentive plans for EDs and employees – the Restricted Share Scheme ("RSS") and the Long-Term Option Plan ("LTOP").<br>The RSS provides alignment to the long-term success of Impax and a retention mechanism for key talent. Shares awarded to employees are initially held by a nominee and awards vest in equal tranches (one-third) over years 3,4 and 5, subject to continuous employment, malus and clawback. At the point of vesting, employees will gain unfettered access to the shares. | EDs are eligible for share-based awards, as part of the deferral arrangements though the CEO is already a major shareholder in the Company and further share-based awards are currently not deemed appropriate or necessary. |
| **Share-based awards** continued | The LTOP is a longer-term retention tool for senior management, allowing individuals to share in the value created over the long term. Options awarded under the LTOP have a pre-defined exercise price. Options vest after five years subject to continuous employment, malus and clawback and are subject to a further holding period of five years post-vesting. | |
| **Minimum shareholding requirement** | No general minimum shareholding requirement. | EDs are expected to attain a minimum shareholding requirement within five years of appointment, and then to maintain at least this level.<br>For the CEO this requirement is shares with a value of at least 300% of Base Salary. For the CFO, the required level is 200% of Base Salary. |
| **Carried Interest** | The CEO and certain senior employees are eligible to receive interests in Impax Carried Interest Partner II LP, INEI III CIP LP, and INEI IV CIP SCSp (the "Partnerships"). The Partnerships will receive payments from the Group's private equity funds depending on the funds' performance. | |
| **Malus and Clawback** | Malus and Clawback provisions apply to awards of RSS and LTOP as well as to the deferral of ED's variable pay, as noted above. | |

# Remuneration Committee Report continued



## DIRECTORS' REMUNERATION OUTCOME FOR THE FINANCIAL YEAR 2024

### Executive Directors' Performance Scorecard Assessment

As previously mentioned, the Board approved a new performance scorecard with weighted objectives for both the CEO and CFO for FY2024. The year-end results and the Committee's assessment are outlined below.

At the start of FY2024, a performance scorecard for the EDs was set with 60% financial objectives (including net AUM flows, profit, investment performance, cost control, and relative share price metrics) and 40% strategic objectives.

Upon year-end review, EDs could earn up to 25% of maximum variable pay for threshold performance, while achieving the full 100% required exceptional performance across all objectives. Intermediate awards were granted for performance between threshold and maximum, with adjustments made at the Committee's discretion based on Company performance or other relevant factors.

### Single Total Figure Remuneration:

| CEO/CFO | Base Salary £ | Benefits[1] £ | Variable Award: Annual Bonus £ | Variable Award: RSS[2] £ | Variable Award: Total Variable Pay[3] £ | FY24 Total £ | FY23 Total £ |
|---|---|---|---|---|---|---|---|
| Ian Simm | 300,000 | 35,805 | 900,000 | – | 900,000 | **1,235,805** | 1,531,002[4] |
| Karen Cockburn | 250,000 | 29,061 | 600,000 | 151,200 | 751,200 | **1,030,261** | 656,058[5] |

1 Taxable benefits represent pension, life, income protection, critical illness insurance, and medical cover
2 Estimated grant date valuation of 40,000 units of restricted shares awarded
3 30% of the variable award for Ian Simm is subject to deferral into Impax fund units. For Karen Cockburn the variable award is £751,200, with 70% (£525,840) awarded as cash and 30% (£225,360) deferred; of which £151,200 is in shares (40,000 units of restricted shares at £3.78) and the remainder into Impax fund units
4 Ian Simm's total remuneration granted for 2023 financial year consisted of bonus of £1,200,000, salary of £300,000, and benefits of £31,002
5 Karen Cockburn was appointed as an Executive Director effective from 16 March 2023. Karen's remuneration for 2023 financial year relates to the Period from 16 March to 30 September 2023 and consisted of bonus of £218,082, salary of £136,301, restricted shares of £287,868 and benefits of £13,807

Ian Simm held no options (2023: nil) and 43,083 restricted shares (2023: 59,750). Ian Simm did not exercise any options during the Period (2023: zero options exercised), 16,667 restricted shares held by Ian Simm vested during the year with total shares valued at £86,918 (2023: 223,900).

Ian Simm did not receive any additional interest in the Partnerships during the Period (2023: no additional interest). £47,792 of distributions were made from the Partnerships during the Period (2023: £8,188).

### Chief Executive Officer's Performance Scorecard Assessment

**CEO – FY2024 Financial Objectives**

| Objective | Weight | Targets: Threshold 25% | Targets: Target 62.5% | Targets: Maximum 100% | Performance Outcome | Scorecard Result | Bonus Outcome |
|---|---|---|---|---|---|---|---|
| Net AUM flows | 10% | £0.0bn | £2.0bn | £6.0bn | -£5.8bn | 0% | 0% |
| Client Service and Retention[1] | 10% | 6% | 5% | 2% | 0.2% | 100% | 10% |
| Adjusted Operating Profit | 10% | £50m | £53m | £60m | £52.7m | 57.5% | 5.8% |
| NEF IV fundraise | 5% | €400m | €400m | €400m | €459m | 100% | 5% |
| Investment Performance[2] | 15% | 2/4 | 3/4 | 4/4 | 1/4 | 0% | 0% |
| IPX Share Price[3] | 10% | 2/5 | | 5/5 | 3/5 | 50% | 5% |
| | **60%** | | | | | | **25.8%** |

1 Client Service and Retention target relates to total account closings as a % of AUM
2 Investment outperformance of key Impax strategies relative to benchmark
3 EV to NTM adjusted operating profit multiple – outperform peer group

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# Remuneration Committee Report continued



## DIRECTORS' REMUNERATION OUTCOME FOR THE FINANCIAL YEAR 2024 CONTINUED

### Chief Executive Officer's Performance Scorecard Assessment continued

**CEO – FY2024 Financial Objectives**

| Objective | Weight | Performance Assessment | Bonus Outcome |
|---|---|---|---|
| **Strategy/ Business Development** | 15% | Strong progress in developing Fixed Income ("FI"), including recruitment of FI leader, acquisition of Absalon, terms agreed on SKY Harbor, Copenhagen office/branch established.<br><br>Business Plan updated.<br><br>Social Leaders and Emerging Markets funds both successfully launched.<br><br>Sustainability Centre operating effectively following launch in November 2023.<br><br>Good progress on distribution structure with recruitment of new sales representatives in target countries. | 12% |
| **Senior Management/ Leadership** | 10% | Management Committee & Senior Leadership Team established and working effectively.<br><br>Wider governance changes, including review and streamlining of regulated subsidiary boards and restructuring of second line functions implemented. Appointment of a Chief Risk Officer – accountable for Risk and Compliance – reporting to CEO.<br><br>IPX board succession plan complete with new appointments.<br><br>North American President succession and evolution in key Listed Equities roles achieved. | 8% |
| **Senior Management/ Leadership** continued | | Ian Simm is a highly experienced leader of Impax, well respected within the firm for his vision and drive, his thought leadership and strategic focus, for setting high standards and a culture of high achievement, and for his energy. He is also highly regarded in the UK and overseas in the environmental investment space and is regularly sought out as an adviser on climate change and environmental investing.<br><br>Ian Simm did an excellent job as Impax CEO in FY2024, which was a difficult year financially with significant AUM outflows, pressure on margins and lower profitability as well as a substantially lower share price. | |
| **Staff Engagement/ Culture** | 10% | Culture/morale healthy, despite weak market environment and multiple business optimisation/development initiatives. Staff engagement survey (94% response rate) produced an 86 point 'engagement score' (out of 100), high relative to peers.<br><br>Global HR Team restructured and refreshed, new HR system fully implemented. Smooth transition of Remuneration Committee Chair role. | 7% |
| **E,D&I, Environment** | 5% | Continued to actively monitor and evolve E,D&I policies and outcomes (see E,D&I section on pages 52–55), supported by engaged employee networks, tailored recruitment strategies and employee survey feedback.<br><br>Firm-wide $CO_2$ emissions fully offset by avoided emissions related to the firm's investments in its PE funds. | 3% |
| | 40% | | 30% |
| **Total** | 100% | | 55.8% |

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# Remuneration Committee Report continued



## DIRECTORS' REMUNERATION OUTCOME FOR THE FINANCIAL YEAR 2024 CONTINUED

### CEO's Remuneration Outcomes

Based on the performance assessment, the Committee awarded remuneration for Ian Simm as set out in the Single Total Remuneration Figure table on page 90. However, due to reduced adjusted operating profit compared to the previous year, the overall bonus pool has reduced, leading to a lower variable pay award.

Taking account of the Company's resilient financial performance, strategic progress and the strength of Ian's leadership in a time of challenging markets, the scorecard resulted in an outcome of 55.8% of maximum. The total bonus pool for FY2024, set by the Committee at 40.0% of adjusted operating profit, is 11.1% lower than the prior year, resulting in a constrained bonus pool. Accordingly, in consultation with the Executive Directors, the Committee has used its discretion to determine a variable pay outcome which is lower than his scorecard calculation but is consistent with the profitability of the Company, the size of the bonus pool and the annual bonuses for the senior team, thus supporting Impax's team-oriented culture.

### Chief Financial Officer's Performance Scorecard Assessment

**CFO – FY2024 Financial Objectives**

| | | Targets | | | | | |
|---|---|---|---|---|---|---|---|
| **Objective** | **Weight** | **Threshold 25%** | **Target 62.5%** | **Maximum 100%** | **Performance Outcome** | **Scorecard Result** | **Bonus Outcome** |
| Client Service and Retention[1] | 10% | 6% | 5% | 2% | 0.2% | 100% | 10% |
| Adjusted Operating Profit | 15% | £50m | £53m | £60m | £52.7m | 57.5% | 8.6% |
| Operating Cost Control | 20% | £87m | £86m | £83m | £82.2m | 100% | 20% |
| IPX Share Price[2] | 15% | 2/5 | | 5/5 | 3/5 | 50% | 7.5% |
| | **60%** | | | | | | **46.1%** |

1 Client Service and Retention target relates to total account closings as a % of AUM
2 EV to NTM adjusted operating profit multiple: outperform peer group

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# Remuneration Committee Report continued

## DIRECTORS' REMUNERATION OUTCOME FOR THE FINANCIAL YEAR 2024 CONTINUED

### Chief Financial Officer's Performance Scorecard Assessment continued

#### CFO – FY2024 Strategic Objectives

| Objective | Weight | Performance Assessment | Bonus Outcome |
|---|---|---|---|
| **Governance** | 10% | Management Committee & Senior Leadership Team established and working effectively.<br><br>Wider governance changes, including review and streamlining of regulated subsidiary boards and restructuring of second line functions implemented. Regulatory compliance has been maintained throughout. | 7% |
| **Efficient Scalable Operating Model** | 10% | Three new technologies were implemented as part of ongoing efficiency initiatives that have supported cost reductions. These were our new UK Payroll system ("Pento"); our new HR system ("Hi-BoB") along with significant integration into business processes; and our AUM reconciliation processes were re-engineered, including the build of fixed income data capability.<br><br>Enhancements to our vendor management processes were implemented and reporting was automated.<br><br>During the year, Karen assumed responsibility for the Operations reporting line. | 8% |
| **Strategy and Business Development** | 10% | A number of new shareholders were added in the year. Plans in development for FY25 shareholder engagement.<br><br>Significant support given to the signing of both Absalon and SKY Harbor in HR onboarding, financial modelling, capital planning and complex accounting options. | 7% |
| **People Outcomes** | 10% | Culture/morale healthy, despite weak market environment and multiple business optimisation/development initiatives. Staff engagement survey (94% response rate) produced an 86 point (out of 100) 'engagement score', a high ranking relative to peers.<br><br>Hi-BoB fully integrated into E,D&I reporting and supporting E,D&I Group (see E,D&I section on pages 52–55).<br><br>Further progress on succession planning and talent development plans.<br><br>Transformation of the HR team. New HR Business Partner model introduced providing named HR support to all business areas.<br><br>Risk and Compliance teams restructured effectively and appointment of a Chief Risk Officer – accountable for Risk and Compliance – reporting to CEO.<br><br>Karen Cockburn has made a vital contribution to Impax during a challenging period, providing calm and insightful leadership across the organisation. Karen is a strong mentor for many of the Executive and wider Leadership Team, as well as our E,D&I initiatives. | 7% |
| | 40% | | 29% |
| **Total** | 100% | | 75.1% |

### CFO's Remuneration Outcomes

Based on the performance assessment, the Committee awarded remuneration for Karen Cockburn as set out on page 94. In financial year 2024, the CFO performed strongly in many areas as noted above, bringing significant experience and providing calm and insightful leadership. The performance scorecard resulted in an outcome of 75.1%. However, as for the CEO, in consultation with the Executive Directors, the Committee has applied discretion to arrive at a lower outcome.

# Remuneration Committee Report continued

## DIRECTORS' REMUNERATION OUTCOME FOR THE FINANCIAL YEAR 2024 CONTINUED

### Executive Directors' Shareholding

| Executive Directors | Shares held at 30 September 2024 (no restrictions) | Unvested restricted shares held at 30 September 2024 (Subject to continued employment) | Total shares held at 30 September 2024 | Vested but unexercised options at 30 September 2024 | Unvested options at 30 September 2024 | Total options held at 30 September 2024 | Value at 30 September 2024 (£'000) | Multiple of salary (vested and unvested) at 30 September 2024[2] |
|---|---|---|---|---|---|---|---|---|
| Ian Simm | **9,505,903** | **43,083** | **9,548,986** | **0** | **0** | **0** | **36,095** | **120.3x** |
| Karen Cockburn[1] | **0** | **188,000** | **188,000** | **0** | **20,000** | **20,000** | **786** | **3.1x** |

1 Figures for Karen Cockburn includes FY2024 RSS award units pending formal grant
2 Shareholding as a multiple of salary is valued using IPX share price of £3.78 as at 30 September 2024

A minimum shareholding requirement for the CEO and CFO will apply in FY2025, with the CEO required to hold shares worth at least 300% of base salary and the CFO 200%. Executive Directors must build and maintain these shareholdings within five years of their appointment.

### Non-Executive Directors' fees for financial year 2024

Non-executive Director fees paid for the year ending 30 September 2024 are shown below.

| | FEES[5] (£) |
|---|---|
| Sally Bridgeland[1] | **104,167** |
| Lindsey Brace Martinez[2] | **73,607** |
| Simon O'Regan | **78,454** |
| Jullia Bond[3] | **58,333** |
| Lyle Logan[4] | **29,246** |
| Annette Wilson | **84,167** |
| Arnaud de Servigny | **70,000** |

1 Sally Bridgeland resigned from the Board on 31 July 2024
2 Lindsey Brace Martinez resigned from the Board on 31 July 2024. Lindsay was also a Director of the Board of Impax Funds, the US mutual fund range for which Impax acts as manager. The Company paid her £68,172 for this service (2023: £75,484)
3 Julia Bond was appointed as a Non-Executive Director effective from 29 November 2023
4 Lyle Logan was appointed as a Non-Executive Director effective from 01 May 2024. Lyle is also a Director of the Board of Impax Funds, the US mutual fund range for which Impax acts as manager. The Company paid him £9,739 for this service
5 Non-Executive Directors are entitled to reimbursement of expenses in relation to the performance of their duties

### Payment to past Directors

No payments were made to past Directors during financial year 2024.

### Payment for loss of office

There have been no payments made to Directors for loss of office during financial year 2024.

## DIRECTORS' INTERESTS IN SHARES

The Directors' beneficial interests in the Company's ordinary share capital are disclosed on page 77.

## SERVICE CONTRACTS

The Chief Executive Officer is employed under a contract requiring one year's notice from either party. The Chief Financial Officer is employed under a contract requiring six months' notice from either party.

The Chair and Non-Executive Directors each receive payments under appointment letters which are terminable by three months' notice from either party.

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# **Remuneration Committee Report** continued



## NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Chair and the Non-Executive Directors each receive a fee for their services. The fee is approved by the Board, mindful of the individual's time commitment and responsibilities and of current market rates for comparable organisations and appointments. The Non-Executive Directors and the Chair are reimbursed for their travelling and other minor expenses incurred. No Director participates in the decision in respect of their own fees. Non-Executive Directors do not receive performance-related compensation and are not provided with pension related benefits.

## EXTERNAL ADVISERS

The Remuneration Committee had recourse to external advice from PwC in relation to employee compensation, remuneration practices, governance and regulatory requirements and designing the Executive Directors' Remuneration Policy. The Company used McLagan in relation to external market benchmarking, and BDO LLP in relation to the share plans.

