

Impax Asset Management Group plc **(the “Company”)**

Audit & Risk Committee

Terms of Reference

Dated: 12 December 2024

IMPAX ASSET MANAGEMENT GROUP PLC

7th floor, 30 Panton Street, London, SW1Y 4AJ, UK Tel: +44 (0) 20 3912 3000 Fax: +44 (0) 20 7434 1123 www.impaxam.com
Registered Office: 7th floor, 30 Panton Street, London, SW1Y 4AJ, Registered in England, Company Registration No: 3262305 VAT Reg No: 743707624

Purpose and Scope

The Committee has been established by the Board of the Company (the “Board”), to provide independent oversight of certain matters as further detailed in this document in relation to the Company and the regulated subsidiaries of the Company, on behalf of the Board of the Company.

Membership

The Committee members (each a “Member” and together the “Members”) shall consist of independent Non-Executive Directors, numbering not less than three, appointed by the Board. Each Member shall be free from any relationship that may interfere with the exercise of his or her judgment as a Member. At least one Member shall have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Chair of the Board (the “Board Chair”) shall not also be a Member.

A Chair of the Committee (the “Chair”) shall be appointed by the Board but, in the absence of the Chair and/or an appointed Director, the remaining Members present shall elect one of themselves to chair the meeting. The Chair must be a Member. The Members shall be appointed by the Board, in consultation with the Chair. The Committee shall appoint a secretary of the Committee (“Secretary”).

Appointments shall be for a period of up to three years, extendable by no more than two additional three year periods, provided the Directors remain independent.

All Board Directors have the right to attend Committee meetings. The Chief Financial Officer, Chief Risk Officer and the Secretary will be standing attendees. Other individuals, including external advisors, may be invited to attend as standing or ad hoc attendees, and for all or part of the meeting, as directed by the Chair.

Both internal and external auditors will be invited to attend meetings of the Committee.

Procedure

Quorum

The quorum for meetings of the Committee shall be two Members present in person or by telephone including video conferencing. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

At the discretion of the Chair and for ad-hoc matters only, the Committee may consider proposals made to it without meeting in person and approve them via email. A minimum of two Members are required to approve any proposal made.

Operation

The Committee shall meet as necessary and at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required, as decided by the Chair.

Outside of the formal meeting programme, the Chair will maintain dialogue with key individuals involved in the Company’s governance, including the Board Chair, the Chief Executive, the Chief Financial Officer, the external audit lead partner and internal audit lead partner.

Interests

Each Member shall disclose to the Committee:

- any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
- any potential conflict arising from a cross-directorship.

The remaining Members will then decide by majority vote if the Member may participate in discussions concerning the matters disclosed or vote on resolutions concerning the matters disclosed

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Reporting

The Secretary shall ensure that the proceedings and resolutions of all meetings of the Committee are minuted, including recording the names of those present and in attendance. The Chair shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall circulate minutes of Committee meetings promptly to the Chair of the Committee and then, after any comments made by the Chair have been addressed, to the remaining Members. Once all comments made by the Committee have been addressed to the Chair's satisfaction, the minutes shall be approved by the Chair.

The Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to relevant issues.

The Chair shall report formally to the Board after each meeting, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The Committee shall also report to the Board on how it has discharged its responsibilities, including but not limited to;

- the significant issues that it considered in relation to the financial statements and how these were addressed;
- its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor; and
- any other issues on which the Board has requested the Committee's opinion.

A separate section of the Annual Report shall list the Members and describe the work of the Committee in discharging its responsibilities.

The Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions relating to the duties of the Committee.

Scope

The Committee shall have oversight of the Company and its subsidiaries (the "Group") as a whole and (unless otherwise required by applicable regulation) carry out the following duties for the Company and its regulated subsidiaries (subject to overlap with the Company's Remuneration Committee) and advise the Board appropriately.

Duties

The Committee's duties include:

- those in respect of the Company only;
- those in respect of both the Company and activities performed for clients by the Group.

For the avoidance of doubt the Committee will not be responsible for monitoring or reviewing the financial reporting or the external audit of the financial reporting of funds managed by the Group.

