



Impax Environmental Markets plc

Annual Report & Accounts
For the year ended 31 December 2025

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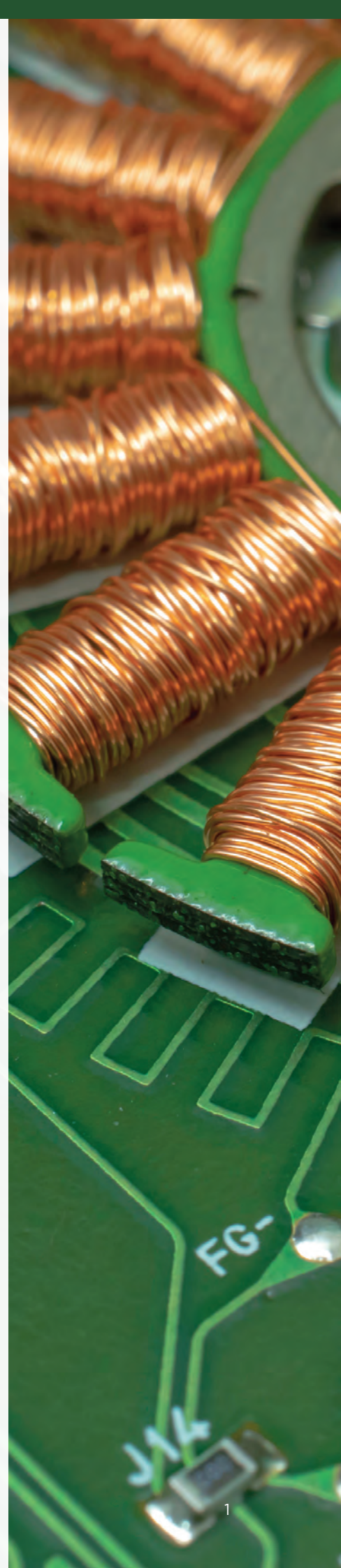
Impax Environmental Markets plc

The investment objective of Impax Environmental Markets plc is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste.

Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management (which includes sustainable food, agriculture and forestry).



Scan here for access to Impax Environmental Market plc's website, which will have the Company's latest Annual Report.



Financial Highlights

As at 31 December 2025

NAV per ordinary share with debt at fair value¹

426.4p

(2024: 427.6p)

Net asset value (“NAV”) per ordinary share with debt at bookcost

427.1p

(2024: 428.6p)

Ordinary share price

396.5p

(2024: 385.5p)

Ordinary share price discount to NAV^{1,3}

7.0%

(2024: Discount 9.8%)

NAV with debt at fair value¹

£812m

(2024: £1,026m)

Ongoing charges¹

0.91%

(2024: 0.84%)

Performance Summary²

For the year ended 31 December 2025, % change

NAV total return per ordinary share^{1,3}

0.9%

(2024: -0.4%)

MSCI AC World index⁴

13.9%

(2024: 19.6%)

Share price total return per ordinary share¹

4.3%

(2024: -2.6%)

Alternative performance measures (“APMs”)

The disclosures as indicated in footnote 1 are considered to represent the Company’s APMs. Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 88.

1 These are alternative performance measures (“APMs”).

2 Total returns in sterling for the year to 31 December 2025.

3 With debt at fair value.

4 Source: Bloomberg and FactSet.

IEM at a Glance

Overview

Impax Environmental Markets plc (“IEM” or the “Company”) is founded on the belief that, with insatiable demand for higher living standards on a finite planet, companies enabling the cleaner and more efficient delivery of basic needs – such as power, water and food – or mitigating environmental risks like pollution and climate change, can grow earnings faster than the global economy over the long-term.

IEM provides its shareholders with exposure to this exciting growth story. The Company invests in a well-researched and diversified portfolio of fast-growing, listed businesses. IEM’s Board of Directors (the “Board”) believes that investing in these companies can deliver superior risk-adjusted returns over the long-term. IEM continues to benefit from an expanding opportunity set of investable companies harnessing structural drivers. These include the digitalisation of industrial supply chains, rising demand for cost-efficient electricity and the increasingly urgent need for climate change adaptation.

The Manager

The Manager of IEM, Impax Asset Management (AIFM) Limited (the “Manager”, or “Impax”), uses a proprietary classification system to define these higher growth ‘Environmental Markets’. This approach has been in place since IEM was founded in 2002 and is overseen by a dedicated Impax team.

Today the classification system is made up of six sectors: Energy, Clean and Efficient Transport, Water, Circular Economy, Smart Environment and Sustainable Food. The range of activities included has naturally grown over the years as technologies advance and more industries begin to address the environmental challenges which they face.

To qualify for IEM’s investable universe, a company must derive at least 50% of its revenues from these Environmental Markets. The Manager invests across the market capitalisation spectrum. IEM’s investments include small and medium sized companies, which tend to focus their business models on fewer activities. However, as Environmental Markets have matured, larger companies are increasingly represented in the opportunity set and portfolio.

The Manager then follows a rigorous, performance-focused process based on bottom-up research to invest in proven and profitable companies. The breadth of the Environmental Markets opportunity set enables Impax to create a diversified portfolio spanning traditional sector boundaries. Once a company is purchased, its share price is continually monitored within the context of a live ‘valuation range’ which incorporates worst and best-case assumptions.

The Manager also maintains an active dialogue with the companies in which it invests. Doing so is central to optimising shareholder returns, helping to promote greater transparency around corporate issues and risk. Engagement outcomes, company valuations, as well as portfolio risk metrics and the macro outlook, all inform buy and sell decisions.

The Company

IEM’s goal is to deliver financial returns for shareholders. It benefits from an active, committed Board, as well as competitive fees. Additionally, the investment managers are personally invested, thus aligning themselves financially with shareholders.

By IEM focusing on Environmental Markets, the portfolio generates outcomes beyond financial returns. Annually, for each £1 million invested, enough clean, renewable energy is generated to power 31 homes, and the equivalent of 345 households’ water consumption and 103 tonnes of domestic waste are saved. Whilst the Manager does not target the UN Sustainable Development Goals in the investment process, 81% of portfolio company revenues were aligned with them in 2025.

“ IEM continues to benefit from an expanding opportunity set of investable companies harnessing structural drivers.”

Chairman's Statement

“ IEM offers broad spectrum exposure to one of the most significant and enduring themes of this century.”