## NEXT FINANCIAL YEAR 2025

For the financial year ended 30 September 2025 ("FY2025"), the Board acknowledges that growth amid challenging global market conditions will rely on the executive team's ability to execute our strategy well. Improving the investment performance of our key investment strategies is central to this, as are further developing client relationships, making our distribution architecture more effective, and improving net AUM flows. As always, a key focus of our EDs is also on strong cost control and delivery of adjusted operating profit. The Board will continue to work with our CEO, CFO and management team to drive forward on our strategic objectives and keep the team focussed in uncertain global markets and somewhat volatile geopolitics.

A high-level summary of both the CEO's and CFO's FY2025 performance objectives is provided below. The Committee will evaluate their performance against these objectives to determine their performance scorecard outcome for the year.

## Executive Directors' FY2025 Performance Scorecard

FY2024 marked the first full year of using ED performance scorecards. Drawing on insights from that experience, the Committee has refined the FY2025 scorecards to better align with the Company's strategic priorities and simplify the framework.

For FY2025, the CEO and CFO will share the same financial objectives, with adjusted operating profit comprising 30% of the 60% total financial weighting. Due to commercial sensitivity, details of the financial measures will be disclosed in next year's Directors' Remuneration Report after the performance year concludes.

The CEO and CFO performance scorecards are weighted 60% on Financial objectives and 40% on Strategic objectives, as summarised in the table below:

| Category (Weightings) | Objective | Measures of Success |
|---|---|---|
| **Financial (60%)** | Financial Results | Adjusted operating profit |
| | Net AUM flows, Client service and retention | Net AUM flows, Account closings |
| | Investment performance compared with benchmark | Outperformance of major investment strategies vs benchmark over 1,and 3 years, performance of our NEF III fund |
| | IPX share price multiple | Relative to peer group |
| **Strategic (40%)** | Strategy/business development | Metrics including development of our Fixed Income business, advancing our Private Markets business, launch of new funds and growth of distribution channels and resources |
| | Senior management leadership | Further develop succession plans. Improvements in firmwide governance; succession planning |
| | Leadership, colleague engagement and culture | Further develop succession plans; Employee survey results; employee retention |
| | E,D&I & environment | Firmwide E,D&I goals; net $CO_2$ emissions |
| | Scalable and efficient operating model | Efficiency metrics including operating margin improvement and efficiency programme |

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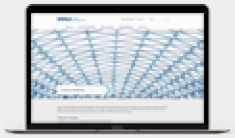
Financial Statements





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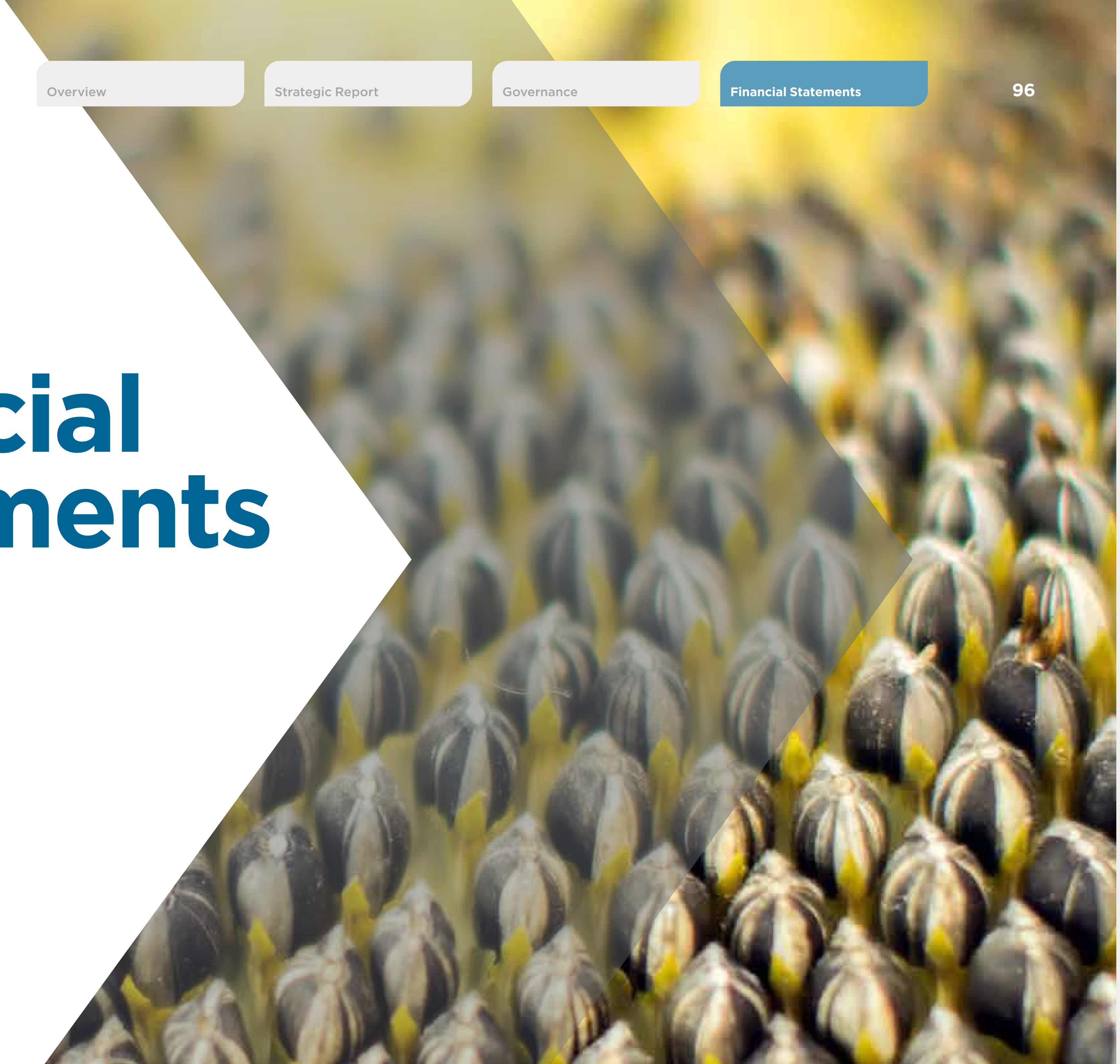
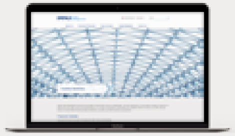
# Financial Statements



IMPAX Asset Management

Financial Statements





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# Independent Auditor's Report

## to the members of Impax Asset Management Group plc

### 1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Impax Asset Management Group plc ("the Group") for the year ended 30 September 2024 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, company statement of financial position, company statement of changes in equity, company statement of cash flows, and the related Notes, including the accounting policies in Notes 1 to 31 and Notes 32 to 42.

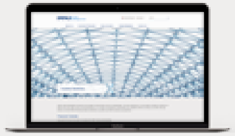
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

| Overview | | |
|---|---|---|
| Materiality: | | £2,450k (2023: £2,140k) |
| Group financial statements as a whole | | 5.0% (2023: 4.1%) of Group profit before tax |
| Coverage | | 88% (2023: 91%) of Group profit before tax |
| **Key audit matters** | | **vs 2023** |
| Recurring risks | Revenue recognition – recurring management fee income | ◀▶ |
| | Recoverability of parent Company's investment in subsidiaries | ◀▶ |



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# Independent Auditor's Report continued

to the members of Impax Asset Management Group plc

## 2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

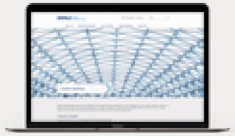
Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2023):

| | The risk | Our response |
|---|---|---|
| Revenue recognition – recurring management fee income<br><br>(£167.4 million* of the £170.1 million revenue balance; 2023: £174.5 million)<br><br>Refer to page 80 (Audit & Risk Committee Report), page 130 (accounting policy) and page 112 (financial disclosures).<br><br>**US distribution fees, carried interest from private equity funds and non-recurring dealing fees have been excluded from the KAM.* | Data capture and calculation error:<br><br>Revenue is the most significant item in the Consolidated Income Statement and represents an area that had the greatest effect on the overall group audit. Revenue largely comprises of recurring management fee income which results from the business activities of the Group. The two key components to recurring management fee income calculations are fee rates to be applied and the amount of assets under management. The following are identified as the key risks for recurring management fee income:<br><br>• **Risk in relation to fee rates:** There is a risk that fee rates have not been entered appropriately into the fee calculation and billing systems when the Group's clients are on boarded or agreements are amended.<br><br>• **Risk in relation to assets under management ("AUM"):** There is a risk that AUM data from third party service providers is not complete or/and accurate.<br><br>• **Risk in relation to calculation of management fee income:** There is a risk that management fee income (including accrued income) is incorrectly calculated. | We performed the detailed procedures below rather than seeking to rely on any of the Group's controls because the nature and our knowledge of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described and unlikely that the required evidence to support reliance on the controls will be obtained.<br><br>Our procedures included:<br><br>**Procedures in relation to fee rates:**<br><br>• **Test of details:** We agreed a selection of fee rates used in the calculation to the original investment management agreements, fee letters or fund prospectuses outlining the latest effective fee rate.<br><br>**Procedures in relation to AUM:**<br><br>• **Test of details:** For a selection of AUM used in the calculation of recurring management fee income we tested the completeness and accuracy of AUM included in the fee calculation by obtaining independent confirmation of the AUM from the third party custodian or administrator, where appropriate.<br><br>**General procedures:**<br><br>• **Reperformance:** For 100% of all material recurring management fee transactions for in scope components, we utilised our internal specialist data analytics team to recalculate recurring management fee income with reference to the fee rate and AUM. |

## Financial Statements





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# Independent Auditor's Report continued

to the members of Impax Asset Management Group plc

## 2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT CONTINUED

| | The risk | Our response |
|---|---|---|
| Recoverability of Parent Company's investment in subsidiaries<br><br>(£78.1 million; 2023: £67.0 million)<br><br>Refer to page 80 (Audit & Risk Committee Report), page 138 (accounting policy) and page 138 (financial disclosures). | Low risk, high value:<br><br>The carrying amount of the Parent Company's investments in subsidiaries, represents 73% (2023: 61%) of the Parent Company total assets.<br><br>Their recoverability is not at a high risk of significant misstatement or be subject to a significant judgement. However due to their materiality in the context of the Parent Company financial statements this is considered to be the area that had the greatest effect on our overall Parent Company audit. | We performed the detailed procedures below rather than seeking to rely on any of the Group's controls because the nature and our knowledge of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described and unlikely that the required evidence to support reliance on the controls will be obtained.<br><br>Our procedures included:<br><br>**Test of details:** We compared the carrying amount of 100% of investments with the subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit making.<br><br>**Comparing valuations:** For investments where the carrying amount exceeded the net asset value of the company, more specifically Impax NH, we compared the carrying amount of the investment with the expected value of the business based on a value in use calculation using our sector expertise. |

## 3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £2,450k (2023: £2,140k), determined with reference to a benchmark of Group profit before tax of which it represents 5.0% (2023: 4.1%).

Materiality for the parent Company financial statements as a whole was set at £1,070k (2023: £900k), determined with reference to a benchmark of Company total assets, of which it represents 1.0% (2023: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

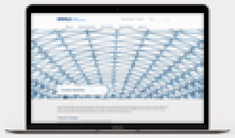
Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £1,830k (2023: £1,600k) for the Group and £802k (2023: £675k) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £122.5k (2023: £107k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 21 (2023: 22) reporting components, we subjected 4 (2023: 4) to full scope audits for group purposes.

Financial Statements





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# **Independent Auditor's Report** continued

## to the members of Impax Asset Management Group plc

### 3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT CONTINUED

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

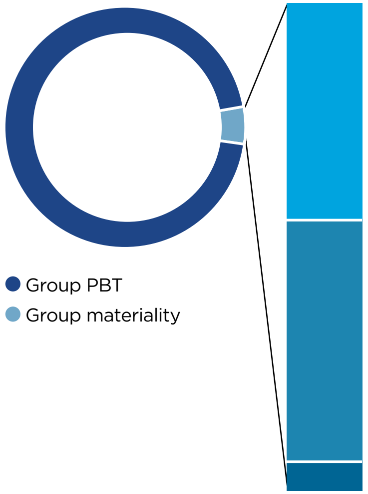
The remaining 2% (2023: 1%) of total Group revenue, 12% (2023: 9%) of Group profit before tax and 6% (2023: 5%) of total Group assets is represented by 17 (2023: 19) reporting components, none of which individually represented more than 7% (2023: 6%) of any of total Group revenue, Group profit before tax or total Group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The audit of the components and the Parent Company was performed by the Group team. The component materiality ranged from £407k (2023: £324k) to £2,082k (2023 £1,819k) having regard to the mix of size and risk profile of the Group across the components.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

**Group profit before tax**
£49m (2023: £52.1m)

**Group materiality**
£2,450k (2023: £2,140k)



● Group PBT
● Group materiality

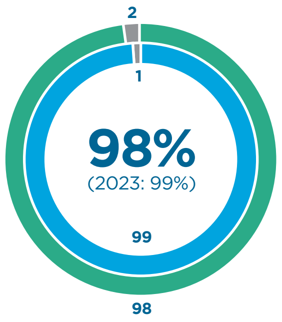
**£2,450k**
Whole financial statements materiality (2023: £2,140m)

**£1,830k**
Whole financial statements performance materiality (2023: £1,600k)

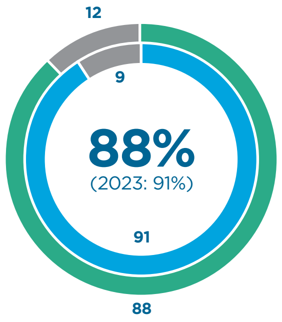
**£2,082m**
Range of materiality at 4 components (£407k to £2,082k) (2023: £324k to £1,819k)

**£122.5k**
Misstatements reported to the audit committee (2023: £107k)

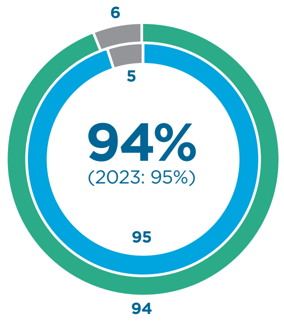
**Group revenue**




**Group profit before tax**




**Group total assets**




● Full scope for group audit purposes 2024
● Full scope for group audit purposes 2023
● Residual components

# Independent Auditor's Report continued

to the members of Impax Asset Management Group plc

## 4. GOING CONCERN

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

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

- The impact of adverse movements in the value of assets under management.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk against the level of available financial resources indicated by the Group's financial forecast.

We considered whether the going concern disclosure in Note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risk and dependencies.

Our conclusions based on this work:

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

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

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

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

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

- Enquiring of directors, the Group Audit & Risk Committee, the Group's Compliance team and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes and attending Group Audit & Risk Committee meetings; and
- Considering remuneration incentive schemes and performance targets for management and directors.

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

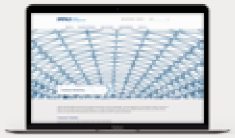
As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition given the relative simplicity of the most significant revenue streams and limited management judgement involved in the valuation and recognition of those revenue streams.

We did not identify any additional fraud risks.

Financial Statements





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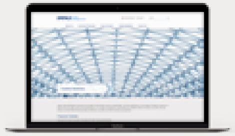

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# Independent Auditor's Report continued

to the members of Impax Asset Management Group plc

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

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

We performed procedures including:

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

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

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

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

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

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an effect: AIM Rules, specific areas of regulatory capital and liquidity, conduct including Client Assets, money laundering, market abuse regulations, US Securities and Exchange Commission regulations and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

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

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

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

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

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

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

# Independent Auditor's Report continued

to the members of Impax Asset Management Group plc

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

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

### Strategic report and directors' report

Based solely on our work on the other information:

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

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

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

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

We have nothing to report in these respects.

