

## **Audit and Risk Committee - Terms of Reference**

The Board of the Company (the "Board") has appointed a committee known as the Audit and Risk Committee (the "Committee"). The following are the terms of reference for the Committee which were approved on 29 March 2022.

### **IMPAX ASSET MANAGEMENT GROUP PLC**

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## **Membership**

The Committee shall consist of independent Non-Executive Directors, numbering not less than three, appointed by the Board. Each member of the Committee shall be free from any relationship that may interfere with the exercise of his or her judgment as a member of the Committee. At least one member shall have recent and relevant financial experience. The Chair of the Board shall not be a member of the Committee.

The Chair of the Committee 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 of the Committee must be an independent Director. The members of the Committee shall be appointed by the Board, in consultation with the Chair of the Committee. 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. Other individuals, including external advisors, may be invited to attend all or part of the meeting, as and when appropriate, including the Chief Compliance Officer, Director of Enterprise Risk Management, the Head of Operational Risk and the Head of Finance.

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 2 members of the committee are required to approve any proposal made.

### *Operation*

The Committee shall meet as necessary and at least three times a year, as decided by the Chair.

### *Interests*

Each member of the Committee shall disclose to it:

- 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 of the Committee 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.

### *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 of the Committee. Once all comments made by the Committee have been addressed to the Chair's satisfaction, the minutes shall be approved by the Chair.

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The Committee 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.

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

The Chair of the Committee 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 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 on behalf of clients.

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 Company or its subsidiaries.

### **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, reviewing significant financial reporting issues and judgments which they contain. The Committee shall also 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
- review and challenge where necessary:
  - the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company/Group;
  - the methods used to account for significant or unusual transactions where different approaches are possible;
  - whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
  - the clarity of disclosure in the Company’s financial reports and the context in which statements are made; and
  - 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 risk management).

#### *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, whether fees for audit or non-audit services and that the

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- 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 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); agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
- monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related 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;
- 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;
- meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 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;
  - any accounting and audit judgments;
  - 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;
  - 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 auditor's findings and recommendations; and
- develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

#### *Internal Audit*

The Committee shall:

- review and approve an internal audit plan;
- review the findings of the internal audits performed;
- monitor the implementation of agreed actions from internal audits performed;
- monitor the performance of the internal auditors;
- approve the appointment or termination of appointment of internal auditors; and
- challenge whether internal audit resources are adequate.

### **Duties in respect of both the Company and activities performed for clients**

#### *Whistleblowing and fraud*

The Committee shall:

- review the Company's arrangements for its employees 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
- review the Company's procedures for detecting fraud.

#### *Risk management*

The Committee shall:

- review the design and effectiveness of the Company's risk management systems;
- review internal control reports (ISAE 3402 or equivalent) prepared by the Company and monitor the

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findings of the auditors;

- review and approve an annual plan to test the design and effectiveness of risk controls;
- review the appropriateness and effectiveness of controls in place over risks identified;
- consider if residual risks are appropriate for the company;
- review the Group's Internal Capital and Risk Assessment (ICARA) process;
- review the Group's Risk Appetite Statement / related Key Risk Indicators; and
- review and approve the statements to be included in the annual report concerning risk management.

#### *Other matters*

The Committee shall:

- 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
- 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 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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