Dear Shareholder,

The year under review was marked by considerable change for IEM. During this time, we welcomed a new portfolio manager to the Impax investment team, introduced a new benchmark, refinanced the Company's revolving credit facility, and navigated an increasingly complex shareholder landscape. A considerable portion of our time this year has been spent engaging with Saba Capital, the New York hedge fund and IEM's largest shareholder.

You will remember that at our 2025 AGM the Board recommended, and shareholders overwhelmingly approved, IEM's continuation – this reaffirmed their support for its long-term Environmental Markets strategy. The Board's recommendation was made, as I reported last year, after consultation with shareholders and a review of the investment processes at our Manager, Impax Asset Management. In last year's report I drew attention to the Board's wish to put in place a new thematic benchmark to replace the FTSE ET100 and further changes to the investment process of the Manager.

New Benchmark

The Board adopted the new thematic benchmark to work alongside the MSCI All Country World Index ("MSCI ACWI") in the fourth quarter of 2025. This is the Solactive Global Environmental Markets Specialists Index ("GEMS"), further details of which are set out in the Manager's Report. Its introduction as a formal benchmark, alongside that of MSCI ACWI, allows the Board and you, the shareholders, to understand how the Manager is performing against the Environmental Markets opportunity set. It also allows the Manager to calibrate risk more effectively.

Notwithstanding the outcome of the Exit Tender Offer, which I discuss later in this statement, and any review of the Company which may result from this, we expect to include GEMS next year in our assessment of how the portfolio has performed. But its impact is already evident in the review and consolidation of the portfolio, as also

explained in the Manager's Report. This work began earlier in the year, but has continued in the second half, in part supported by a change to the investment team.

We know from our regular engagements with Impax that this index has assisted in its portfolio managers' understanding of the opportunities and risks across IEM's investable universe. This in turn better facilitates understanding of risks against wider equity markets, as reflected by the MSCI ACWI, that many shareholders continue to use and adjudge performance against.

The Manager

After the thorough review undertaken by the Board, we welcomed Sanjeev Lakhani to the portfolio management team with effect from 1 October 2025, to work alongside Fotis Chatzimichalakis. Sanjeev has particular expertise in the analysis of Industrial companies, which form a material portion of IEM's portfolio. Fotis meanwhile continues his co-stewardship of the IEM portfolio, having been appointed to the investment team in 2015 and as a portfolio manager for IEM five years ago. The Board is encouraged by the way they have demonstrated the effectiveness of their working relationship so far and this fundamentally supports our confidence in Impax as the Manager.

Following a period of handover, Sanjeev replaced Jon Forster, who stepped away from front line portfolio management responsibilities at Impax in December 2025. Bruce Jenkyn-Jones, Co-Chief Investment Officer, also announced his retirement and stepped back from his responsibilities earlier in the year. I would like to thank Jon and Bruce for their contribution to the Company over many years.

Performance

During the year, the Company's net asset value rose 0.9%, while global equities as measured by the MSCI ACWI rose by 13.9%. This was a disappointing performance. IEM's share price over this period rose by 4.3%, reflecting a narrowing of the Company's discount.

Equity markets in 2025 continued to be characterised by the narrowness of their performance. Mega-cap companies focused on AI have pulled the MSCI ACWI higher, as have Financials. As these stocks fall outside IEM's investable universe, the Company was unable to

benefit from this concentrated outperformance. Consequently, IEM underperformed in 2025, as it had in the previous year for similar reasons. This relative underperformance is consistent with many other investment trusts, even those with different investment focuses, that have also reported weaker performance over similar periods.

Discount

Like almost all the investment trust sector, the Company's shares have traded at a discount to NAV. At 31 December 2025, the Company's shares traded at a discount to NAV, with debt at fair value, of 7.0% (2024: 9.8%). During the year the shares traded between a discount of 5.5% and 15.7% with an average discount¹ of 9.7% (2024: the shares traded between a discount of 7.2% to 17.5% with an average discount of 10.3%).

The discount is actively monitored by the Board and the Company's corporate brokers. During the period, the Board asked the Company's broker, Winterflood Securities, to operate a buyback programme targeted at mitigating the level and volatility of the discount on the share price versus net asset values. As a result, the Company spent £189 million buying back 49.5 million shares, or 20.6% of the issued share capital, at the start of the year, and this helped keep the discount at levels which have been in keeping with the average equity investment trust over the period.

Dividends

The Company's distribution policy, as approved by shareholders at the 2025 AGM, is to declare two dividends each year. On 1 August 2025, the Board announced a first interim dividend for this financial year of 1.9 pence per share, which was paid on 28 August 2025. The second interim dividend of 3.2 pence per share was declared on 3 February 2026 and paid on 6 March 2026. The total dividend per share paid for 2025 was therefore 5.1 pence per share, an increase of 2.0% on the 5.0 pence paid in respect of 2024. Noting that the Board does not expect dividends to form a significant proportion of total returns, it remains the Board's intention to pay out substantially all net revenue earnings by way of dividends.

Gearing¹

The Company has continued to utilise gearing throughout the year and has a combination of fixed and floating rate debt with a mix of maturity dates and interest rates. Gearing can be an attractive feature of investment trusts to enhance returns. The Company has used this tool for a number of years.

At the year end the aggregate of the Company's borrowings was £87.0 million, giving net gearing of 10.0% (2024: £83.1 million and 7.6%, respectively).

The Company has €60 million (equivalent to just over £50 million) of privately placed notes ("Loan Notes"), as set out in the table below:

Loan Note amount €'million	Loan Note amount £'million	Maturity 30 September	Interest rate
20	17.4	2030	Floating: 6m Euribor +1.35%
30	26.1	2033	Fixed: 4.48%
10	8.7	2035	Fixed: 4.63%

The Company refinanced its floating rate multi-currency revolving credit facility ("RCF") following the maturing of its two-year £80 million RCF with Scotiabank in September. The new 360 day rolling multi-currency £35 million RCF is with Bank of America and has a floating interest rate priced at Euribor +0.85%. An amount of €40.1 million (equivalent to £34.9 million) was drawn down at the year end (2024: €40.8 million and £33.7 million, respectively).