## 8. RESPECTIVE RESPONSIBILITIES

### Directors' responsibilities

As explained more fully in their statement set out on page 79, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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

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

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

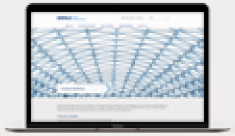
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other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

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

Chartered Accountants
15 Canada Square, London, E14 5GL
27 November 2024

Financial Statements





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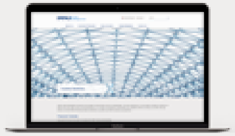
Financial Statements





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# Consolidated Income Statement

For the year ended 30 September 2024

| | Notes | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Revenue** | 7 | **170,113** | 178,367 |
| Operating costs | 8 | **(121,086)** | (124,120) |
| Finance income | 11 | **3,946** | 3,130 |
| Finance expense | 12 | **(4,008)** | (5,271) |
| **Profit before taxation** | | **48,965** | 52,106 |
| Taxation | 13 | **(12,488)** | (12,884) |
| **Profit after taxation** | | **36,477** | 39,222 |
| **Earnings per share** | | | |
| Basic | 14 | **28.5p** | 30.5p |
| Diluted | 14 | **28.2p** | 29.8p |
| **Dividends per share** | | | |
| Interim dividend paid and final dividend declared for the year | 15 | **27.6p** | 27.6p |

Adjusted results are provided in Note 5.

# Consolidated Statement of Comprehensive Income

For the year ended 30 September 2024

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Profit for the year** | **36,477** | 39,222 |
| Exchange differences on translation of foreign operations | **(1,644)** | (119) |
| **Total other comprehensive income** | **(1,644)** | (119) |
| **Total comprehensive income for the year attributable to equity holders of the parent** | **34,833** | 39,103 |

All amounts in other comprehensive income may be reclassified to income in the future.

The statement has been prepared on the basis that all operations are continuing operations.

The Notes on pages 108 to 133 form part of these financial statements.

# Consolidated Statement of Financial Position

## As at 30 September 2024

Company No: 03262305

| | Notes | 2024 £'000 | 2024 £'000 | 2023 £'000 | 2023 £'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Goodwill | 16 | **11,869** | | 12,883 | |
| Intangible assets | 17 | **11,244** | | 14,185 | |
| Property, plant and equipment | 18 | **7,879** | | 8,820 | |
| Deferred tax assets | 13 | **4,222** | | 3,665 | |
| **Total non-current assets** | | | **35,214** | | 39,553 |
| Trade and other receivables | 19 | **36,870** | | 42,543 | |
| Investments | 20 | **15,993** | | 13,270 | |
| Current tax asset | | **1,208** | | 1,645 | |
| Cash invested in money market funds | 22 | **67,797** | | 53,542 | |
| Cash and cash equivalents | 22 | **25,300** | | 37,963 | |
| **Total current assets** | | | **147,168** | | 148,963 |
| **Total assets** | | | **182,382** | | 188,516 |

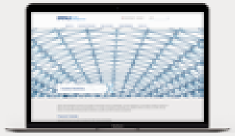
| | Notes | 2024 £'000 | 2024 £'000 | 2023 £'000 | 2023 £'000 |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| Ordinary shares | 24 | **1,326** | | 1,326 | |
| Share premium | | **9,291** | | 9,291 | |
| Merger reserve | | **1,533** | | 1,533 | |
| Exchange translation reserve | | **1,296** | | 2,940 | |
| Retained earnings | | **117,677** | | 118,868 | |
| **Total equity** | | | **131,123** | | 133,958 |
| Trade and other payables | 23 | **42,687** | | 44,809 | |
| Lease liabilities | 18 | **2,084** | | 1,524 | |
| Current tax liability | | **787** | | 1,007 | |
| **Total current liabilities** | | | **45,558** | | 47,340 |
| Lease liabilities | 18 | **5,701** | | 7,218 | |
| **Total non-current liabilities** | | | **5,701** | | 7,218 |
| **Total equity and liabilities** | | | **182,382** | | 188,516 |

Authorised for issue and approved by the Board on 27 November 2024.
The Notes on pages 108 to 133 form part of these financial statements.

**Ian R Simm**
Chief Executive

Financial Statements





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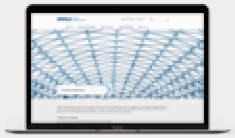

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# Consolidated Statement of Changes in Equity

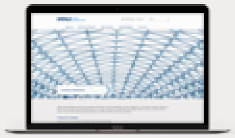
## As at 30 September 2024

| | Note | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Exchange translation reserve £'000 | Retained earnings £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|
| **1 October 2022** | | **1,326** | **9,291** | **1,533** | **3,059** | **122,969** | **138,178** |
| *Transactions with owners of the Company:* | | | | | | | |
| Dividends paid | 15 | – | – | – | – | (36,376) | (36,376) |
| Cash received on option exercises | | – | – | – | – | 1,261 | 1,261 |
| Tax credit on long-term incentive schemes | | – | – | – | – | 371 | 371 |
| Share based payment charges | 10 | – | – | – | – | 6,535 | 6,535 |
| Acquisition of own shares | | – | – | – | – | (15,114) | (15,114) |
| Total transactions with owners of the Company | | – | – | – | – | (43,323) | (43,323) |
| Profit for the year | | – | – | – | – | 39,222 | 39,222 |
| *Other comprehensive income:* | | | | | | | |
| Exchange differences on translation of foreign operations | | – | – | – | (119) | – | (119) |
| Total other comprehensive Income | | – | – | – | (119) | – | (119) |
| **30 September 2023** | | **1,326** | **9,291** | **1,533** | **2,940** | **118,868** | **133,958** |
| *Transactions with owners of the Company:* | | | | | | | |
| Dividends paid | 15 | – | – | – | – | (36,301) | (36,301) |
| Cash received on option exercises | | – | – | – | – | 359 | 359 |
| Tax credit on long-term incentive schemes | | – | – | – | – | 19 | 19 |
| Share based payment charges | 10 | – | – | – | – | 6,696 | 6,696 |
| Acquisition of own shares | | – | – | – | – | (8,441) | (8,441) |
| Total transactions with owners of the Company | | – | – | – | – | (37,668) | (37,668) |
| Profit for the year | | – | – | – | – | 36,477 | 36,477 |
| *Other comprehensive income:* | | | | | | | |
| Exchange differences on translation of foreign operations | | – | – | – | (1,644) | – | (1,644) |
| Total other comprehensive Income | | – | – | – | (1,644) | – | (1,644) |
| **30 September 2024** | | **1,326** | **9,291** | **1,533** | **1,296** | **117,677** | **131,123** |

The Notes on pages 108 to 133 form part of these financial statements.

Financial Statements





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# Consolidated Cash Flow Statement

## For the year ended 30 September 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Cash generated from operations** | 27 | **63,624** | 53,218 |
| Corporation tax paid | | **(12,988)** | (14,562) |
| **Net cash generated from operating activities** | | **50,636** | 38,656 |
| **Investing activities** | | | |
| Acquisition of property plant & equipment and intangible assets | | **(1,074)** | (824) |
| Redemptions/distributions received from unconsolidated Impax funds | | **4,824** | 2,792 |
| Investments into unconsolidated Impax funds | | **(5,998)** | (8,073) |
| Settlement of investment related hedges | | **(1,167)** | (390) |
| Investment income received | | **3,305** | 2,865 |
| (Increase)/decrease in cash invested in money market funds | | **(14,255)** | 5,145 |
| **Net cash (used by)/generated from investing activities** | | **(14,365)** | 1,515 |
| **Financing activities** | | | |
| Finance costs paid on loan facilities | | **-** | (86) |
| Payment of lease liabilities | | **(1,605)** | (1,979) |
| Acquisition of own shares | | **(8,441)** | (15,114) |
| Cash received on exercise of Impax staff share options | | **359** | 1,261 |
| Dividends paid | | **(36,301)** | (36,376) |
| **Net cash used by financing activities** | | **(45,988)** | (52,294) |
| **Net decrease in cash and cash equivalents** | | **(9,717)** | (12,123) |
| **Cash and cash equivalents at beginning of year** | | **37,963** | 52,232 |
| Effect of foreign exchange rate changes | | **(2,946)** | (2,146) |
| **Cash and cash equivalents at end of year** | 22 | **25,300** | 37,963 |

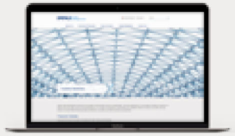
Cash and cash equivalents under IFRS does not include cash invested in money market funds. The Group however considers its total cash reserves to include these amounts. Cash held in Research Payment Accounts ("RPAs") are not included in cash reserves (see Note 22). There are no significant changes to liabilities arising from financing activities.

Movements on cash reserves are shown in the table below:

| | At the beginning of the year £'000 | Cashflow £'000 | Foreign exchange £'000 | At the end of the year £'000 |
|---|---|---|---|---|
| Cash and cash equivalents | 37,963 | (9,717) | (2,946) | 25,300 |
| Cash invested in money market funds | 53,542 | 14,255 | – | 67,797 |
| Cash in RPAs | (3,813) | 1,516 | – | (2,297) |
| **Total Group cash reserves** | **87,692** | **6,054** | **(2,946)** | **90,800** |

Financial Statements





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# Notes to the Financial Statements

## 1 REPORTING ENTITY

Impax Asset Management Group plc (the "Company") is incorporated and domiciled in the UK and is listed on the Alternative Investment Market ("AIM"). These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Company's separate financial statements are shown on pages 134 to 143.

## 2 BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of certain investments and derivatives being measured at fair value.

Details of the significant accounting policies adopted by the Group are shown in Note 31.

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

### Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. Cash flow forecasts covering a period of 12 months from the date of approval of these financial statements indicate that, taking account of reasonably possible downside assumptions in relation to asset inflows, market performance and costs, the Group will have sufficient funds to meet its liabilities as they fall due and regulatory capital requirements for that period. The Group has sufficient cash balances and no debt and, at the Period-end market levels, is profitable. A significant part of the Group's cost basis is variable as bonuses are linked to profitability. The Group can also preserve cash through dividend reduction and through issuance of shares to cover share option exercises/restricted share awards (rather than purchasing shares). Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## 3 USE OF JUDGEMENTS AND ESTIMATES

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

The Group has not identified any significant judgements and estimates at the end of the reporting period. However the key areas that include judgement and/or estimates are set out in Notes 10, 16 and 17.

## 4 ACQUISITION OF ABSALON CORPORATE CREDIT

On 12 July 2024, one of the Group's subsidiaries Impax Asset Management Ireland Limited ("Impax Ireland") finalised an agreement to acquire the assets of Absalon Corporate Credit Fondsmæglerselskab A/Sis ("Absalon"), a Denmark-based fixed income manager. As part of the acquisition agreement the Group acquired the rights to Absalon's existing management contracts and Absalon's existing team of portfolio managers joined Impax as employees of a Danish branch of Impax Ireland ("Impax Denmark").

The Group has determined that the acquisition meets the definition of a business in accordance with IFRS 3 Business Combinations and has accounted for the transaction using the acquisition method.

The acquired business is focused on global high yield and emerging market corporate debt strategies which are expected to increase the scale and breadth of the Group's fixed income business and complement its existing fixed income capabilities.

An analysis of the consideration paid, the recognised amounts of assets acquired and the resulting gain on purchase is set out on the next page. The acquisition was funded through the Group's existing cash reserves.

# Notes to the Financial Statements continued



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## 4 ACQUISITION OF ABSALON CORPORATE CREDIT CONTINUED

### Purchase consideration

Under the terms of the agreement, the purchase consideration consisted of an upfront cash payment of DKK 5.5 million (£500,000) and variable future payments to be made over a three year period determined based on an agreed percentage of assets under management ("AUM") (the "Earn-out").

The Earn-out has been measured at fair value at the time of the business combination using a discounted cash flow model.

The Earn-out meets the definition of a financial instrument in accordance with IFRS 9 and will be recorded at fair value at each reporting date with changes in fair value recognised in the Income Statement. The Earn-out has been measured at fair value at the time of the business combination using a discounted cash flow model.

| | £'000 |
|---|---|
| Cash consideration | 500 |
| Earn-out | 337 |
| **Total consideration** | **837** |

### Identified assets and liabilities

The fair values are set out below:

| | £'000 |
|---|---|
| Management Contracts | 854 |
| **Total identified assets and liabilities recognised** | **854** |

The Management Contracts were valued using a multi-period excess earnings method which takes into account the future expected revenue and costs attributable to the contracts acquired.

A gain on purchase was identified upon acquisition of the Danish fixed income business which has been recognised in the Income Statement in full, this has been calculated as follows:

| | £'000 |
|---|---|
| Cash consideration | 500 |
| Earn-out | 337 |
| Less: Fair value of identified assets | (854) |
| **Gain on purchase** | **(17)** |

Any acquisition-related costs incurred have been expensed in full to the Income Statement.

## 5 ADJUSTED PROFITS AND EARNINGS

The reported operating earnings, profit before tax and earnings per share are substantially affected by business combination affects and other items. The Directors have therefore decided to report adjusted operating profit, adjusted profit before tax and adjusted earnings per share which exclude these items in order to enable comparison with peers and provide consistent measures of performance over time. A reconciliation of the adjusted amounts to the IFRS reported amounts is shown on the following page.

# Notes to the Financial Statements continued

## 5 ADJUSTED PROFITS AND EARNINGS CONTINUED

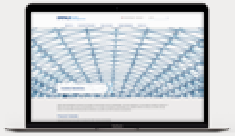
| | Year ended 30 September 2024 | | | |
|---|---|---|---|---|
| | | Adjustments | | |
| | Reported – IFRS £'000 | Business combination effects £'000 | Other £'000 | Adjusted £'000 |
| **Revenue** | **170,113** | | | **170,113** |
| Operating Costs | (121,086) | | | (117,376) |
| Amortisation of intangibles arising on acquisitions | | 2,571 | | |
| Acquisition equity incentive scheme charges | | 428 | | |
| Acquisition costs | | 1,041 | | |
| Mark to market credit on equity awards | | | (330) | |
| **Operating Profit** | **49,027** | **4,040** | **(330)** | **52,737** |
| Finance income | 3,946 | | | 3,946 |
| Finance costs | (4,008) | | 3,047 | (961) |
| **Profit before taxation** | **48,965** | **4,040** | **2,717** | **55,722** |
| Taxation | (12,488) | | | (14,103) |
| Tax on business combination effects | | (936) | | |
| Tax on adjustments | | | (679) | |
| **Profit after taxation** | **36,477** | **3,104** | **2,038** | **41,619** |
| **Diluted earnings per share** | **28.2** | **2.4** | **1.6** | **32.2** |

| | Year ended 30 September 2023 | | | |
|---|---|---|---|---|
| | | Adjustments | | |
| | Reported – IFRS £'000 | Business combination effects £'000 | Other £'000 | Adjusted £'000 |
| **Revenue** | **178,367** | | | **178,367** |
| Operating costs | (124,120) | | | (120,264) |
| Amortisation of intangibles arising on acquisition | | 2,813 | | |
| Acquisition equity incentive scheme charges | | 1,318 | | |
| Mark to market credit on equity awards | | | (275) | |
| **Operating Profit** | **54,247** | **4,131** | **(275)** | **58,103** |
| Finance income | 3,130 | | | 3,130 |
| Finance costs | (5,271) | | 3,994 | (1,277) |
| **Profit before taxation** | **52,106** | **4,131** | **3,719** | **59,956** |
| Taxation | (12,884) | | | (13,591) |
| Tax on adjustments | | | (707) | |
| **Profit after taxation** | **39,222** | **4,131** | **3,012** | **46,365** |
| **Diluted earnings per share** | **29.8** | **3.1** | **2.3** | **35.2** |

The diluted number of shares is the same as used for the IFRS calculation of earnings per share (see Note 14).

## Financial Statements





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# Notes to the Financial Statements continued

## 5 ADJUSTED PROFITS AND EARNINGS CONTINUED

### Amortisation of intangibles arising on acquisitions

Intangible assets include management contracts acquired as part of the acquisitions of Impax NH and Impax Denmark (together the "Acquisitions") and are amortised over their 11-year and 10-year respective lives. This charge is not linked to the operating performance of these businesses and so is excluded from adjusted profit.

### Acquisition equity incentive scheme charges

Certain employees joining Impax as a result of the Acquisitions have been awarded share-based payments. Charges in respect of these relate to the Acquisitions rather than the operating performance of the Group and are therefore excluded from adjusted profit.

### Acquisition costs

Acquisition costs relate to costs incurred on completed and planned business acquisitions. These charges do not relate to the operating performance of the Group and are therefore excluded from the adjusted profit.

### Mark to market credit/charge on equity incentive awards

The Group has in prior years and the current period awarded employees options over the Group's shares, some of which are either unvested or unexercised at the balance sheet date. The Group has also made awards of restricted shares ("RSS awards") which have not vested at the balance sheet date. Employers national insurance contributions ("NIC") are payable on the options when they are exercised and on the RSS awards when they vest, based on the valuation of the underlying shares at that point. A charge is accrued for the NIC within IFRS operating profit based on the share price at the balance sheet date. The Group also receives a corporation tax deduction equal to the value of the awards at the date they are exercised ("options") or vest ("RSS awards"). The tax deduction in excess of the cumulative share-based payment expense is recognised directly in equity.