Duties in respect of the Company only

Financial reporting

The Committee shall:

- monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance, including climate related financial disclosures, and review and report to the Board on significant financial reporting issues and judgments included within them, having regard to matters communicated to it by the auditor or advisers.
- review any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- monitor the Company's internal financial controls; and

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- review and challenge where necessary:
 - the application of significant accounting policies and any changes to them across the Company or Group;
 - the methods used to account for significant or unusual transactions where different approaches are possible;
 - whether the Company has followed appropriate accounting policies and made appropriate estimates and judgments, taking into account the external auditor's views on the financial statements;
 - the clarity of disclosure in the Company's financial statements and the context in which statements are made;
 - all material information presented with the financial statements, such as the Chief Executive's report and Directors' report (insofar as it relates to the audit and to risk management); and
- report its views to the Board if it is not satisfied with any aspect of the proposed financial reporting by the Company.

External audit

The Committee shall:

- consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- oversee the relationship with the external auditor including (but not limited to):
 - approval of their remuneration, including both fees for audit or non-audit services and ensure that the level of fees is appropriate to enable an adequate audit to be conducted;
 - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - assessing annually their independence and objectivity taking into account relevant legal, professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
 - agreeing with the Board a policy on the employment of former employees of the Company's auditor and monitoring the implementation of this policy;
 - monitoring the auditor's processes for maintaining independence, compliance with relevant ethical and professional guidance, including the rotation of audit partners,
 - monitor the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements;
 - assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
 - seeking to ensure the coordination of the external audit with the activities of internal audit;
 - evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee; and
 - developing and implementing a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- meet regularly with the external auditor (including once at the planning stage before the year end audit and once after the audit at the reporting stage) and at least once a year meet with the external auditor without management being present, to discuss their remit and any issues arising from the audit;
- discuss with the external auditor the factors that could affect the audit quality and review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and

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- review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - a discussion of any major issues which arose during the audit;
 - the auditor's explanation of how the risks to audit quality were addressed;
 - key accounting and audit judgments;
 - the auditor's view of their interactions with senior management;
 - any issues arising in respect of FCA related matters examined as part of the audit including any in respect of client money and custody of client assets; and
 - the level of errors identified during the audit.
- review any representation letter(s) requested by the external auditor before they are signed by management;
- review the management letter and management's response to the external auditor's findings and recommendations; and
- review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the external auditor, and the auditor's response to questions from the Committee.

Internal Audit

The Committee shall:

- approve the appointment or termination of appointment of internal auditors;
- review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work;
- annually approve an internal audit plan, ensuring that it is appropriate for the current needs of the Group and aligned to its key risks;
- review the findings of the internal audits performed;
- monitor the implementation of agreed actions and recommendations from internal audits performed;
- receive regular reports of work carried out and monitor the performance of the internal auditors, and whether the experience and expertise of internal audit is appropriate for the Group;
- ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fill its mandate;
- ensure that if required internal audit have access to the Board Chair and the Chair and are able to meet them without the presence of management if required; and
- carry out an annual assessment of the effectiveness of the internal audit function in the overall context of the Group's risk management system and the work of Compliance, Finance and the external auditor.

Duties in respect of both the Company and activities performed for clients by the Group

Whistleblowing and fraud

The Committee shall keep under review:

- the adequacy and security of the Group's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- the Group's procedures for detecting fraud.

Internal controls and risk management systems

The Committee shall keep under review:

- the design and effectiveness of the Group's risk management systems;
- internal control reports (ISAE 3402 or equivalent) prepared by the Company;
- the design and effectiveness of the Group's internal control systems that identify, assess, manage and monitor risks, and other risk management systems;
- the quarterly KRIs and relevant reporting from the Enterprise Risk Committee;
- the Internal Capital and Risk Assessment (ICARA) process applicable to subsidiaries;

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- the Group's Risk Appetite Statement, considering and reporting any material changes to the Key Risk Register, and whether the residual risks and implementation plans are appropriate for the Group, making recommendations of any changes to the Boards;
- the oversight of the report provided to the Remuneration Committee annually by the Chief Risk Officer which provides an overview of risk management during the relevant financial year, as set out in the Remuneration Risk Adjustment Policy; and
- approve the statements to be included in the annual report concerning internal control and risk management, including the assessment of principal and emerging risks.

Other matters

The Committee shall:

- have access to sufficient resources in order to carry out its duties;
- give due consideration to laws and regulations, the provisions of the Quoted Companies Alliance Corporate Governance Code and the requirements of the AIM Rules;
- oversee any investigation of activities which are within its terms of reference; and
- work and liaise as necessary with all other relevant committees, ensuring interaction between them particularly relating to risk management and internal controls; and at least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

The Committee is authorised:

- to seek any information, it requires from any employee of the Company or a regulated subsidiary in order to perform its duties;
- to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- to call any employee to be questioned at a meeting of the Committee as and when required.

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