Other Changes

The Board made changes to the providers of company secretarial services and administration during the year, bringing onboard Juniper Partners ("Juniper"), the independent investment company specialists. The Board, working with the Manager in an in-depth tender process, was drawn to the breadth and depth of experience in the focus that Juniper has for investment companies like IEM and this was fundamental in their selection.

Similarly, the Board appointed Camarco, a strategic communications consultancy with a specialist team servicing financial services companies and investment trusts, in the fourth quarter.

The Challenge Posed by Saba Capital

Saba Capital acquired a 5% position in the Company in 2024. At the 2025 AGM, shareholders overwhelmingly voted in favour of the Company's continuation, reaffirming their support for IEM's long-term Environmental Markets strategy.

Saba has a history of being active and disruptive in other investment trusts, often causing uncertainty, instability, and significant costs. Recognising the potential risks, the Board consulted with shareholders to better understand their concerns regarding Saba's growing influence.

In the latter part of 2025, Saba began substantially increasing its holding, and now holds 22.1%, making it the Company's largest shareholder. During discussions with the Board, Saba made it explicitly clear that it does not share the Company's objectives or those of the majority of other shareholders. This presented the Board with a significant challenge: reconciling the conflicting objectives of shareholders while avoiding ongoing, destabilising and expensive disputes that the Board has seen elsewhere.

The first proposal, the Continuation Tender Offer (the "CTO"), was designed to allow all shareholders to exit at close to NAV while preserving IEM's specialist Environmental Markets strategy for those wishing to remain invested. The CTO included the specific condition

¹ This is an alternative performance measure as detailed on page 88.

Chairman's Statement

that required Saba to tender all, or materially all, of its shares. This would have resolved the impasse, enabling the Company to move forward with stability. However, despite repeated engagement with Saba throughout the tender period and the inclusion of a substantial financial contribution from the Company's Manager to enhance the offer, Saba declined to tender its shares. As a result, the conditions of the CTO were not met, and the proposal was unable to proceed.

When proposing the CTO, the Board considered that if Saba were to reject it, there would be no choice but to address the significant risks posed to shareholders who wished to remain invested. Without action, Saba could gain control of the Company and unilaterally change its objectives, strategy, and mandate, against the stated wishes of the majority of shareholders. This is how we arrived at the Exit Tender Offer.

The Board believes that maintaining the status quo presents too many risks for shareholders. Doing nothing risks prolonged instability, significant costs, and a much worse outcome for shareholders. As a result, we have now proposed the Exit Tender Offer, which offers all eligible shareholders the opportunity to sell up to 100% of their shares for cash at close to NAV. This allows shareholders to avoid the risk of being trapped in a company where Saba could gain control, with the power to fundamentally alter the Company's strategy, objectives, and even its mandate.

We endorse the position taken by the Association of Investment Companies, which has raised concerns about the risks to shareholder rights across the investment trust sector¹. Saba has targeted a number of investment companies, often focusing on exploiting share price discounts to NAV for short-term profit. However, in IEM's case, Saba's rejection of the CTO, which would have delivered an exit at close to NAV, suggests that its motives may go beyond arbitrage and potentially extend to gaining control over the Company. Unfortunately current law and regulation does not provide an effective mechanism to defend against such situations on behalf of the rest of the shareholder base. The FCA has recently announced a review of the closed ended investment funds listing rules².

The Board remains confident in the compelling growth prospects of Environmental Markets and in Impax Asset Management's deep sector expertise. Combined with the recent strategic reset of the portfolio, the Company is well-placed to deliver on shareholders' financial and environmental objectives. It is therefore a source of considerable regret that Saba's presence and motives may lead to this investment opportunity being lost to shareholders.

Board

Aine Kelly was due to step down at the 2026 AGM, however given the uncertainty caused by Saba's actions, she has agreed to remain on the Board for an additional

year to provide continuity and stability. The Board's composition and a replacement for Aine will be considered once the results of the Exit Tender Offer are known.

I would like to take this opportunity to thank the Board for their extraordinary commitment to IEM over the past year. The time and effort required to address the challenges posed by Saba's growing influence have been significant, and I am deeply grateful for their dedication and professionalism during this period. I am also grateful for the guidance and support of our advisers in these difficult times. I especially commend the services of Juniper, which took on a new mandate and was instantly catapulted into the world of corporate events.

Annual General Meeting

The AGM of the Company must be held by the end of June 2026. The Company will convene its AGM after the outcome of the Exit Tender Offer is known. A separate circular, including the Notice of AGM and full details of the resolutions to be proposed, will be sent to shareholders in due course. In the meantime, the Company's website at www.iemplc.co.uk can be used to access more insights and also to subscribe for regular communications.

Outlook

The Board remains confident in the long-term potential of the Environmental Markets sector. Recent geopolitical events, including the Iran war and rising oil prices, have accelerated the global focus on energy policy and energy independence, particularly in Asia and Europe. This has provided a fresh impetus for economies to transition away from hydrocarbons and towards renewable energy and nuclear power, further supporting the sector's growth prospects.

The Board continues to believe that retaining the Manager is in the best interests of shareholders. The Manager has implemented significant changes to the portfolio and enhanced its risk management. These changes, combined with the sector's strong fundamentals, give the Board confidence that the foundations are in place for improved performance going forward. Allowing time for the portfolio's recent strategic adjustments and the new benchmark to deliver their intended benefits is critical to achieving long-term success.

However, the uncertainty caused by conflicting shareholder objectives remains a significant challenge. While many shareholders wish to remain invested in IEM and its focus on Environmental Markets, Saba's presence has introduced considerable instability.

It is with profound regret, therefore, that I write this Chairman's Statement in the knowledge that steps have been required in the form of the Exit Tender Offer, to protect shareholders.

1 <https://www.theaic.co.uk/aic/news/press-releases/aic-welcomes-fca-listing-rules-review>
2 <https://www.fca.org.uk/news/statements/uk-listing-rules-investment-entities-review>

Shareholders have chosen IEM for its focus on Environmental Markets, but circumstances beyond the Board's control, including the presence of a large minority shareholder with conflicting objectives, enabled by insufficient protections under UK regulations, have forced the Board to take action that none of us would otherwise have wished to take.

Glen Suarez, Chairman
27 March 2026

Manager's Report



Sanjeev Lakhani
Investment Manager



Fotis Chatzimichalakis
Investment Manager

Both IEM and global equity markets saw significant change in 2025. In the case of IEM, we were able to reset the direction of travel. We began the process of portfolio consolidation towards the end of last year.