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

### Finance Income and Expense

Finance expense for the Period has been adjusted for foreign exchange gains and losses on monetary assets that are not linked to the operating performance of the Group. £1.4 million of the current Period foreign exchange loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve. The remaining amount mainly relates to the translation of cash held in US dollars.

## 6 SEGMENTAL REPORTING

### (a) Operating segments

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

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

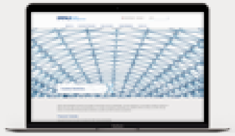
### (b) Geographical analysis

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

| | Revenue | |
|---|---|---|
| | 2024 £'000 | 2023 £'000 |
| North America | **53,774** | 54,183 |
| Luxembourg | **42,439** | 49,383 |
| UK | **30,754** | 30,712 |
| Ireland | **13,423** | 13,323 |
| France | **11,420** | 11,085 |
| Canada | **6,596** | 6,363 |
| Australia | **4,129** | 3,821 |
| Netherlands | **3,467** | 3,641 |
| Other | **4,111** | 5,856 |
| | **170,113** | 178,367 |

## Financial Statements





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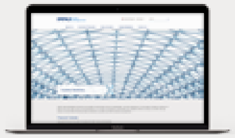

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# Notes to the Financial Statements continued

## 6 SEGMENTAL REPORTING CONTINUED

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

| | Non-current assets | |
|---|---|---|
| | **2024 £'000** | 2023 £'000 |
| UK | **4,746** | 5,753 |
| United States | **24,447** | 29,738 |
| Ireland | **1,119** | 391 |
| Hong Kong | **457** | 6 |
| Japan | **211** | – |
| Denmark | **12** | – |
| | **30,992** | 35,888 |

## 7 REVENUE

*See accounting policy at Note 31 (D).*

The Group's main source of revenue is investment management and advisory fees. The Group may also earn carried interest from its private equity funds. Management and advisory fees are generally based on an agreed percentage of the valuation of AUM for listed equity and fixed income funds. For private equity funds they are generally based on an agreed percentage of commitments made to the fund by investors during the fund's investment period and thereafter on the cost price of investments made and not exited. Carried interest is earned from private equity funds if the cash returned to investors exceeds an agreed return. Carried interest of £221,000 was received in the Period (2023: £35,600).

The Group determines the investment management and advisory fees to be a single revenue stream as they are all determined through a consistent performance obligation. Management fees include variable consideration but there is no significant estimation or level of judgement involved.

Should AUM reduce as a result of equity market downturns, foreign exchange or allocation of capital away from equity markets then the AUM linked revenue would reduce. Management fees and carried interest are only recognised once it is highly probable that a significant reversal will not occur in future periods.

None of the funds managed by the Group individually represented more than 10% of Group revenue in the current or prior period.

Revenue includes £167,962,459 (2023: £172,373,446) from related parties.

## 8 OPERATING COSTS

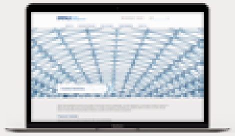
*See accounting policy at Note 31 (E) for leases and Note 31 (F) for placement fees.*

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

| | **2024 £'000** | 2023 £'000 |
|---|---|---|
| Staff costs (Note 9) | **82,176** | 86,078 |
| IT and communications | **8,650** | 7,850 |
| Direct fund expenses | **7,431** | 7,441 |
| Professional fees | **4,907** | 5,094 |
| Depreciation and amortisation | **3,262** | 3,439 |
| Placement fees | **2,673** | 2,815 |
| Premises costs | **3,075** | 3,273 |
| Research costs | **1,578** | 1,167 |
| Acquisition costs | **1,041** | – |
| Mark to market credit on share awards | **(330)** | (275) |
| Other costs | **6,623** | 7,238 |
| **Total** | **121,086** | 124,120 |

# Notes to the Financial Statements continued





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## 8 OPERATING COSTS CONTINUED

Operating costs include £911,000 (2023: £1,237,000) in respect of placement fees paid to related parties.

Other costs include £309,000 (2023: £297,000) paid to the Group's auditors which is analysed below. Audit-related assurance services in the Period relate to the auditor's review of the Group's half-yearly report.

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Audit of the Group's Parent Company and consolidated financial statements | **134** | 122 |
| Audit of subsidiary undertakings | **137** | 143 |
| Audit-related assurance services | **38** | 32 |
| | **309** | 297 |

## 9 STAFF COSTS AND EMPLOYEES

*See accounting policy for pensions in Note 31 (G).*

Staff costs include salaries, variable bonuses, social security costs (principally employers' NIC on salary, bonus and share awards), the cost of contributions made to employees' pension schemes and share-based payment charges. Further details of the Group's remuneration policies are provided in the Remuneration Committee Report. Share-based payment charges are offset against the total cash bonus pool paid to employees. NIC charges on share-based payments are accrued based on the share price at the balance sheet date and the proportion vested.

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Salaries and variable bonuses | **62,128** | 63,936 |
| Social security costs | **6,183** | 6,188 |
| Pensions | **2,220** | 1,955 |
| Share-based payment charge (see Note 10) | **6,696** | 6,535 |
| Other staff costs | **4,949** | 7,464 |
| | **82,176** | 86,078 |

The Group contributes to private pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to these funds. Contributions totalling £525,000 (2023: £457,000) were payable to the funds at the Period-end and are included in trade and other payables.

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

### Directors and key management personnel

Details related to emoluments paid to Directors and Directors' rights to share awards are included in the Remuneration Committee Report under the "Directors' remuneration outcome for the Financial Year 2024" heading on page 90, under the heading "Non-Executive Directors fees for the financial year 2024" on page 94 and in the Directors' Report under the "Directors and their interests in shares" heading on page 77.

Key management personnel are related parties and are defined as members of the Board and our executive committees. The remuneration of key management personnel, including pension contributions, during the year was £10,751,821 plus £2,316,645 of share-based payments (2023: £12,049,310 plus £2,457,318 of share-based payments). No Board members received pension contributions during the year (2023: nil).

# Notes to the Financial Statements continued



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## 9 STAFF COSTS AND EMPLOYEES CONTINUED

### Employees

The average number of persons (excluding Non-Executive Directors and including temporary staff), employed during the year was 311 (2023: 290).

| | 2024 No. | 2023 No. |
|---|---|---|
| Portfolio Management | **117** | 105 |
| Private Equity | **16** | 15 |
| Client Service and Business Development | **103** | 101 |
| Group | **75** | 69 |
| | **311** | 290 |

## 10 SHARE-BASED PAYMENT CHARGES

*See accounting policy at Note 31 (H).*

The total expense recognised for the year arising from share-based payment transactions was £6,696,000 (2023: £6,535,000). The charges arose in respect of the Group's Restricted Share Scheme ("RSS") and the Group's Long Term Option Plan ("LTOP") which are described below. Details of all outstanding options are provided at the end of this Note. The charges for each scheme are:

| | 2024 £000 | 2023 £000 |
|---|---|---|
| RSS | **5,642** | 5,861 |
| LTOP | **1,054** | 674 |
| | **6,696** | 6,535 |

### Restricted Share Scheme

Restricted shares are awarded to some employees as part of their year-end remuneration. These awards are equity settled. These awards are made post year end but part of the charge is recorded in the Period based on an estimated value at the year-end date. 1,533,584 RSS awards were granted during the Period under the 2023 plan. Awards can also be issued to new employees and during the Period, 357,084 RSS awards were granted to employees joining ("RSS 2024 A").

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.

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | 2024 RSS A | 2023 RSS (Final) | 2023 RSS A | 2022 RSS (Final) |
| Awards originally granted | **357,084** | **1,533,584** | 42,630 | 729,750 |
| Weighted average award value | **£4.12** | **£5.13** | £7.51 | £8.42 |
| Weighted average share price on grant | **£4.32** | **£5.20** | £7.61 | £8.52 |
| Weighted average expected volatility | **36.5%** | **36.4%** | 35.8% | 35.5% |
| Weighted average award life on grant | **3.7 years** | **5.3 years** | 4.0 years | 5.3 years |
| Weighted average expected dividend yield | **6.6%** | **5.3%** | 3.6% | 3.2% |
| Weighted average risk free interest rate | **3.7%** | **4.0%** | 3.6% | 4.6% |

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

| Restricted shares outstanding | Number |
|---|---|
| Outstanding as at 1 October 2022 | 2,494,006 |
| Granted during the year | 772,380 |
| Vested during the year | (383,618) |
| Forfeited during the year | (187,086) |
| **Outstanding at 30 September 2023** | **2,695,682** |
| Granted during the year | **1,890,668** |
| Vested during the year | **(1,181,563)** |
| Forfeited during the year | **(107,749)** |
| **Outstanding at 30 September 2024** | **3,297,038** |

The weighted average share price on RSS awards vested during the Period was £5.10. The weighted average remaining contractual life of Restricted Share awards is 5.0 years.

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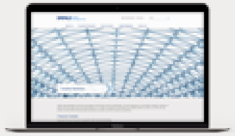

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# Notes to the Financial Statements continued

## 10 SHARE-BASED PAYMENT CHARGES CONTINUED

### Restricted Share Plan

Post year end, the Board approved the grant of 903,481 restricted shares under the 2024 Restricted Share Plan ("RSP") which are equity settled. 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. The fair value of the RSP awards has initially been estimated using the average share price over the period of five days preceding the Remuneration Committee and other inputs as at this date. This will be adjusted for using the share price and other inputs at the grant date. The weighted average award value is £2.76, weighted average share price is £3.78, weighted average expected volatility is 36.7%, weighted average award life on grant is 5.3 years, weighted average expected dividend yield is 7.3% and weighted average risk-free interest rate is 3.8%.

### Employee share option plan

#### Long Term Option Plan

Awards have been granted to employees under the Group's LTOP between 2018 and 2023. The strike prices of these options are £1 (2018 and 2019), £3 (2020), £9 (2021), £7.50 (2022) and £4.40 (2023). These options do not have performance conditions but do have a time vesting condition such that the options vest subject to continued employment on five years following grant. Vested shares are restricted from being sold until after a further five-year period (other than to settle any resulting tax liability).

Post year end the Board approved the grant of 511,500 options under the 2024 LTOP plan with a £3.34 strike price and with the other conditions the same as the 2018–2023 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 following table.

Share options are equity settled.

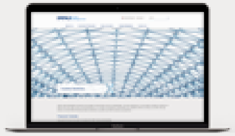
| | 2024 LTOP (estimated) | 2024 2023 LTOP | 2023 2022 LTOP |
|---|---|---|---|
| Awards originally granted | **511,500** | **996,273** | 300,000 |
| Weighted average exercise price | **£3.34** | **£4.40** | £7.50 |
| Weighted average award value | **£0.61** | **£1.22** | £2.14 |
| Weighted average share price on grant | **£3.78** | **£5.23** | £8.12 |
| Weighted average expected volatility | **36.7%** | **36.5%** | 35.6% |
| Weighted average award life on grant | **6 years** | **6 years** | 6 years |
| Weighted average expected dividend yield | **7.3%** | **5.3%** | 3.4% |
| Weighted average risk-free interest rate | **3.8%** | **4.0%** | 4.6% |

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 at the grant date.

The fair value of the 2024 LTOP awards has initially been estimated using the average share price over the period of five days preceding the Remuneration Committee and other inputs as at this date. This will be adjusted for using the share price and other inputs at the grant date.

# Notes to the Financial Statements continued





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## 10 SHARE-BASED PAYMENT CHARGES CONTINUED

### Options outstanding

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

| | Number | Weighted average exercise price p |
|---|---|---|
| Options outstanding at 1 October 2022 | 2,693,575 | 265.2 |
| Options granted | 300,000 | 750.0 |
| Options forfeited | (311,000) | 246.6 |
| Options exercised | (725,000) | 184.3 |
| **Options outstanding at 30 September 2023** | **1,957,575** | **372.4** |
| Options granted | 996,273 | 440.9 |
| Options forfeited | (26,000) | 723.4 |
| Options exercised | (353,000) | 101.7 |
| **Options outstanding at 30 September 2024** | **2,574,848** | **432.5** |
| **Options exercisable at 30 September 2024** | **50,000** | **100.0** |

The weighted average remaining contractual life was 7.5 years.

During the Period, 39,000 options, with a £0.01 exercise price, were also granted to employees (2023: 15,750). These options vest in one tranche in 2029. Post year-end, the Board approved the grant of a further 70,000 of these options with the same conditions which vest in 2030.

## 11 FINANCE INCOME

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Fair value gains | **624** | 265 |
| Interest income | **3,305** | 2,865 |
| Gain on acquisition | **17** | – |
| | **3,946** | 3,130 |

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

Fair value gains comprise unrealised gains of £1,653,000 offset by net realised losses of £1,029,000 (2023: £756,000 of unrealised gains offset by £491,000 of realised losses).

## 12 FINANCE EXPENSE

*See accounting policies at Notes 31(C) and 31(J).*

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Interest on lease liabilities | **416** | 411 |
| Interest on Earn-out | **12** | – |
| Finance costs on loan facilities | **–** | 86 |
| Foreign exchange losses | **3,580** | 4,774 |
| | **4,008** | 5,271 |

Foreign exchange losses in the current Period mainly arose on the retranslation of monetary assets held in US Dollars. £1.4 million of this loss relates to the retranslation of a US Dollar denominated loan between the Parent Company and a US subsidiary. A corresponding gain is recognised in equity in the exchange translation reserve.

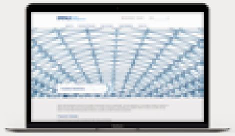
## 13 TAXATION

*See accounting policy at Note 31 (K).*

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

# Notes to the Financial Statements continued





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## 13 TAXATION CONTINUED

### (a) Analysis of charge for the year

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Current tax expense:** | | |
| UK corporation tax | **11,836** | 9,542 |
| Foreign taxes | **1,516** | 3,639 |
| Stamp duty | **65** | – |
| Adjustment in respect of prior years | **163** | (53) |
| Total current tax | **13,580** | 13,128 |
| **Deferred tax (credit)/expense:** | | |
| Credit for the year | **(1,062)** | (821) |
| Adjustment in respect of prior years | **(30)** | 577 |
| Total deferred tax | **(1,092)** | (244) |
| **Total income tax expense** | **12,488** | 12,884 |

A tax credit of £19,000 (deferred tax charges of £356,000 net of current tax credits of £375,000) is also recorded in equity in respect of changes in estimates of the tax deductions on share awards arising from changes in the share price (2023: credits of £371,000 (deferred tax charges of £859,000 net of current tax credits of £1,230,000)).

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

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

The UK tax rate for the year is 25%. The tax assessment for the Period is higher than this rate (2023: higher). The differences are explained below:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Profit before tax | **48,965** | 52,106 |
| Tax charge at 25% (2023: 22%) | **12,241** | 11,463 |
| **Effects of:** | | |
| Non-taxable income | **(30)** | (231) |
| Non-deductible expenses and charges | **780** | 1,256 |
| Adjustment in respect of historical tax charges | **163** | 559 |
| Effect of lower tax rates in foreign jurisdictions | **(270)** | (29) |
| Stamp duty paid | **65** | – |
| Tax losses not recognised | **–** | 9 |
| Recognition of prior year tax losses | **(461)** | (143) |
| **Total income tax expense** | **12,488** | 12,884 |

# Notes to the Financial Statements continued

## 13 TAXATION CONTINUED

### (c) Deferred tax

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

| | Share-based payment scheme £'000 | Tax losses carried forward £'000 | Other assets £'000 | Expenses not yet deductible £'000 | Other liabilities £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| As at 1 October 2022 | 3,323 | 611 | 847 | – | (369) | 4,412 |
| Charge to equity | (859) | – | – | – | – | (859) |
| Exchange differences on consolidation | (70) | – | (62) | – | – | (132) |
| Credit/(charge) to the income statement | 729 | – | (979) | – | 494 | 244 |
| **As at 30 September 2023** | 3,123 | 611 | (194) | – | 125 | 3,665 |
| Charge to equity | (356) | – | – | – | – | (356) |
| Exchange differences on consolidation | (105) | (55) | (19) | – | – | (179) |
| Credit/(charge) to the income statement | (456) | 1,506 | 21 | – | 21 | 1,092 |
| **As at 30 September 2024** | **2,206** | **2,062** | **(192)** | **–** | **146** | **4,222** |

A previously unrecognised deferred tax asset of £952,000 relating to £4.4 million carried forward losses in one of the Group's subsidiaries has been recognised in the Period. Following the reorganisation of certain Group subsidiaries, there is now sufficient evidence that there will be taxable profits in the future against which these losses could be utilised.

## 14 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company (the "Earnings") by the weighted average number of ordinary shares outstanding during the year, less the weighted average number of own shares held. Own shares are held in the Group's Employee Benefit Trust ("EBT").

Diluted EPS includes an adjustment to reflect the dilutive impact of share awards.

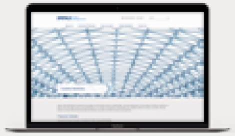
| | Earnings for the year £'000 | Shares 000's | Earnings per share |
|---|---|---|---|
| **2024** | | | |
| Basic | 36,477 | 127,829 | 28.5p |
| Diluted | 36,477 | 129,180 | 28.2p |
| **2023** | | | |
| Basic | 39,222 | 128,769 | 30.5p |
| Diluted | 39,222 | 131,572 | 29.8p |

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Weighted average issued share capital | **132,597** | 132,597 |
| Less weighted average number of own shares held | **(4,768)** | (3,828) |
| Weighted average number of ordinary shares used in the calculation of basic EPS | **127,829** | 128,769 |
| Additional dilutive shares regarding share schemes | **5,354** | 4,080 |
| Adjustment to reflect option exercise proceeds and future service from employees receiving awards/shares | **(4,003)** | (1,277) |
| Weighted average number of ordinary shares used in the calculation of diluted EPS | **129,180** | 131,572 |

Financial Statements





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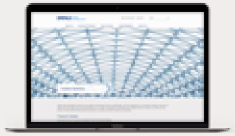

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# Notes to the Financial Statements continued

## 15 DIVIDENDS

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

### Dividends paid in the year

| | 2024 pence | 2023 pence |
|---|---|---|
| Prior year final dividend – 22.9p, 22.9p | **30,132** | 30,216 |
| Interim dividend – 4.7p, 4.7p | **6,169** | 6,160 |
| | **36,301** | 36,376 |

### Dividends declared/proposed in respect of the year

| | 2024 pence | 2023 pence |
|---|---|---|
| Interim dividend declared per share | **4.7** | 4.7 |
| Final dividend proposed per share | **22.9** | 22.9 |
| **Total** | **27.6** | 27.6 |

The proposed final dividend of 22.9p will be submitted for formal approval at the Annual General Meeting to be held on 5 March 2025. Based on the number of shares in issue at the date of this report and excluding own shares held the total amount payable for the final dividend would be £30,075,000.

## 16 GOODWILL

*See accounting policy at Note 31 (L).*

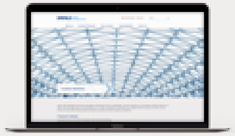
The goodwill balance within the Group at 30 September 2024 arose from the acquisition of Impax Capital Limited on 18 June 2001 and the acquisition of Impax NH in January 2018.

| | Goodwill £'000 |
|---|---|
| **Cost** | |
| At 1 October 2022 | 13,932 |
| Foreign exchange | (1,049) |
| At 1 October 2023 | 12,883 |
| Foreign exchange | (1,014) |
| **At 30 September 2024** | **11,869** |

Impax NH consists of only one cash-generating unit ("CGU"). Goodwill is allocated between CGUs at 30 September 2024 as follows – £10,240,000 to Impax NH and £1,629,000 to the listed equity and private equity CGUs.

The Group has determined the recoverable amount of its CGUs by calculating their value in use using a discounted cash flow model over a period of 10 years. The cash flow forecasts were derived taking into account the budget for the year ended 30 September 2025, which was approved by the Board of Directors in September 2024. The discount rate was derived from the Group's weighted average cost of capital, adjusted for market specific risks associated with the estimated cash flows.

The goodwill on the listed equity and private equity CGUs arose over 20 years ago and the business has grown significantly in size and profitability since that date. There is accordingly significant headroom before an impairment is required. The main assumptions used to calculate the cash flows in the impairment test for these CGUs were that assets under management and margins would continue at current levels, that fund performance for the listed equity business would be 5% per year (2023: 5%) and a discount rate of 12.5% (2023: 12.5%).



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# Notes to the Financial Statements continued

## 16 GOODWILL CONTINUED

There has been no impairment of goodwill related to this CGU to date and there would have to be significant asset outflows over a sustained period before any impairment was required. If the discount rate increased by 1% there would no impairment and if fund performance reduced to zero there would be no impairment (2023: 1% increase in discount rate, no impairment).

The impairment test for the Impax NH CGU showed no impairment (2023: no impairment) was required and used the following key assumptions – average fund inflows of US$1.60 billion (2023: US$0.56 billion), fund performance of 5% (2023: 5%), an average operating margin of 31% (2023: 29%) and a discount rate of 12.5% (2023: 12.5%). The following plausible changes in assumptions would individually not give rise to an impairment: a consistent 10% decrease in inflows (2023: 10% decrease); a 100 basis point annual reduction in performance each year (2023: 100 basis point reduction); a 1% annual reduction in operating margin (2023: 1% reduction) and a 1% increase in discount rate (2023: 1% increase).

## 17 INTANGIBLE ASSETS

*See accounting policy at Note 31 (M).*

Intangible assets mainly represents the value of the management contracts acquired as part of the acquisitions of Impax NH and Impax Denmark.

| | Acquired management contracts £'000 | Software £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 October 2022 | 31,910 | 301 | 32,211 |
| Additions | – | 299 | 299 |
| Foreign exchange | (2,710) | – | (2,710) |
| As at 30 September 2023 | 29,200 | 600 | 29,800 |
| Additions | 854 | 16 | 870 |
| Foreign exchange | (3,012) | – | (3,012) |
| **As at 30 September 2024** | **27,042** | **616** | **27,658** |

| | Acquired management contracts £'000 | Software £'000 | Total £'000 |
|---|---|---|---|
| **Accumulated amortisation** | | | |
| As at 1 October 2022 | 13,646 | 225 | 13,871 |
| Charge for the year | 2,813 | 62 | 2,875 |
| Foreign exchange | (1,131) | – | (1,131) |
| As at 30 September 2023 | 15,328 | 287 | 15,615 |
| Charge for the year | 2,571 | 122 | 2,693 |
| Foreign exchange | (1,894) | – | (1,894) |
| **As at 30 September 2024** | **16,005** | **409** | **16,414** |
| **Net book value** | | | |
| **As at 30 September 2024** | **11,037** | **207** | **11,244** |
| As at 30 September 2023 | 13,872 | 313 | 14,185 |
| As at 30 September 2022 | 18,264 | 76 | 18,340 |

The management contracts acquired with the acquisitions of Impax NH and Impax Denmark are amortised over an 11 year and 10 year life respectively.

AUM, forecast asset inflows, long-term operating margin, discounted cost of capital are all the same or in excess of the assumptions when the management contracts were first valued and as such, there are no indicators of impairment.

## 18 PROPERTY, PLANT AND EQUIPMENT

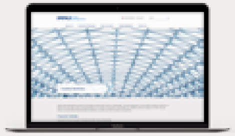
*See accounting policy at Note 31(N).*

Property plant and equipment mainly represents the costs of fitting out the Group's leased London office ("leasehold improvements"), office furniture and computers ("fixtures, fitting and equipment") and the capitalised value of the Group's leases of its office buildings ("right-of-use assets").

# Notes to the Financial Statements continued

Financial Statements





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## 18 PROPERTY, PLANT AND EQUIPMENT CONTINUED

| | Right-of-use assets £'000 | Leasehold improvements £'000 | Fixtures, fittings and equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 October 2022 | 11,617 | 2,343 | 2,614 | 16,574 |
| Additions | 1,607 | 82 | 443 | 2,132 |
| Disposals | – | – | (37) | (37) |
| Foreign exchange | (468) | (1) | (53) | (522) |
| As at 30 September 2023 | 12,756 | 2,424 | 2,967 | 18,147 |
| Additions | 1,229 | 137 | 421 | 1,787 |
| Disposals | (945) | – | – | (945) |
| Foreign exchange | (476) | (4) | (88) | (568) |
| **As at 30 September 2024** | **12,564** | **2,557** | **3,300** | **18,421** |
| **Accumulated depreciation** | | | | |
| As at 1 October 2022 | 3,970 | 1,429 | 1,896 | 7,295 |
| Charge for the year | 1,659 | 214 | 325 | 2,198 |
| Disposals | – | – | (6) | (6) |
| Foreign exchange | (127) | (1) | (32) | (160) |
| As at 30 September 2023 | 5,502 | 1,642 | 2,183 | 9,327 |
| Charge for the year | 1,317 | 212 | 356 | 1,885 |
| Disposals | (446) | – | – | (446) |
| Foreign exchange | (171) | (1) | (52) | (224) |
| **As at 30 September 2024** | **6,202** | **1,853** | **2,487** | **10,542** |
| **Net book value** | | | | |
| **As at 30 September 2024** | **6,362** | **704** | **813** | **7,879** |
| At 30 September 2023 | 7,254 | 782 | 784 | 8,820 |
| As at 30 September 2022 | 7,647 | 914 | 718 | 9,279 |

### Lease arrangements

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

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

| | Right-of-use asset £m | Lease liabilities £m |
|---|---|---|
| At 1 October 2023 | 7,254 | 8,742 |
| New leases | 1,229 | 1,229 |
| Disposals | (499) | (623) |
| Lease payments | – | (1,605) |
| Interest expense | – | 417 |
| Depreciation charge | (1,317) | – |
| Foreign exchange movement | (305) | (375) |
| **At 30 September 2024** | **6,362** | **7,785** |
| | Current | 2,084 |
| | Non-current | 5,701 |
| | | 7,785 |

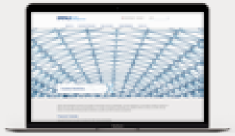
The contractual maturities on the undiscounted minimum lease payments under lease liabilities are provided below:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Within one year | **2,418** | 1,942 |
| Between 1 and 5 years | **5,355** | 6,489 |
| Later than 5 years | **940** | 1,702 |
| Total undiscounted lease liabilities | **8,713** | 10,133 |

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

# Notes to the Financial Statements continued





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## 19 TRADE AND OTHER RECEIVABLES

See accounting policy at Note 31 (O).

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Trade receivables | **7,721** | 8,803 |
| Other receivables | **2,500** | 2,282 |
| Prepayments and accrued income | **26,649** | 31,458 |
| | **36,870** | 42,543 |

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

Included within prepayments and accrued income are deferred placement fees amounting to £986,000 (2023: £679,000). These costs are amortised to the income statement over the fund's investment period (see Note 8).

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| 0–30 days | **5,729** | 7,488 |
| *Past due but not impaired:* | | |
| 31–60 days | **787** | 1,098 |
| 61–90 days | **–** | 6 |
| Over 90 days | **1,205** | 211 |
| | **7,721** | 8,803 |

At the date of this report, substantially all of the trade receivables above have been received including the over 90 days balance. As at 30 September 2024, the assessed provision under the IFRS 9 expected loss model for trade receivables and prepayments and accrued income was immaterial (2023: immaterial).

£29,485,000 of trade and other receivables and accrued income were due from related parties (2023: £33,660,000).

## 20 CURRENT ASSET INVESTMENTS

*See accounting policy at Note 31 (P).*

The Group makes seed investments into its own listed equity funds and also invests in its private equity funds. Where the funds are consolidated the underlying current asset investments are shown in the table below. Investments made in unconsolidated funds are also included. Further details of when funds are consolidated are described in Note 31 (A).

| | Total £'000 |
|---|---|
| At 1 October 2022 | 7,255 |
| Additions | 8,073 |
| Fair value movements | 734 |
| Repayments/disposals | (2,792) |
| At 30 September 2023 | 13,270 |
| Additions | 5,998 |
| Fair value movements | 1,549 |
| Repayments/disposals | (4,824) |
| **At 30 September 2024** | **15,993** |

The Current asset investments include £15,145,000 invested in related parties of the Group (2023: £13,270,000).

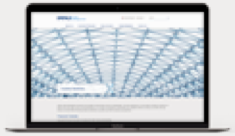
### Hierarchical classification of investments

The hierarchical classification of the investments as considered by IFRS 13 *Financial Instruments: Disclosures* is shown below:

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| At 1 October 2023 | 8,623 | – | 4,647 | 13,270 |
| Additions | 5,484 | – | 514 | 5,998 |
| Repayments/disposals | (3,840) | – | (984) | (4,824) |
| Fair value movements | 1,343 | – | 206 | 1,549 |
| **At 30 September 2024** | **11,610** | **–** | **4,383** | **15,993** |

# Notes to the Financial Statements continued





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## 20 CURRENT ASSET INVESTMENTS CONTINUED

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

The Level 3 investments are in the Group's private equity funds. The net asset value of these funds as reported in the NAV statements represents the fair value at the end of the reporting period and as such a range of unobservable inputs is not reported. The underlying investment in the fund is based on valuation methodologies depending on the nature of the investment. If the NAV of those funds changed by +/- 10% then the valuation of those investments would change by +/- £438,000.

### Market risk and investment hedges

*See accounting policy for derivatives at Note 31 (Q).*

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

## 21 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

*See accounting policy at Note 31 (A) and Note 31(X).*

The Group's interest in structured entities is reflected in the Group's AUM. The Group is exposed to movements in AUM of structured entities through potential loss of fee income as a result of client withdrawals or market falls. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the Strategic Review. Considering the potential for changes in AUM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

At 30 September 2024, AUM managed within unconsolidated structured entities was £37.19 billion (2023: £37.40 billion) and within consolidated structured entities was nil (2023: £nil).

£170,113,000 (2023: £178,367,000) in revenue was earned from unconsolidated structured entities.

The total exposure to unconsolidated structured entities in the statement of financial position is shown in the table below:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Management fees receivable (including accrued income) | **30,556** | 37,159 |
| Investments | **15,993** | 13,270 |
| | **46,549** | 50,429 |

The main risk the Group faces from its interest in unconsolidated structured entities are decreases in the value of seed capital investments. Details on this are provided in Note 28.

## 22 CASH AND CASH EQUIVALENTS AND CASH INVESTED IN MONEY MARKET FUNDS

*See accounting policy for cash at Note 31 (R).*

Cash and cash equivalents under IFRS does not include cash invested in money market funds which is exposed to market variability. However the Group considers its total cash reserves to include these amounts. Cash held in RPAs is collected from funds managed by the Group and can only be used towards the cost of researching stocks. A liability of an equal amount is included in trade and other payables. This cash is excluded from cash reserves. A reconciliation is shown below:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Cash and cash equivalents | **25,300** | 37,963 |
| Cash invested in money market funds | **67,797** | 53,542 |
| Less: cash held in RPAs | **(2,297)** | (3,813) |
| Cash reserves | **90,800** | 87,692 |

# Notes to the Financial Statements continued

## 22 CASH AND CASH EQUIVALENTS AND CASH INVESTED IN MONEY MARKET FUNDS CONTINUED

The Group is exposed to interest rate risk on the above balances as interest income fluctuates according to the prevailing interest rates. The average interest rate on the cash balances during the year was 4.2% (2023: 3.0%). Given current interest rate levels a sensitivity rate of 1% is considered appropriate. A 1% increase in interest rates would have increased Group profit after tax by £577,000. An equal change in the opposite direction would have decreased profit after tax by £549,000.

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

## 23 TRADE AND OTHER PAYABLES

*See accounting policy at Note 31 (S).*

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Trade payables | **792** | 730 |
| Taxation and other social security | **874** | 1,166 |
| Other payables | **5,290** | 4,833 |
| Accruals and deferred income | **35,731** | 38,080 |
| | **42,687** | 44,809 |

The most significant accrual at the year end relates to variable staff remuneration. Other payables includes estimated amounts payable for the Earn-out (see Note 4). This is measured at fair value and is classified as Level 3 for the hierarchical classification purposes of IFRS 13.

## 24 ORDINARY SHARES

*See accounting policy at Note 31 (U).*

| Issued and fully paid | 2024 No of shares 000's | 2023 No of shares 000's | 2024 £'000 | 2023 £'000 |
|---|---|---|---|---|
| At 1 October and 30 September | **132,597** | 132,597 | **1,326** | 1,326 |

Ordinary shares have a par value of £0.01 per share. Each ordinary share carries the right to attend and vote at general meetings of the Company. Holders of these shares are entitled to dividends as declared from time to time.