Doing so recognised that the operating environment for many of our investee companies had changed, at the same time as falling valuations had opened up new opportunities. Moving from 60 towards 50 stocks, whilst also increasing the size of the top ten to approximately 30%, reflected our desire to express greater conviction in this refreshed portfolio.

At the same time, we worked closely with the Board to create the Solactive Global Environmental Markets Specialists Index (“GEMS”). It replaces the FTSE ET100, which had become unrepresentative of IEM’s opportunity set as its methodology evolved. This Index provides insight into the opportunity set of investible companies listed around the world which operate within the Environmental Markets theme to which IEM seeks to provide exposure. As the Chairman has observed, it gives us as portfolio managers, and you as shareholders, a more accurate gauge of the portfolio’s relative performance and positioning. IEM’s portfolio will not be constrained by this new index and the MSCI All Country World Index (“MSCI ACWI”) remains key as the long-term performance reference against wider equity markets. However, by focussing on companies which fulfil the Environmental Markets standard, the GEMS has some material differences. The diversification can be seen from significant deviations in stocks and at the sector/regional level. For example, at the time of its introduction Energy was less than 0.2% of GEMS vs 3.4% of MSCI ACWI, while Industrials were 41.6% vs 10.7%. Similarly, the United States account for 55.8% of GEMS vs 64.7% of MSCI ACWI.

The impact of these changes is starting to be felt. In 2025, the portfolio’s holdings with exposure to electrification and data centres, to which we have been steadily adding, delivered strong returns. Other poorly performing areas in which we had consolidated, such as renewable energy and bioprocessing, turned a corner. Persistently weak sectors have either been exited

entirely, as with packaging, or concentrated into our highest conviction stocks, as with natural ingredients.

Our new team setup has been instrumental to these decisions. Having worked together as portfolio managers on Impax’s Climate strategy, as well as on stock research more broadly across Impax, we have an established partnership with complementary areas of expertise. Jon Forster, who has stepped away from his role as co-Portfolio Manager, has also made an invaluable contribution to IEM over the years. Jon will continue to do so in his more focused duties analysing companies.

Global Market Review

MSCI ACWI in GBP delivered solid gains in 2025. In another concentrated year for equity returns, investor attention was dominated by tariffs, AI and fears of a softening globally important US economy. Markets were also shaped by a persistent weakening of the US dollar. As a result, communication services and IT stocks made double digit gains, while both the consumer discretionary and consumer staples sectors barely moved.

Donald Trump’s return to the White House ensured that, once again, the US transfixed investors. An eventful year saw the longest government shutdown in history, challenges to US Federal Reserve (“Fed”) independence, and the bombing of Iranian nuclear sites. Yet it was ‘Liberation Day’ tariffs which prompted a 19% pullback in the stock market¹. While US consumer confidence weakened throughout the year² and unemployment rose to 4.6%, the US economy remained relatively healthy, bolstered by three interest rate cuts from the Fed. The administration also quickly showed its willingness to negotiate, prompting the so-called ‘TACO trade’³, with equities climbing back up to all-time highs.

Much of the strength of both the US and global stock market has been attributed to AI, or more specifically, investments being made in its development. According to JP Morgan, AI-related capex accounted for over a percentage point of US GDP growth in the first half of 2025, outpacing consumer spending, which is usually the largest driver of US economic growth⁴. Events like the launch of DeepSeek have threatened to derail investors’

1 S&P 500 returns from February 19 to April 8. Source: Bloomberg, as of 31 December 2025.

2 US Consumer Confidence, Source: The Conference Board, 24 February 2026.

3 Acronym: “Trump Always Chickens Out”.

4 Is AI already driving U.S. growth?, Source: J.P. Morgan Asset Management, published December 2025.

enthusiasm for AI, but the pace of spending shows no signs of stopping. With the likes of **Meta** (formerly Facebook – not held) reaching capex to sales ratios of almost 40%, their investments are touching sectors from semiconductors to energy generation, cooling to construction.

However, there were some signs of investor appetites broadening out. Prompted both by a disruptive US administration and low starting valuations, investors were drawn to non-US equities. Europe and Emerging Markets performed strongest, helped further by a weakening US dollar. In Europe, the election of Chancellor Merz in Germany and a focus on rearmament boosted defence stocks. Japanese equities also outperformed, lifted by a combination of robust corporate earnings, shareholder friendly reforms and, latterly, the election of Sanae Takaichi a pro-market Prime Minister.

There were also several sectors impacted by idiosyncratic factors. Materials made some of the strongest gains, as gold prices soared to record levels. Financials – which generate insufficient environmentally-related revenues to it within the opportunity set – recorded yet another year of robust returns, benefiting from the prospect of deregulation, volatility-driven trading, and increased M&A. Lastly, plans by the US government to implement ‘most favoured nation’ pricing on top of tariffs made the health care sector one of the year’s worst performing sectors. This reversed rapidly when, at the end of September 2025, the administration announced a deal to lower the cost of various medicines with **Pfizer** (not held).

Key Developments and Drivers for Environmental Markets

Global Acceptance of Nuclear Energy

As we look ahead, we see nuclear power growing in its use as a renewable source of energy. In 2025, policymakers moved away from post-Fukushima caution to embrace nuclear as a source of both energy security and clean power. Global momentum gathered pace in late 2024, with the signature of a Declaration to Triple Nuclear Energy by 2050 at COP 29⁵. National initiatives subsequently proliferated: the US issued a series of executive orders⁶ to expand its nuclear fleet and streamline permitting, Germany dropped its opposition to French nuclear power as a source of clean energy⁷, while the UK government announced the development of its first small modular reactors in Wales⁸. Multilateral institutions also opened the door to new nuclear projects, with the World Bank ending its ban on financing new projects⁹.

Rhetoric was matched by tangible measures. According to data from the World Nuclear Association, there are

around 70 reactors under construction today, with a further 115 planned. This is a meaningful increase on the 440 reactors operating today, which generate approximately 400 GW of power. At the same time, there has been clear progress made in technology, political support and the mining, as well as disposal of fuel. While China and India have some of the largest buildouts planned, the US has struck several major federal-private partnerships with Westinghouse and Brookfield to deliver new plants¹⁰. In the UK, the government signed off on Sizewell C, its first new nuclear power station since 1995.