## 25 OWN SHARES

*See accounting policy at Note 31 (V).*

| | No of Shares | £'000 |
|---|---|---|
| At 1 October 2022 | 3,265,109 | 8,128 |
| Issuance of shares to the EBT | 2,074,454 | 15,114 |
| Satisfaction of option exercises and RSS vesting | (1,065,287) | (4,637) |
| At 30 September 2023 | 4,274,276 | 18,605 |
| Purchases of shares by the EBT | 1,866,128 | 8,441 |
| Satisfaction of option exercises and RSS vesting | (1,318,124) | (5,806) |
| **At 30 September 2024** | **4,822,280** | **21,240** |

The EBT holds shares for RSS awards until they vest or to satisfy share option exercises. Own Shares includes 3,297,038 shares held in a nominee account in respect of the RSS vesting on future dates as described in Note 10, and 202,734 shares held in a nominee account for exercised options which are subject to a five-year holding period.

# Notes to the Financial Statements continued

## 26 FINANCIAL COMMITMENTS

At 30 September 2024 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €865,366 into Impax New Energy Investors III LP (2023: €1,105,516); this amount could be called on in the period to 31 December 2026; and
- €1,802,075 into Impax New Energy Investors IV SCSp Luxembourg (2023: €952,658); this amount could be called on in the period to 31 October 2031.

## 27 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Profit before taxation | **48,965** | 52,106 |
| *Adjustments for income statement non-cash charges/income:* | | |
| Depreciation of property plant and equipment and amortisation of intangible assets | **4,578** | 5,073 |
| Finance income | **(3,946)** | (3,130) |
| Finance expense | **4,008** | 5,271 |
| Share-based payment charges | **6,696** | 6,535 |
| (Gain)/loss on disposals of property, plant & equipment | **(22)** | 31 |
| *Adjustment for statement of financial position movements* | | |
| Decrease/(increase) in trade and other receivables | **5,815** | (3,774) |
| Decrease in trade and other payables | **(2,470)** | (8,894) |
| **Cash generated from operations** | **63,624** | 53,218 |

## 28 FINANCIAL RISK MANAGEMENT

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

### Credit risk

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

The Group's primary exposure to credit risk relates to its cash and cash equivalents and cash held in money market funds that are placed with regulated financial institutions (see Note 22). 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 19.

The Group has assessed credit losses as being immaterial as all trade receivable counterparties are funds managed by the Group and have sufficient resources to satisfy their position.

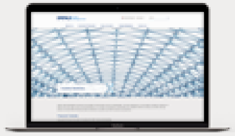
### Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. A significant amount of income for the Group's UK-based business is denominated in Euros and US dollars whilst the majority of expenses are in Sterling.

The strategy for the UK-based business for the year ended 30 September 2024 has been to convert income earned in currencies other than US dollars back to Sterling.

For the US-based business, all income and all expenditure is in US dollars. Assets in the US along with the goodwill and intangible assets arising on its acquisition are denominated in US dollars.





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# Notes to the Financial Statements continued

## 28 FINANCIAL RISK MANAGEMENT CONTINUED

### Foreign exchange risk continued

The Group's exposure to foreign exchange rate risks at 30 September 2024 was:

| | EUR/GBP £'000 | USD/GBP £'000 | Other/GBP £'000 |
|---|---|---|---|
| **Assets** | | | |
| Current asset investments | 4,381 | 8,602 | 3,010 |
| Trade and other receivables | 14,095 | 4,580 | 5,305 |
| Cash invested in money market funds | – | 12,320 | – |
| Cash and cash equivalents | 2,816 | 4,849 | 2,666 |
| | **21,292** | **30,351** | **10,981** |
| **Liabilities** | | | |
| Trade and other payables | 1,560 | 4,822 | 1,479 |
| | 1,560 | 4,822 | 1,479 |
| **Net exposure** | **19,732** | **25,529** | **9,502** |

The Group's exposure to foreign exchange rate risk at 30 September 2023 was:

| | EUR/GBP £'000 | USD/GBP £'000 | Other/GBP £'000 |
|---|---|---|---|
| **Assets** | | | |
| Current asset investments | 4,646 | 5,980 | 2,644 |
| Trade and other receivables | 17,056 | 9,536 | 3,600 |
| Cash invested in money market funds | – | 8,307 | – |
| Cash and cash equivalents | 2,003 | 11,491 | 2,219 |
| | **23,705** | **35,314** | **8,463** |
| **Liabilities** | | | |
| Trade and other payables | 907 | 3,365 | 1,539 |
| | **907** | **3,365** | **1,539** |
| **Net exposure** | **22,798** | **31,949** | **6,924** |

The following table demonstrates the estimated impact on Group post-tax profit and net assets caused by a 10 per cent variance in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. 10 per cent is considered a reasonable measure given the volatility in the currency markets during the Period. Post-tax profit will either increase or (decrease) as shown.

| | Post-tax profit | |
|---|---|---|
| | 2024 £'000 | 2023 £'000 |
| **Translation of significant foreign assets and liabilities** | | |
| GBP strengthens against the USD, up 10% | **(1,915)** | (2,492) |
| GBP weakens against the USD, down 10% | **1,915** | 2,492 |
| GBP strengthens against the EUR, up 10% | **(1,480)** | (1,778) |
| GBP weakens against the EUR, down 10% | **1,480** | 1,778 |

### Liquidity risk and regulatory capital requirements

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at a cost. The Group monitors its liquidity risk using cash flow forecasts taking into account the commitments made to its private equity funds (see Note 26) and the cash required to meet the Group's investment plans and its regulatory capital requirements. At 30 September 2024, the Group had cash and cash equivalents and cash in money market funds of £93,097,000. This is £50,410,000 in excess of trade and other payables. The Group in addition had other current assets of £54,071,000.

On a consolidated group basis the Group has capital of £69 million, a surplus of £45 million against our internally determined capital requirement of £24 million.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest-bearing assets, specifically cash balances that earn interest at a floating rate (see Note 22).

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# Notes to the Financial Statements continued

## 28 FINANCIAL RISK MANAGEMENT CONTINUED

### Market risk

The significant holdings that are exposed to equity market price risk are the Group's investments in its managed funds. See Note 20 for further information.

### Fair values of financial assets and liabilities

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

### Financial instruments by category

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

| 30 September 2024 | Financial assets measured at FVPTL* £'000 | Financial assets/liabilities at amortised cost £'000 | Total financial instruments £'000 | Non-financial instruments £'000 | Total £'000 |
|---|---|---|---|---|---|
| Goodwill and intangibles assets | – | – | – | 23,113 | 23,113 |
| Property, plant and equipment | – | – | – | 7,879 | 7,879 |
| Deferred tax assets | – | – | – | 4,222 | 4,222 |
| Trade and other receivables | – | 10,221 | 10,221 | 26,649 | 36,870 |
| Investments | 15,993 | – | 15,993 | – | 15,993 |
| Current tax asset | – | – | – | 1,208 | 1,208 |
| Cash invested in money market funds | 67,797 | – | 67,797 | – | 67,797 |
| Cash and cash equivalents | – | 25,300 | 25,300 | – | 25,300 |
| Trade and other payables | – | (6,082) | (6,082) | (36,605) | (42,687) |
| Lease liabilities | – | (7,785) | (7,785) | – | (7,785) |
| Current tax liability | – | – | – | (787) | (787) |
| **Total** | **83,790** | **21,654** | **105,444** | **25,679** | **131,123** |

| 30 September 2023 | Financial assets measured at FVPTL* £'000 | Financial assets/liabilities at amortised cost £'000 | Total financial instruments £'000 | Non-financial instruments £'000 | Total £'000 |
|---|---|---|---|---|---|
| Goodwill and intangibles assets | – | – | – | 27,068 | 27,068 |
| Property, plant and equipment | – | – | – | 8,820 | 8,820 |
| Deferred tax assets | – | – | – | 3,665 | 3,665 |
| Trade and other receivables | – | 11,085 | 11,085 | 31,458 | 42,543 |
| Investments | 13,270 | – | 13,270 | – | 13,270 |
| Current tax asset | – | – | – | 1,645 | 1,645 |
| Cash invested in money market funds | 53,542 | – | 53,542 | – | 53,542 |
| Cash and cash equivalents | – | 37,963 | 37,963 | – | 37,963 |
| Trade and other payables | – | (5,563) | (5,563) | (39,246) | (44,809) |
| Lease liabilities | – | (8,742) | (8,742) | – | (8,742) |
| Current tax liability | – | – | – | (1,007) | (1,007) |
| **Total** | **66,812** | **34,743** | **101,555** | **32,403** | **133,958** |

* FVTPL = Fair value through profit and loss

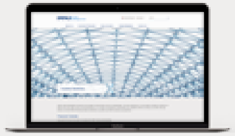
## 29 RELATED PARTY TRANSACTIONS

Private equity funds managed by the Group, entities controlled by these funds and the Global Resource Optimization Fund LP and Impax Global Opportunities Fund LP are related parties of the Group by virtue of subsidiaries being the General Partners to these funds. The Group earns management fees from these entities.

BNP Paribas Asset Management Holdings ("BNP") is a related party of the Group by virtue of owning a 13.8% equity holding as well as having a representative on the Board of Directors. The Group sub-manages certain funds for BNP for which it earns fees.

# Notes to the Financial Statements continued





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## 29 RELATED PARTY TRANSACTIONS CONTINUED

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

Fees earned and costs incurred from the above related parties have been disclosed in Notes 7 and 8 respectively and amounts receivable are disclosed in Note 19. The Group also invests in certain funds that it manages which is disclosed in Note 20. During the year two loan facilities were provided to an executive director for the sole purpose of investment in funds managed by the Group. The loans are provided at interest rates of 2.25% and 3.0% per annum on amounts drawn, calculated on a daily basis. Total interest of €2,803 was accrued during the year and the total balance of the two loans at the Period end was €171,700 (2023: €292,194).

## 30 NEW ACCOUNTING STANDARDS

### New standards, interpretations and amendments adopted during the year

There were no new standards adopted during the year.

### New Standards and Interpretations not yet adopted

There were no Standards or Interpretations that were in issue and required to be adopted by the Group as at the date of authorisation of these consolidated financial statements. No Standards or Interpretations have been issued that are expected to have a material impact on the Group's financial statements.

## 31 ACCOUNTING POLICIES

### (A) Basis of consolidation

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

Subsidiaries are those entities, including investment funds, over which the Group has control. The Group is deemed to have control if it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity. The entities included in the consolidation may vary year-on-year due to restructuring of the Group (including acquisition and disposals) and the level of investments made in investment funds (see below).

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

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

### Investment funds and structured entities

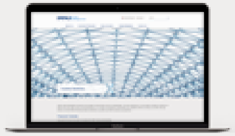
The Group acts as a fund manager to investment funds that are considered to be structured entities under IFRS. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights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

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

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

# Notes to the Financial Statements continued





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## 31 ACCOUNTING POLICIES CONTINUED

### (A) Basis of consolidation continued

#### Investment funds and structured entities continued

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

Details of funds that are recorded as a financial asset are provided in Note 21.

### (B) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 16). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

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

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

In instances where the non-controlling interests holds an option enabling it to require the Group to purchase its interests the Group uses the present access method. A liability is recognised for the estimated cost of acquiring the non-controlling interest and charged to equity. Subsequent changes in the value of the liability are recognised through equity.

### (C) Foreign currency

#### (i) Functional and presentational currency

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

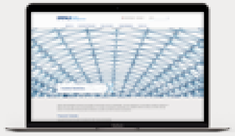
#### (ii) Transactions and balances

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

#### (iii) Consolidation

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

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



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# Notes to the Financial Statements continued

## 31 ACCOUNTING POLICIES CONTINUED

### (D) Revenue

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

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

Performance fees and carried interest arising upon the achievement of the specified targets are recognised when the fees are confirmed as receivable and there is no significant risk of reversal.

### (E) Leases

The Group's lease arrangements primarily consist of operating leases relating to office space. The Group initially records a lease liability in the Group's Consolidated statement of financial position reflecting the present value of the future contractual cash flows to be made over the lease term, discounted using the Group's incremental borrowing rate. A right-of-use ("ROU") asset is also recorded at the value of the lease liability plus any directly related costs and estimated dilapidation expenses and is presented within property, plant and equipment (see Note 18). Interest is accrued on the lease liability using the effective interest rate method to give a constant rate of return over the life of the lease whilst the balance is reduced as lease payments are made. The ROU asset is depreciated over the life of the lease as the benefit of the lease is consumed. The Group considers whether the lease term should include options to extend or cancel the lease. Relevant factors that could create an economic incentive to exercise the option are considered and the option is included if it is reasonably certain to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects the likelihood that it will exercise (or not exercise) the option.

### (F) Placement fees

Placement fees incurred that are directly attributable to securing an investment management contract are deferred and amortised over the investment period of the related fund. Such charges are included in other costs in Note 8 – Operating costs.

### (G) Pensions

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

### (H) Share-based payments

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

Award holders of restricted share awards are entitled to receive non-forfeitable dividends over the vesting period. These non-forfeitable dividends are included in the fair value and therefore the cost in relation to these dividends is charged to the statement of comprehensive income.

### (I) Investment income

Interest income is accrued on a time basis by reference to the principal outstanding and the interest rate applicable. Other investment income is recognised when the right to receive payment is established.

### (J) Interest income and expense

Interest income and expense is recognised using the effective interest method.

### (K) Taxation

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

# Notes to the Financial Statements continued



## 31 ACCOUNTING POLICIES CONTINUED

### (K) Taxation continued

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

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

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

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

### (L) Goodwill

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

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

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

### (M) Intangible assets

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

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

| | |
|---|---|
| Management contracts | ten – eleven years |
| Other items | three – five years. |

### (N) Property, plant and equipment

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

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

| | |
|---|---|
| Leasehold improvements | life of the lease |
| Fixtures, fittings and equipment | three – five years. |

### (O) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for estimated credit losses. The Group has not had credit losses in the past, any estimated credit losses would take into account the nature of any dispute and the financial resources of the client. Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and operating expenses are recognised in the Consolidated Income Statement.

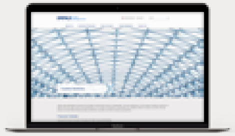
### (P) Current asset investments

Current asset investments are categorised as financial assets at fair value through profit or loss. All gains or losses together with transaction costs are recognised in the income statement. The fair value of the listed investments which are traded in active markets are based on quoted market prices at the statement of financial position date. The appropriate quoted price for investments held is the current bid price.

The fair value of interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds are deemed to be Level 1.

Financial Statements





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# Notes to the Financial Statements continued

## 31 ACCOUNTING POLICIES CONTINUED

### (P) Current asset investments continued

The fair value of the unlisted investments (deemed to be Level 3, see Note 20) which are not traded in an active market are determined using the valuations contained in the quarterly NAV statements provided by the fund.

### (Q) Derivatives

The Group uses foreign exchange contracts as a hedge against foreign exchange risk on future income denominated in foreign currencies. At the statement of financial position date these derivative contracts are recorded at their fair value (disclosed as derivative asset or liability) on the statement of financial position. In instances where the hedge accounting criteria is met, changes in the fair value are recorded in other comprehensive income. The amounts recognised in other comprehensive income are reclassified to income when the hedged item (such as the relevant foreign exchange income) is recorded.

The Group also uses futures contracts to hedge the market risk on seed investments made. These are also recorded at their fair value in the statement of financial position with any changes recorded in the income statement as part of fair value gains and losses.

### (R) Cash and cash equivalents

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

### (S) Trade and other payables

Trade and other payables are initially recognised at cost and subsequently remeasured at amortised cost using the effective interest rate method. Accruals are based on the latest information and therefore require a degree of estimation.

### (T) Loans

Loans are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost.

### (U) Ordinary shares

Ordinary shares issued by the Group are recorded at the proceeds received, net of direct issue costs.

### (V) Own Shares

Company Shares held by the Group's Employee Benefit Trusts are deducted from shareholder's funds and classified as Own shares.

### (W) Impairment of assets

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

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

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

# Notes to the Financial Statements continued

## 31 ACCOUNTING POLICIES CONTINUED

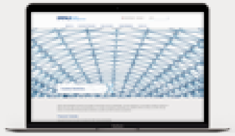
### (X) Interests in unconsolidated structured entities

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

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant, and, in relation to segregated mandates and certain pooled funds, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result the Group concludes that it acts as an agent for third-party investors.
- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20 per cent (i.e. the threshold established by the Group for determining agent versus principal classification). Here, the Group concludes that it is an agent for third-party investors and therefore accounts for its beneficial interest in the fund as a financial asset. The disclosure of the AUM in respect of consolidated and unconsolidated structured entities is provided in Note 21.