Nuclear therefore, will play a growing role in meeting rising demand for clean, affordable and reliable energy. As a result, Impax has begun counting nuclear energy revenues into its Environmental Markets classification system. This is not a change to IEM’s investment process, but rather reflects the evolving nature of market themes and the way that we continually reassess our opportunity set. All potential issuers remain subject to our Corporate Resilience (formerly ESG) Analysis.

The One Big Beautiful Bill

Government policy is not the primary driver for stocks within the IEM portfolio. Instead, we search for companies within Environmental Markets whose products and solutions make economic sense, with attractive business models that are undervalued. That said, Donald Trump’s One Big Beautiful Bill Act (“OBBBA”) contains several policy changes providing short-term stimulus to the US economy. These include extending individual and corporate tax cuts, additional incentives for companies reshoring industrial production and an expansion of activities covered by R&D tax credits. With 49% of the portfolio listed in the US, and almost half of that in industrials, these could provide strong tailwinds going into next year.

While the OBBBA also marked a clear negative shift in US federal policy support for renewable energy, most valuations were already sufficiently pessimistic for the bill to act as a clearing event, boosting share prices.

The primary mechanism for this was accelerating the rollback of clean-energy tax incentives established under the Inflation Reduction Act. Notably, the legislation eliminated electric vehicle (“EV”) tax credits outright and brought forward the phase-out of solar and wind investment and production tax credits to the end of 2027. In parallel, the bill tightened so-called Federal Entity of Concern (“FEOC”) rules, restricting access to credits for projects with links to China.

IEM’s potentially impacted holdings (across renewable energy and EVs) accounted for approximately 10% of the portfolio, with most reacting positively. The final version

5 Six more countries endorse the Declaration to triple nuclear energy by 2050 at COP29, Source: World Nuclear News, 13 November 2024.

6 Deploying Advanced Nuclear Reactor Technologies for National Security, Source: The White House, 23 May 2025.

7 Germany drops opposition to nuclear power in rapprochement with France. Source: Financial Times.

8 North Wales to pioneer the UK’s first small modular reactors. Source: GOV.UK, 13 November 2025.

9 World Bank Group and IAEA formalise partnership to collaborate on nuclear energy for development, Source: World Bank Group, 26 June 2025.

10 United States Government, Brookfield and Cameco announce transformational partnership, Source: Brookfield Renewable Partners, 28 October 2025.

Manager's Report

of the OBBBA was also materially less punitive than earlier drafts. Construction-start deadlines were relaxed, proposed excise taxes on solar and wind were dropped, and important carve-outs were preserved for energy storage, geothermal and nuclear projects. Consequently, our position in **Ormat Technologies**, a geothermal company, not only continues to benefit from tax credits, but is benefiting from accelerated permitting.

Battery Technology Advances and Falling Costs

Technological progress and falling battery costs are driving rapid growth in electric vehicle and stationary energy storage system ("SESS") markets. Bloomberg New Energy Finance's 2025 annual price survey found that the average price for lithium-ion battery packs dropped 20% in 2024 to \$115/kwh, a reduction of more than 10x since 2010. Economies of scale and a highly competitive market means that today, some battery packs made in China cost as little as \$94/kwh.

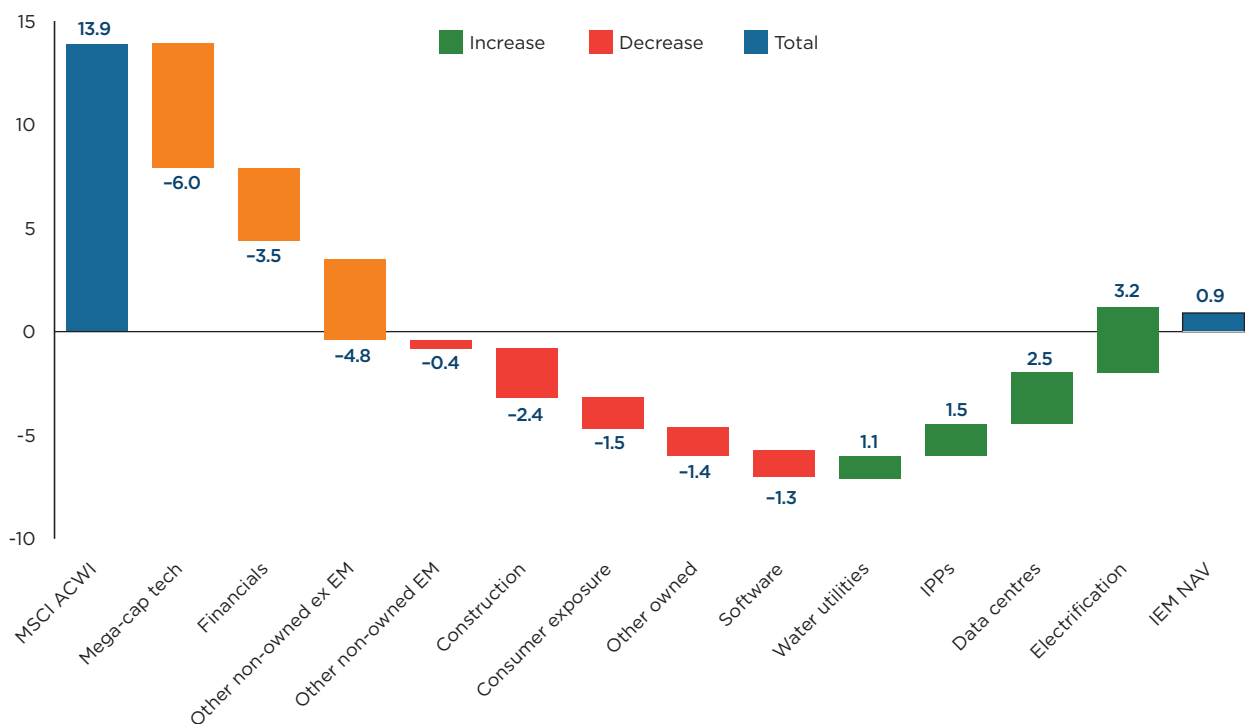
As a result, Chinese EVs are now cheaper than equivalent internal combustion engines and account for more than 50% of new car sales in China¹¹. Furthermore, the export of cheaper battery cells to Europe has enabled a rebound in growth to 30% year-on-year, with EVs making up 17% of all new car sales¹². By contrast, in the heavily protectionist US

market EV sales are entering a period of steep declines from an already low base¹³.

Chinese companies already command a market share of over 90% in SESS. This is because the dominant technology in the space is lithium iron phosphate ("LFP"), a battery cell chemistry currently only available from Chinese manufacturers. SESS growth is being driven by utility scale installations which aim to balance the intermittency of renewable energy, with forecasts predicting an annual growth rate of 30% out to 2030¹⁴. As battery technology improves and costs continue to fall, SESS will provide the backbone for energy that is clean, affordable and available whenever it is needed.

Despite its relatively short history, the battery industry has already seen several cycles of 'boom and bust'. These have been compounded by instances where technology has become rapidly obsolete. As a result, scale matters, across R&D, manufacturing and cell chemistry diversification. These criteria underpin IEM's investment in the Chinese battery producer **Contemporary Amperex Technology Limited ("CATL")**. The company has approximately 40% global market share in both EV and ESS, with leading edge battery technology, manufacturing scale and cost advantage. As a result, CATL is able to earn a 15% operating margin¹⁵ even as its competitors struggle to break even.

IEM Performance Waterfall 2025: Bridging the Gap from MSCI ACWI to NAV Total Return



Source: Bloomberg (as amended) and MSCI as at 31 December 2025.

11 China NEV retail rebounds to 991,000 in March 2025, Source: CnEVPost, 9 April 2025.

12 Europe's EV Boom Was Real in 2025. The Real Fight Starts in 2026, Source: InsideEVs, 31 December 2025.

13 EV Market Monitor - November 2025, Source: Cox Automotive, 15 December 2025.

14 CATL IPO Prospectus, Source: Contemporary Amperex Technology Co., Limited (p.107).

15 CATL FY 2024 results.

In 2025, IEM's portfolio delivered a total return of 0.9%, lagging global equities as measured by the MSCI ACWI, which returned 13.9%. The chart on page 10 shows the drivers of returns against MSCI ACWI.

Independent Power Producers ("IPPs") made robust gains thanks to several factors. Having derated significantly from their 2022 peaks, the likes of **EDP Renovaveis** – a Portuguese renewable energy company – saw their valuations bottom out and inflect upward. This was driven in part by a spate of private equity takeovers, which crystallised value, while tariff-driven uncertainty in an expensive market prompted a rotation into defensive sectors like Utilities. Further, as detailed above, the OBBBA served as a clearing event for all renewable stocks. Consequently, **Ormat Technologies**, the portfolio's best performer, has benefited from continued tax credits, reduced planning times and increased demand for its stable, baseload geothermal energy. It also reported robust results, with enhanced geothermal system technologies boosting investor expectations for the future.

Water Utilities also benefited from investors seeking attractively valued defensive stocks. In the case of **American Water Works**, a US-based utility, a substantial rally prompted a disposal of the shares. In the case of France's **Veolia Environment** and Brazil's **SABESP**, strong operational delivery has kept them in the portfolio even after very strong runs. Veolia, in particular, reported solid revenue and margin growth, bolstered by the integration of its former peer, Suez. November's acquisition of Clean Earth, a US hazardous waste company, further highlights Veolia's push into both higher value-add activities and international markets.

For over a decade, digital infrastructure stocks have been a steadily growing weight in IEM's portfolio. From bleeding edge semiconductors to process-optimising software, these companies play a pivotal role in improving the resource efficiency of modern economies. The immense build out of data centres for AI has provided many such businesses with a new growth driver, giving IEM exposure to the "picks and shovels" of this modern gold-rush. Among the portfolio's top contributors, **Monolithic Power Systems** produces highly efficient power management circuits. Its partnership with Nvidia (not held) has been central to its c.25% annualised revenue growth since 2018¹⁶, while a recovery in its broader consumer, automotive and industrial end-markets has further lifted the stock.

Collectively, stocks supporting electrification made one of the biggest positive performance contributions. Ageing infrastructure, technological change and the increasing pressures of climate change mean that investing in grids, cables and transformers is now an existential issue for developed and developing economies alike. Here too, AI has focused investor attention, with power hungry data centres already accounting for over 4% of US electricity demand¹⁷. This shift, alongside strategic M&A, has helped Italian-listed **Prysmian** transform from a low margin, cyclical cable producer to a robust business with high earnings visibility and a share price to match.

Relative Performance Analysis

Performance relative to MSCI ACWI	12 Months ended 31 December 2025 %
NAV total return	0.9
MSCI ACWI total return	13.9
Relative performance	(13.0)
Analysis of relative performance:	
Portfolio total return	0.6
MSCI ACWI total return	13.9
Portfolio underperformance	(13.3)
Borrowing:	
Gearing effect	-
Finance costs	(0.4)
Management fee	(0.8)
Other expenses	(0.2)
Trading Costs	(0.5)
Share transactions:	
Buybacks	2.1
Tax	-
Other	0.1
Total relative NAV performance	(13.0)

These areas of strength within the portfolio were set against two sources of relative weakness. The first, and biggest driver of relative underperformance, came from not owning stocks which lie outside the strategy's investable universe because they derive less than 50% of their revenues from Environmental Markets. Continued share price momentum in AI-focused, mega-cap tech stocks, as well as financials accounted for almost 70% of all global equity returns as measured by the MSCI ACWI. Other non-owned stocks outside of Environmental Markets, account for more than the remaining difference between portfolio performance and that of the MSCI ACWI.

Within the portfolio itself, the biggest areas of challenge were companies with exposure to US construction and US consumer spending. Holdings in both sectors waned in the face of tariffs and ensuing economic uncertainty. **Trex** was the portfolio's weakest performer, with shares dipping around 'Liberation Day' despite having a largely domestic supply chain. Shares in the recycled decking producer fell further in Q4 when management lowered full-year revenue guidance. **Carrier Global** similarly detracted as the HVAC company reported weaker US residential volumes and a material guidance cut. However, with construction markets near cyclical lows, we believe these are temporary setbacks for attractively priced stocks.