**Financial Statements**





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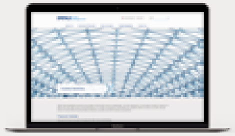

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# Company Statement of Financial Position

## As at 30 September 2024

Company No: 03262305

| | Notes | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 |
| **Assets** | | | | | |
| Intangible assets | 33 | **33** | | 68 | |
| Property, plant and equipment | 34 | **2,910** | | 3,771 | |
| Investments in subsidiaries | 35 | **78,148** | | 55,021 | |
| Trade and other receivables | 36 | **-** | | 13,234 | |
| **Total non-current assets** | | | **81,091** | | 72,094 |
| Trade and other receivables | 36 | **5,675** | | 3,296 | |
| Investments | 37 | **15,993** | | 13,270 | |
| Current tax asset | | **98** | | 211 | |
| Cash invested in money market funds | | **2,690** | | 105 | |
| Cash and cash equivalents | | **1,714** | | 791 | |
| **Total current assets** | | | **26,170** | | 17,673 |
| **Total assets** | | | **107,261** | | 89,767 |

| | Notes | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 |
| **Equity and Liabilities** | | | | | |
| Ordinary shares | 24 | **1,326** | | 1,326 | |
| Share premium | | **9,291** | | 9,291 | |
| Merger reserve | | **1,533** | | 1,533 | |
| Retained earnings | | **72,363** | | 55,006 | |
| **Total equity** | | | **84,513** | | 67,156 |
| Trade and other payables | 38 | **19,680** | | 18,987 | |
| Deferred tax liability | | **205** | | 83 | |
| Lease liabilities | 34 | **1,270** | | 949 | |
| **Total current liabilities** | | | **21,155** | | **20,019** |
| Lease liabilities | 34 | **1,593** | | 2,592 | |
| **Total non-current liabilities** | | | **1,593** | | 2,592 |
| **Total equity and liabilities** | | | **107,261** | | 89,767 |

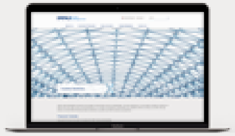
Authorised for issue and approved by the Board on 27 November 2024. The Notes on pages 137 to 143 form part of these financial statements.

**Ian R Simm**
Chief Executive

IMPAX Asset Management

Financial Statements





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# Company Statement of Changes in Equity

## For the year ended 30 September 2024

| | Note | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Retained earnings £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|
| **1 October 2023** | | **1,326** | **9,291** | **1,533** | **50,041** | **62,191** |
| Profit for the year | | | | | 48,648 | 48,648 |
| *Transactions with owners* | | | | | | |
| Dividends paid | 15 | | | | (36,376) | (36,376) |
| Tax credit on long-term incentive schemes | | | | | 11 | 11 |
| Cash received on option exercises | | | | | 1,261 | 1,261 |
| Share based payment charges | | | | | 6,535 | 6,535 |
| Acquisition of own shares | | | | | (15,114) | (15,114) |
| Total transactions with owners | | – | – | – | (43,683) | (43,683) |
| **30 September 2023** | | **1,326** | **9,291** | **1,533** | **55,006** | **67,156** |
| Profit for the year | | | | | 55,059 | 55,059 |
| *Transactions with owners* | | | | | | |
| Dividends paid | 15 | | | | (36,301) | (36,301) |
| Tax charge on long-term incentive schemes | | | | | (15) | (15) |
| Cash received on option exercises | | | | | 359 | 359 |
| Share based payment charges | | | | | 6,696 | 6,696 |
| Acquisition of own shares | | | | | (8,441) | (8,441) |
| Total transactions with owners | | – | – | – | (37,702) | (37,702) |
| **30 September 2024** | | **1,326** | **9,291** | **1,533** | **72,363** | **84,513** |

The Notes on pages 137 to 143 form part of these financial statements.

# Company Statement of Cash Flows

## For the year ended 30 September 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Cash generated from operations** | 41 | **3,159** | 12,567 |
| Corporation tax | | **(1,487)** | (1,463) |
| **Net cash generated from operations** | | **1,672** | 11,104 |
| **Investing activities:** | | | |
| Dividend received | | **50,922** | 47,045 |
| Investments in subsidiaries | | **(1,955)** | (1,069) |
| Redemptions from unconsolidated Impax funds | | **4,824** | 2,792 |
| Investments into unconsolidated Impax funds | | **(5,998)** | (8,073) |
| Settlement of investment related hedges | | **(1,167)** | (390) |
| Interest received | | **2,083** | 932 |
| Increase in cash held in money market funds | | **(2,585)** | (91) |
| Purchase of intangible assets | | **-** | (24) |
| Purchase of property, plant & equipment | | **(114)** | (164) |
| **Net cash generated from investing activities** | | **46,010** | 40,958 |
| **Financing activities:** | | | |
| Finance charges on loan facilities | | **-** | (84) |
| Payment of lease liabilities | | **(813)** | (1,096) |
| Dividends paid | | **(36,301)** | (36,376) |
| Acquisition of own shares | | **(8,441)** | (15,114) |
| Cash received on exercise of Impax share options | | **359** | 1,261 |
| **Net cash used in financing activities** | | **(45,196)** | (51,409) |
| **Net increase in cash and cash equivalents** | | **2,486** | **653** |
| **Cash and cash equivalents at beginning of year** | | **791** | **1,179** |
| **Effect of foreign exchange rate changes** | | **(1,563)** | **(1,041)** |
| **Cash and cash equivalents at end of year** | | **1,714** | **791** |



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# Notes to the Company Financial Statements

For the year ended 30 September 2024

## 32 SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. The principal accounting policies adopted are the same as those set out in the Group's financial statements disclosures. In addition, Note 35 sets out the accounting policy in respect of investments in subsidiary undertakings.

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's net profit for the year amounted to £55,059,000 (2023: £48,648,000).

## 33 INTANGIBLE ASSETS

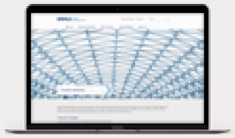
| | Software £'000 | Total £'000 |
|---|---|---|
| **Cost** | | |
| As at 1 October 2022 | 81 | 81.00 |
| Additions | 24 | 24 |
| As at 30 September 2023 | 105 | 105 |
| Additions | – | – |
| **As at 30 September 2024** | **105** | **105** |
| **Accumulated amortisation** | | |
| As at 30 September 2022 | 5 | 5 |
| Charge for year | 32 | 32 |
| As at 30 September 2023 | 37 | 37 |
| Charge for the year | 35 | 35 |
| **As at 30 September 2024** | **72** | **72** |
| **Net book value** | | |
| **As at 30 September 2024** | **33** | **33** |
| As at 30 September 2023 | 68 | 68 |
| As at 1 October 2022 | 76 | 76 |

## 34 PROPERTY PLANT AND EQUIPMENT

| | Right-of-use asset £'000 | Leasehold improvements £'000 | Fixtures, fittings and equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 October 2022 | 5,582 | 2,318 | 1,842 | 9,742 |
| Additions | 145 | 36 | 128 | 309 |
| As at 30 September 2023 | 5,727 | 2,354 | 1,970 | 10,051 |
| Additions | – | 3 | 111 | 114 |
| **As at 30 September 2024** | **5,727** | **2,357** | **2,081** | **10,165** |
| **Depreciation** | | | | |
| As at 1 October 2022 | 2,162 | 1,417 | 1,440 | 5,019 |
| Charge for the year | 888 | 196 | 177 | 1,261 |
| As at 30 September 2023 | 3,050 | 1,613 | 1,617 | 6,280 |
| Charge for the year | 609 | 197 | 169 | 975 |
| **As at 30 September 2024** | **3,659** | **1,810** | **1,786** | **7,255** |
| **Net book value** | | | | |
| **As at 30 September 2024** | **2,068** | **547** | **295** | **2,910** |
| As at 30 September 2023 | 2,677 | 741 | 353 | 3,771 |
| As at 1 October 2022 | 3,420 | 901 | 402 | 4,723 |

Financial Statements





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# Notes to the Company Financial Statements continued

## 34 PROPERTY PLANT AND EQUIPMENT CONTINUED

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

| | Right-of-use asset £m | Lease liabilities £m |
|---|---|---|
| At 1 October 2023 | 2,677 | 3,541 |
| Lease payments | – | (813) |
| Interest expense | – | 135 |
| Depreciation charge | (609) | – |
| **At 30 September 2024** | **2,068** | **2,863** |
| | Current | 1,270 |
| | Non-current | 1,593 |

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Within one year | **1,363** | 1,084 |
| Between 1 and 5 years | **1,652** | 2,744 |
| **Total undiscounted lease liabilities** | **3,015** | 3,828 |

## 35 NON-CURRENT INVESTMENTS

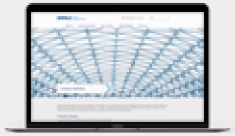
Investments held by the Company in subsidiary undertakings are held at cost less any provision for impairment.

| | Total £'000 |
|---|---|
| At 1 October 2022 | 48,098 |
| Additions | 1,069 |
| Capital contribution | 5,854 |
| At 30 September 2023 | 55,021 |
| Additions | 17,329 |
| Capital contribution | 5,798 |
| **At 30 September 2024** | **78,148** |

Additions includes the capitalisation during the Period of a loan receivable and accrued interest of £15.5m between the Company and one of its subsidiaries.

## Financial Statements





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# Notes to the Company Financial Statements continued

## 35 NON-CURRENT INVESTMENTS CONTINUED

The subsidiary undertakings are:

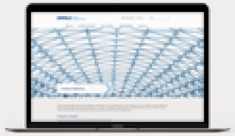
| | Country of incorporation | Proportion of ordinary capital held | Nature of business |
|---|---|---|---|
| Impax Asset Management Limited* | UK | 100% | Fund management |
| Impax Asset Management (AIFM) Limited* | UK | 100% | Fund management |
| Impax Asset Management LLC***/****** | USA | 100% | Fund management |
| INEI III GP (UK) LLP | UK | 100% | General partner to private equity fund |
| Impax Carried Interest Partner (GP) Limited | UK | 100% | General partner to private equity fund |
| Impax Carried Interest Partner II (GP) Limited | UK | 100% | General partner to private equity fund |
| Impax Global Resource Optimization (GP) Limited | UK | 100% | General partner to listed equity fund |
| Impax Capital Limited | UK | 100% | Dormant |
| Kern USA Inc | USA | 100% | Holding company for US assets |
| Impax Asset Management (Hong Kong) Limited** | Hong Kong | 100% | Fund management |
| Impax Asset Management Ireland Limited**** | Ireland | 100% | Fund management |
| Impax Flow (GP) Limited | UK | 100% | Dormant |
| INEI III Team Co-Investment LP | UK | 80% | Investment Partnership |
| IAM US Holdco, Inc. | USA | 100% | Holding company |
| Impax Asset Management Japan Limited | Japan | 100% | Fund distribution |

| | Country of incorporation | Proportion of ordinary capital held | Nature of business |
|---|---|---|---|
| Impax Global Opportunities (GP) Limited | UK | 100% | General partner to listed equity fund |
| INEI IV Team Co-Investment SCSp | Luxembourg | 77% | Investment Partnership |
| INEI IV GP S.a r.l. | Luxembourg | 100% | General partner to private equity fund |
| Impax US Holdings Limited***** | UK | 100% | Holding company |
| INEI II GP (UK) LLP***** | UK | 100% | General partner to private equity fund |
| Impax New Energy Investors (GP) Limited***** | UK | 100% | Holding company |
| Impax New Energy Investors II (GP) Limited***** | UK | 100% | Holding company |

* FCA regulated
** Hong Kong SFC regulated
*** SEC regulated
**** CBI regulated
***** Subsidiary has taken advantage of the exemption from a statutory audit granted by section 479A of the Companies Act 2006
****** On 30 September 2024, there was a statutory merger of Impax Asset Management US LLC and Impax Asset Management LLC

Companies incorporated in the UK are registered at 30 Panton Street, London (save for Impax Carried Interest Partner (GP) Limited, Impax Carried Interest Partner II (GP) Limited and INEI III Team Co-Investment LP which are registered at 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ). The entity incorporated in Hong Kong has the address Unit 15, 16/F, Nexxus Building, 41 Connaught Road, Hong Kong. Impax Asset Management LLC has the address 30 Penhallow St, Suite 400, Portsmouth, NH 03801. IAM US Holdco, Inc. has the address 251 Little Falls Drive, New Castle County, Delaware, USA. INEI IV GP S.a.r.l., INEI IV CIP SCSp, INEI IV Team Co-Investment SCSp all have the address 42–44 Avenue de la Gare, Luxembourg, 1610. Impax Asset Management Japan Limited has the address Level 20, Marunouchi Trust Tower – Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, 100–0005, Japan.





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# Notes to the Company Financial Statements continued



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## 35 NON-CURRENT INVESTMENTS CONTINUED

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Interest in shares | **39,417** | 22,088 |
| Capital contribution | **38,731** | 32,933 |
| | **78,148** | 55,021 |

## 36 TRADE AND OTHER RECEIVABLES

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Current:** | | |
| Amounts owed by Group undertakings | **2,661** | – |
| Other receivables | **1,984** | 1,461 |
| Prepayments and accrued income | **1,030** | 1,835 |
| | **5,675** | 3,296 |
| **Non-current:** | | |
| Amounts owed by Group undertakings | **–** | 13,234 |
| | **–** | 13,234 |

As at 30 September 2024, the assessed provision under the IFRS 9 expected loss model for trade and other receivables was immaterial (2023: immaterial).

## 37 CURRENT ASSET INVESTMENTS

| | Investments £'000 |
|---|---|
| At 1 October 2022 | 7,255 |
| Additions | 8,073 |
| Fair value movements | 734 |
| Repayments/disposals | (2,792) |
| At 30 September 2023 | 13,270 |
| Additions | 5,998 |
| Fair value movements | 1,549 |
| Repayments/disposals | (4,824) |
| **At 30 September 2024** | **15,993** |

## 38 TRADE AND OTHER PAYABLES

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Trade payables | **249** | 183 |
| Amounts owed to Group undertakings | **12,196** | 13,172 |
| Taxation and other social security | **147** | 145 |
| Other payables | **1,565** | 307 |
| Accruals and deferred income | **5,523** | 5,180 |
| | **19,680** | 18,987 |

Amounts owed to Group undertakings are repayable on demand.

# Notes to the Company Financial Statements continued

## 39 DEFERRED TAX

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

| | Accelerated capital allowances £'000 | Pensions £'000 | Other temporary differences £'000 | Share-based payment scheme £'000 | Total £'000 |
|---|---|---|---|---|---|
| As at 1 October 2022 | (82) | – | (287) | 337 | (32) |
| Charge to equity | – | – | – | (128) | (128) |
| Credit/(charge) to the income statement | – | 36 | (34) | 75 | 77 |
| **As at 30 September 2023** | **(82)** | **36** | **(321)** | **284** | **(83)** |
| Charge to equity | – | – | – | (47) | (47) |
| Credit/(charge) to the income statement | – | 1 | (100) | 24 | (75) |
| **As at 30 September 2024** | **(82)** | **37** | **(421)** | **261** | **(205)** |

## 40 FINANCIAL COMMITMENTS

At 30 September 2024 the Group has outstanding commitments to invest up to the following amounts into private equity funds that it manages:

- €865,366 into Impax New Energy Investors III LP (2023: €1,105,516); this amount could be called on in the period to 31 December 2026; and
- €1,802,075 into Impax New Energy Investors IV SCSp Luxembourg (2023: €952,658); this amount is called on in the period to 31 October 2031.

## 41 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Operating activities:** | | |
| Profit before taxation | **56,767** | 48,663 |
| *Adjustments for:* | | |
| Depreciation of property, plant & equipment | **1,010** | 1,293 |
| Finance income | **(53,529)** | (48,242) |
| Finance expense | **1,698** | 1,297 |
| Share-based payment | **745** | 453 |
| *Adjustments for statement of financial positions movements:* | | |
| (Increase)/decrease in other receivables | **(4,225)** | 443 |
| Increase in trade and other payables | **693** | 8,660 |
| **Cash generated from operations** | **3,159** | 12,567 |

## 42 FINANCIAL RISK MANAGEMENT

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

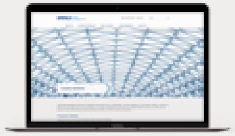
### Credit risk

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

At the Period-end, the credit risk relating to cash reserves of the asset management business is spread over several counterparties. Cash reserves are held in RBS International (Standard & Poor's credit rating A-2) and the remainder in money market funds managed by BlackRock and Goldman Sachs which both have a Standard & Poor's credit rating of A. The risk of default is considered minimal.

## Financial Statements





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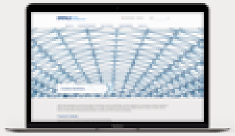
# Notes to the Company Financial Statements continued





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## 42 FINANCIAL RISK MANAGEMENT CONTINUED

### Foreign exchange risk

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

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

The Company's exposure to foreign exchange rate risk at 30 September 2024 was:

| | EUR/GBP £'000 | USD/GBP £'000 | Other/GBP £'000 |
|---|---|---|---|
| **Assets** | | | |
| Current asset investments | 4,380 | 8,602 | 3,010 |
| Trade and other receivables | 478 | 2,900 | – |
| Cash and cash equivalents | 157 | 3 | – |
| | **5,015** | **11,505** | **3,010** |
| **Liabilities** | | | |
| Trade and other payables | 3 | (2) | – |
| | **3** | **(2)** | **–** |
| **Net exposure** | **5,012** | **11,507** | **3,010** |

The Company's exposure to foreign currency exchange rate risk at 30 September 2023 was:

| | EUR/GBP £'000 | USD/GBP £'000 | Other/GBP £'000 |
|---|---|---|---|
| **Assets** | | | |
| Current asset investments | 4,645 | 5,980 | 2,644 |
| Trade and other receivables | 747 | 14,313 | 9 |
| Cash and cash equivalents | 1 | 2 | – |
| | **5,393** | **20,295** | **2,653** |
| **Liabilities** | | | |
| Trade and other payables | 3 | (2) | – |
| | **3** | **(2)** | **–** |
| **Net exposure** | **5,390** | **20,297** | **2,653** |

The following table demonstrates the estimated impact on Company post-tax profit and net assets caused by a 10 per cent movement in the exchange rate used to revalue significant foreign assets and liabilities, assuming all other variables are held constant. 10 per cent is considered a reasonable measure given the volatility in the currency markets during the Period. Post-tax profit either increases or (decreases).

| | Post-tax profit | |
|---|---|---|
| | **2024 £'000** | 2023 £'000 |
| **Translation of significant foreign assets and liabilities** | | |
| GBP strengthens against the USD, up 10% | **(863)** | (1,448) |
| GBP weakens against the USD, down 10% | **863** | 1,448 |
| GBP strengthens against the EUR, up 10% | **(643)** | (296) |
| GBP weakens against the EUR, down 10% | **643** | 296 |

### Liquidity risk

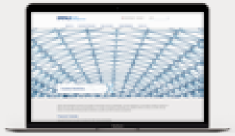
Liquidity risk is the risk that the Company does not have sufficient financial resources to meets it obligations when they fall due or will have to do so at cost. The Company can request to borrow cash through intra-Group loans to maintain sufficient liquidity.

### Interest rate risk

At the reporting date the Company's cash and cash equivalents and cash invested in money market funds of £4,404,000 (2023: £896,000) were its only financial instruments subject to variable interest rate risk. The impact of a 1% increase or decrease in interest rates on the post-tax profit is not material to the Company.

# Notes to the Company Financial Statements continued





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## 42 FINANCIAL RISK MANAGEMENT CONTINUED

### Market pricing risk

The Company has made investments in its own managed funds and the value of these investments are subject to equity market risk. Where appropriate the Company has attempted to hedge against the risk of market falls by the use of derivative contracts. The derivative contracts consist of short positions against a global equity index and are arranged through BNP Paribas, a related party. Any outstanding amounts on the short positions are settled daily.

### Financial instruments by category

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

| 30 September 2024 | Financial assets measured at FVPTL* £'000 | Financial assets/ liabilities at amortised cost £'000 | Total financial instruments £'000 | Non-financial instruments £'000 | Total £'000 |
|---|---|---|---|---|---|
| Property, plant and equipment | – | – | – | 2,910 | 2,910 |
| Intangibles | – | – | – | 33 | 33 |
| Non-current investments | – | – | – | 78,148 | 78,148 |
| Current tax asset | – | – | – | 98 | 98 |
| Trade and other receivables | – | 4,645 | 4,645 | 1,030 | 5,675 |
| Investments | 15,993 | – | 15,993 | – | 15,993 |
| Cash invested in money market funds | 2,690 | – | 2,690 | – | 2,690 |
| Cash and cash equivalents | – | 1,714 | 1,714 | – | 1,714 |
| Deferred tax liability | – | – | – | (205) | (205) |
| Trade and other payables | – | (14,010) | (14,010) | (5,670) | (19,680) |
| Lease liabilities | – | (2,863) | (2,863) | – | (2,863) |
| **Total** | **18,683** | **(10,514)** | **8,169** | **76,344** | **84,513** |

| 30 September 2023 | Financial assets measured at FVPTL* £'000 | Financial assets/ liabilities at amortised cost £'000 | Total financial instruments £'000 | Non-financial instruments £'000 | Total £'000 |
|---|---|---|---|---|---|
| Property, plant and equipment | – | – | – | 3,771 | 3,771 |
| Intangibles | – | – | – | 68 | 68 |
| Non-current investments | – | – | – | 55,021 | 55,021 |
| Current tax asset | – | – | – | 211 | 211 |
| Trade and other receivables | – | 14,695 | 14,695 | 1,835 | 16,530 |
| Investments | 13,270 | – | 13,270 | – | 13,270 |
| Cash invested in money market funds | 105 | – | 105 | – | 105 |
| Cash and cash equivalents | – | 791 | 791 | – | 791 |
| Deferred tax liability | | | – | (83) | (83) |
| Trade and other payables | – | (13,662) | (13,662) | (5,325) | (18,987) |
| Lease liabilities | – | (3,541) | (3,541) | – | (3,541) |
| **Total** | **13,375** | **(1,717)** | **11,658** | **55,498** | **67,156** |

* FVPTL = Fair value through profit and loss

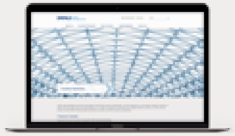
The hierarchical classification of current investments measured at fair value are as follows:

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| At 1 October 2023 | 8,623 | – | 4,647 | 13,270 |
| Additions | 5,484 | – | 514 | 5,998 |
| Disposals | (3,840) | – | (984) | (4,824) |
| Fair value | 1,343 | – | 206 | 1,549 |
| **At 30 September 2024** | **11,610** | **–** | **4,383** | **15,993** |

There were no movements between any of the levels in the year (2023: £nil).

Financial Statements





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# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Impax Asset Management Group plc (the "Company") will be held at the offices of the Company, 7th floor, 30 Panton Street, London SW1Y 4AJ at 3.00 pm on 5 March 2025 for the following purposes:

## AS ORDINARY BUSINESS

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

1. To receive and adopt the Company's annual accounts for the financial year ended 30 September 2024 together with the Directors' report and the auditor's report on those accounts.
2. To receive and approve the Directors' Remuneration Report, which is set out on pages 83–95 of the Annual Report and Accounts for the year ended 30 September 2024. The vote is advisory and the directors' entitlement to remuneration is not conditional on the resolution being passed.
3. To re-elect William Simon O'Regan as a Director.
4. To re-elect Ian R Simm as a Director.
5. To re-elect Arnaud de Servigny as a Director.
6. To re-elect Annette E Wilson as a Director.
7. To re-elect Karen Cockburn as a Director.
8. To re-elect Julia Bond as a Director.
9. To elect Lyle Logan as a Director.
10. To reappoint KPMG LLP as auditor of the Company.
11. To authorise the Directors to fix the remuneration of the auditor.
12. To declare a final dividend in respect of the financial year ended 30 September 2024 of 22.9 pence per Ordinary Share payable to the holders of Ordinary Shares on the register of members at the close of business on 21 February 2025.

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, resolution 13 of which will be proposed as an ordinary resolution and resolutions 14, 15 and 16 of which will be proposed as special resolutions:

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

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

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

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

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

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

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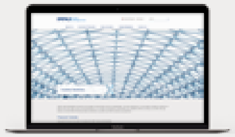

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# Notice of Annual General Meeting continued

## AS SPECIAL BUSINESS CONTINUED

provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, close of business on 5 June 2026) except that the Company may at any time before such expiry make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

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

    (b) the allotment or sale (otherwise than pursuant to resolution 14(a)) of equity securities or sale of Treasury Shares up to an aggregate nominal value of £66,298,

    the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 5 June 2026), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

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

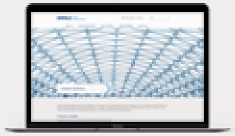
    (a) limited to the allotment of equity securities or sale of Treasury Shares up to a nominal amount of £66,298 and

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

    the power conferred by this resolution shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 5 June 2026), except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted (and Treasury Shares to be sold) after such expiry and the Directors of the Company may allot equity securities (and sell Treasury Shares) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Financial Statements





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# Notice of Annual General Meeting continued

## AS SPECIAL BUSINESS CONTINUED

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

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

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

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

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

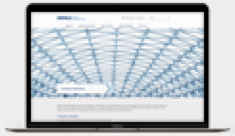
By order of the Board

**Zack Wilson**
Company Secretary

13 December 2024

Financial Statements





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# Notice of Annual General Meeting continued

**Notes**:

1 You can vote:

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

In order for a proxy appointment to be valid please ensure that you have recorded proxy details with Link Group by 3.00 pm on 3 March 2025.

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

3 To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power of authority) must be deposited at the offices of Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by 3.00 pm on 3 March 2025. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the Notes to the form of proxy. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

4 To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered in the Register of Members at close of business on 3 March 2025 (or, in the event of any adjournment, close of business on the date which is two days before the time of the adjourned meeting).

5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message must be transmitted so as to be received by the Company's agent, Link Group (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

6 As at 6 December 2024 (being the last practicable date prior to the publication of this notice) the total number of Ordinary Shares in the Company in issue was 132,596,554 and the Company held no Shares in treasury. The total number of voting rights on that date was therefore 132,596,554.

7 Members have a right under section 319A of the Companies Act 2006 to require the Company to answer any question raised by a member at the annual general meeting, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

8 A copy of this notice of annual general meeting and other information required by section 311A of the Companies Act 2006, can be found at www.impaxam.com.

# Memberships

Impax is a member of many organisations that support the expansion of sustainable finance and related issues. Here is a selection of our current memberships.

## Climate

- CDP
- Ceres
- Climate Financial Risk Forum ("CFRF")
- Confederation of British Industry ("CBI")
- Energy Transitions Commission ("ETC")
- FAIRR
- Financing a Just Transition Alliance ("FJTA")
- Glasgow Financial Alliance for Net-Zero ("GFANZ")
- Global Impact Investing Network ("GIIN")
- Institutional Investors Group on Climate Change ("IIGCC")
- Investment Association ("IA")
- Investor Network on Climate Risk ("INCR")
- Net Zero Asset Managers initiative ("NZAM")
- Principles for Responsible Investment ("PRI")
- Principles for Responsible Investment ("PRI")
- ShareAction Investor Decarbonisation Initiative
- Sustainable Investments Institute
- Sustainable Markets Initiative
- Task Force on Climate-related Financial Disclosures ("TCFD")
- Transition Plan Taskforce ("TPT")

## Nature

- Finance Sector Deforestation Action ("FSDA")
- Investor Environmental Health Network ("IEHN")
- Investor Policy Dialogue for Deforestation ("IPDD")
- Natural Capital Investment Alliance ("NCIA")
- Nature Action 100 ("NA100")
- PRI Spring
- Taskforce on Nature-related Financial Disclosures ("TNFD")

## People

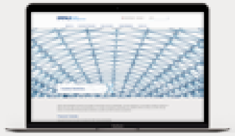
- 30% Club Investors Against Slavery and Trafficking, Asia Pacific ("IAST APAC") Initiative
- Northeast Investors Diversity Initiative ("NIDI")
- Race at Work
- ShareAction: Long-term Investors in People's Health Initiative ("LIPH")
- Thirty Percent Coalition
- Women's Empowerment Principles
- Women in Finance

## Governance

- Asian Corporate Governance Association ("ACGA")
- Council of Institutional Investors ("CII")
- Confederation of British Industry ("CBI")
- Global ESG Benchmark for Real Assets ("GRESB")
- Interfaith Center on Corporate Responsibility ("ICCR")
- UK Sustainable Investment and Finance Association ("UKSIF")
- International Corporate Governance Network ("ICGN")
- Principles for Responsible Investment ("PRI")
- Shareholder Rights Group
- The Investing and Saving Alliance ("TISA")
- UK Stewardship Code ("UKSC")
- The US Forum for Sustainable and Responsible Investment ("USSIF")

**Financial Statements**





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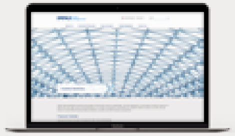
Financial Statements





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# Alternative Performance Measures

The Group uses the following Alternative Performance Measures ("APMs").

## ADJUSTED OPERATING COSTS, ADJUSTED OPERATING PROFIT, ADJUSTED PROFIT BEFORE TAX AND ADJUSTED PROFIT AFTER TAX

These APMs exclude the impact of the following items:

- acquisition related costs;
- amortisation of intangible assets arising on acquisitions;
- charges in respect of equity incentive schemes relating to acquisitions;
- mark-to-market credits and charges in respect of national insurance payable on share awards; and
- foreign exchange gains and losses on the retranslation of monetary assets that are not linked to the operating performance of the Group.

These performance measures are reported as they facilitate comparison with prior periods and provide an appropriate comparison with our peers. Excluding amortisation of intangible assets arising from acquisitions is consistent with peers and therefore aids comparability. It also aids comparison to businesses which have grown organically, and do not have such charges. Mark-to-market credits and charges in respect of national insurance are excluded as they arise due only to changes in the share price and therefore do not reflect the operating performance of the Group. Foreign exchange gains and losses on the retranslation of monetary assets are excluded as they are not linked to the operating performance of the Group.

A reconciliation to the relevant IFRS terms is provided in Note 5 of the financial statements.

## ADJUSTED OPERATING MARGIN

This is calculated as the ratio of adjusted operating profit to revenue. This number is reported as it gives a good indication of the underlying profitability of the Company and how this has changed year-on-year.

## ADJUSTED DILUTED EARNINGS PER SHARE

This is calculated as the adjusted profit after tax divided by the diluted number of shares used in the calculation of IFRS diluted earnings per share.

This is used to present a measure of profitability per share in line with adjusted profits.

A reconciliation to IFRS diluted earnings per share is shown in Note 5 of the financial statements.

## RUN-RATE REVENUE AND RUN-RATE ADJUSTED OPERATING PROFIT

Run-rate revenue is the revenue that the Group would report if the AUM for the year remained static at that shown at 30 September and fee rates were those at 30 September. Run-rate revenue margin is the ratio of run-rate revenue to AUM.

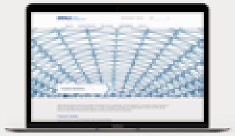
Run-rate adjusted operating profit is the run-rate revenue less adjusted operating costs for the month of September extrapolated for 12 months. Adjustments are made to exclude any one-off items.

Run-rate numbers are reported as they give a good indication of the current profitability of the Group.

## CASH RESERVES

Cash reserves is the sum of cash and cash equivalents and cash held in money market accounts less cash held in research payment accounts and cash held by consolidated funds. The calculation of cash reserves is shown in Note 22 to the financial statements.

Cash reserves are reported as they give a good indication of the total cash resources available to the Group.



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# Officers & Advisers

## DIRECTORS

Simon O'Regan (Chair)[1]
Ian Simm (Chief Executive)
Julia Bond (Non-Executive)[2]
Arnaud de Servigny (Non-Executive)
Lyle Logan (Non-Executive)[3]
Annette Wilson (Non-Executive)
Karen Cockburn (Chief Financial Officer)
Sally Bridgeland (Chair)[4]
Lindsey Brace Martinez (Non-Executive)[5]

## SECRETARY

Zack Wilson

## REGISTERED OFFICE

7th Floor
30 Panton Street
London
SW1Y 4AJ

## AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL

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The Royal Bank of Scotland International
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London
EC2R 8BP

## REGISTRARS

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29 Wellington Street
Leeds
LS1 4DL

## NOMINATED ADVISER AND BROKER

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7th Floor
100 Liverpool St
London
EC2M 2AT

## JOINT BROKER

Berenberg
(Joh. Berenberg, Gossler & Co. KG,
London Branch)
60 Threadneedle Street
London
EC2R 8HP

## SOLICITOR

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

1 Appointed 31 July 2024
2 Appointed 29 November 2023
3 Appointed 1 May 2024
4 Retired 31 July 2024
5 Retired 31 July 2024

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