16 MPS Investor Overview – Q3 2025, Source: Monolithic Power Systems (MPS), 2025.

17 What we know about energy use at U.S. data centers amid the AI boom, Source: Pew Research Center, 24 October 2025.

Manager's Report

In the consumer space, our verdict has been less sanguine. There has been widespread evidence of customers downtrading to cheaper products impacting revenue growth for companies like **Croda**, a speciality chemicals producer, and **Graphic Packaging**, which makes paper-based packaging for higher end consumer goods. Similarly, **Corbion**, a fermentation specialist, continues to see weak demand, with slim margins failing to justify ambitious capital expenditure decisions. As a result, we sold these holdings, consolidating into the likes of **Novonesis** and **Borregaard**, which have demonstrated more pricing power.

A final headwind for the portfolio was its software holdings. These businesses fulfil niche industrial applications such as the management of construction projects (**Trimble**), or the design of large-scale infrastructure (**Bentley Systems**). These stocks had performed well throughout the year, delivering robust earnings updates and generally being seen to benefit from incorporating AI technology. Yet by the fourth quarter, large language models were sufficiently sophisticated for some investors to fear it's potential to disrupt or even replace software businesses entirely. This prompted a sharp pullback in software stocks, even as shares in hardware producers made continued gains.

We are following developments in AI closely. There will no doubt be some use cases where AI is good enough to replace dedicated software. However, this is unlikely to be the case in highly regulated markets such as construction, where the cost of failure is a potential loss of life. Given the indiscriminate nature of selling across software, we have taken some profits to insulate the portfolio from downside risk. Nonetheless, our long-term

conviction in the space remains and a meaningful pullback in valuations could prompt us to increase exposure.

Portfolio Positioning and Trading

As has already been referenced, over the course of 2025 there was a concerted effort to consolidate into a more focused portfolio of high quality and high conviction holdings. This process began with a wholesale review of the portfolio in the second half of 2024, during which Sanjeev Lakhani, by this time Co-Portfolio Manager on the strategy, was actively involved. Work focused on identifying stocks across three categories:

- i **Limited upside available** (stocks which were approaching our target valuation range).
- ii **Fragile business models** (which might struggle in adverse macroeconomic conditions).
- iii **"Up or out"** (small positions without conviction to add).

At the same time, successive years of narrow equity outperformance had left some companies in Environmental Markets on compelling valuations. Market volatility around Liberation Day further highlighted these opportunities, categorised into:

- i **Attractive growth** temporarily trading at a discount.
- ii **Defensive business models** with good upside potential.

Examples of these decisions include:

Buys	Environmental Market Sub-Sector	Category	Rationale
KLA	Water Efficiency	Attractive growth opportunity	Semiconductor yield specialist bought at compelling valuation due to fears around data centre spending
Novonesis	Sustainable Agriculture	Defensive business model	A specialist in enzymes and biochemical technology with a track record of delivering robust margins backed by global scale and diversified consumers
Sells	Environmental Market Sub-Sector	Category	Rationale
American Water Works	Water Utilities	Limited upside	Economic uncertainty and a defensive rotation drove a rally beyond our target price
Corbion NV	Sustainable Agriculture	Up or out	Weak demand in the context of elevated capex prompted an exit on share price strength
Norma	Water Distribution & Infrastructure	Fragile business model	Tariff sensitive business model with limited growth visibility

The result of these trades is that as of 31 December 2025, and compared with the end of 2024, the portfolio has more weight in its top ten (29.6% up from 25.5%) and is higher quality in terms of return on equity (16.1% vs 14.0%). A full breakdown of the portfolio is detailed on the following pages.

Valuation and Growth

As of 31 December 2025, IEM's portfolio had an aggregate next 12 months' (or forward) price-to-earnings (PE) ratio of 21.2x. This is higher than the measures of both the MSCI ACWI (18.7x) and the GEMS (19.8x). IEM's

richer valuation reflects a sector and style tilt typical of the investable universe. For example, compared with the MSCI ACWI, IEM owns no financial or energy stocks (which tend to trade at lower multiples of their earnings), as there are very few companies in these sectors which derive 50% of their revenues from Environmental Markets.

Similarly, our preference is for companies with high growth potential and consistent earnings delivery. These typically trade at a PE premium to the broader market. At the end of the year, IEM's forward earnings growth rate¹⁸ was 13.3%, compared to the MSCI ACWI's 9.8% and

18 Next 12 months earnings/last 12 months earnings.

the GEMS 12.0%. For a rate of growth that is 36% and 11% superior respectively, IEM's portfolio trades at only a 13% and 7% PE premium. In other words, shareholders in IEM are paying less per unit of forecast growth than they are in a broader market index, adding evidence to the opportunity set seen in Environmental Markets.

IEM's portfolio PE premium has fluctuated over the course of the past year, but consistently occupied a range well below the Company's ten-year average. This reflects both the extraordinary concentration which has taken hold of equity markets over the past three years and the continued sentiment headwinds across overtly "sustainable" companies. Against this backdrop, we believe the portfolio continues to offer a compelling mix of high active share, robust earnings growth and attractive valuation relative to the broader market.

Outlook

Geopolitical events are once again at the forefront of investors' minds in 2026. Under the so-called 'Donroe Doctrine' (a widely used description of President Trump's reported updating of the US's 19th Century Monroe Doctrine), the US has threatened to acquire Greenland, extracted Venezuela's President Maduro, and invaded Iran. As a result, volatility has increased, energy prices have surged, and the prospect of resurgent inflation is looming.

However, the correlation between wars and longer-term equity performance is modest at best. Moreover, whether on tariffs or Tehran, Donald Trump has repeatedly shown his willingness to walk back from the brink of anything which could inflict meaningful pain on the US economy. Less than two weeks after the death of Ayatollah Khomeini, the President declared war in Iran "very complete, pretty much"¹⁹, reversing much of the previous week's trading.

As long-term investors focused on the opportunities within Environmental Markets, these periods of heightened volatility can create valuation dislocations for us to exploit. Energy price shocks also tend to accelerate investment in areas such as energy efficiency, renewables, and battery storage, where we have both holdings and analytical expertise. With the bulk of Iran's oil going to Asia, these areas in particular remain in focus.

Away from geopolitics, there are signs of a more substantial market shift. Mega-cap technology stocks have pulled back as depreciation costs mount and commensurate returns on investment are less immediately evident. At the same time, with AI spending expected to top \$660 billion in 2026, investors are already paying more attention to the 'picks and shovels' of AI – such as power management and cooling – where we naturally have more exposure.

Against this backdrop, we believe IEM's portfolio continues to offer a compelling mix of high active share, robust earnings growth and attractive valuations relative to the broader market. Recent changes also mean the portfolio owns more companies with recurring revenues, bolstering its economic defensiveness despite – as detailed in our Spotlight article – its high level of exposure to ostensibly cyclical sectors like Industrials. This broader appeal is particularly the case when so many investors continue to be concentrated in a limited number of stocks. Such conditions underscore the value of active management and a focus on fundamentals.

Investment Managers

Fotis Chatzimichalakis

Sanjeev Lakhani

27 March 2026

19 Oil and gas prices fall after Trump says war is 'very complete'. Source: BBC News, March 2026.

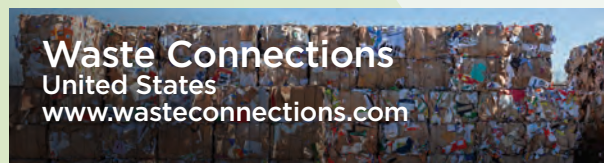
Ten Largest Investments

As at 31 December 2025



Air Liquide is a global supplier of gases for industrial and healthcare markets. From semiconductors to food production, its products help customers improve both energy and water efficiency, as well as cutting emissions. Air Liquide operates in an oligopoly with deeply embedded customer relationships, and benefits from long-term (10+ years) take-or-pay contracts with cost pass-through clauses. As a result the business has a uniquely resilient yet pro-cyclical profile.

4.4% of net assets (2024: nil%)



Waste Connections is a US-based waste management company, providing transfer, treatment and recycling services. By targeting markets where it enjoys exclusivity or minimal competition, Waste Connections benefits from high route density, low capex needs and long-lasting contracts. Waste Connections is actively consolidating a highly regulated market, with pricing power to expand margins.

3.9% of net assets (2024: 1.5%)



Siemens Energy is a global technology company providing products and services for energy and industrial applications. Its three main segments are Grid Technologies, Gas Services, and Transformation of Industry, complemented by a majority stake in the wind turbine manufacturer Siemens Gamesa. The company plays a critical role in enabling the energy transition by modernising grids, improving energy efficiency, and expanding renewable energy capacity. With exposure to structural trends like electrification, decarbonisation, and energy security, Siemens Energy has a clear path to higher earnings growth.

3.6% of net assets (2024: nil%)



Trimble is a leading provider of software and hardware for the construction and transportation industries. Trimble's suite of construction software gives engineers a central resource from which to design, schedule and execute the build-out of projects. Its transportation services use GPS data, as well as vehicle monitoring systems, to optimise driver safety and route planning. Both sectors remain highly under-digitised, and in construction Trimble claims that its solutions can contribute efficiency gains of up to 50%, and cost savings of up to 30%.

3.2% of net assets (2024: 3.2%)



Xylem is a "one stop shop" for water infrastructure, treatment, metering and monitoring solutions. Its products address pressing supply challenges such as water scarcity and quality, against a backdrop of increasing demand from urbanisation and more volatile environmental pressure. Markets are highly regulated and have defensive growth characteristics. Following years of material M&A, Xylem has a strong management team focused on simplifying the business and boosting margins.

3.1% of net assets (2024: 1.6%)



Novonesis is a global leader in industrial biotechnology, formed from the merger of Novozymes and Christian Hansen. The company operates across food, agriculture, and bioenergy markets, providing enzymes, cultures and microbial solutions that improve productivity and sustainability. Its innovations enable customers to reduce energy use, cut emissions and optimise raw material utilisation. With strong positions in natural ingredients and bio-based technologies, Novonesis is well positioned to expand margins through innovation and rising demand for sustainable food production.

3.1% of net assets (2024: nil%)



Contemporary Amperex Technology
China
www.catl.com

CATL is a Chinese multinational specialising in the production of batteries for electric vehicles (EVs) and energy storage systems (ESS), as well as battery recycling. With batteries accounting for up to 40% of an EV's total cost, improving range and bringing down prices helps decarbonise transportation. At the same time, the widescale deployment of ESS is a clear means of addressing renewable energy's intermittency problems. CATL is the world's largest EV battery producer by market share and has a track record of technological innovation across battery chemistries. At the same time, its integrated supply chain and global scale enables it to be competitive on pricing.

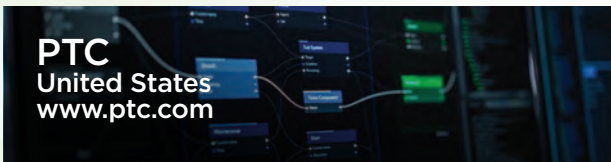
2.9% of net assets (2024: nil%)



Veolia Environment
France
www.veolia.co.uk

Veolia is a global leader across essential water, waste and energy services. As a global operator with top-3 positions across its regions and end-markets, the company benefits from an irreplaceable infrastructure network, long-term customer relationships (90%+ contract renewal rates) and cross-business synergy. After integrating the Suez acquisition, Veolia is well positioned for an acceleration in growth over the next five years driven by higher margin parts of the business.

2.8% of net assets (2024: nil%)



PTC
United States
www.ptc.com

PTC's software helps industrial companies create a digital thread between designing, manufacturing and servicing physical products. These solutions help to increase resource efficiency and eliminate waste in industrial processes. Operating in a market with high barriers to entry and low customer turnover, PTC is using its established market position to emerge as a leader in increasing numbers of connectivity platforms and is benefiting from high recurring revenues (c.80%).

2.8% of net assets (2024: 3.4%)



Littelfuse Inc
United States
www.littelfuse.com

Littelfuse is a global leader in circuit protection and power management technologies, serving automotive, industrial, and electronics sectors. Its portfolio includes fuses, semiconductors, sensors and relays that ensure electrical safety, improve energy efficiency, and support electrification trends. The company benefits from structural growth in electric vehicles, renewable energy, and industrial automation, leveraging strong engineering capabilities and a diversified customer base. Littelfuse's solutions help reduce downtime, prevent electrical hazards, and optimise power usage, positioning it as a key enabler of safer, more sustainable electrical systems worldwide.

2.6% of net assets (2024: 2.4%)



“ IEM’s portfolio continues to offer a compelling mix of high active shares, robust earnings growth, and attractive valuation relative to the broader market. ”

Details of Individual Holdings

As at 31 December 2025

All shares are ordinary shares unless otherwise stated.

Company	Sector*	Country of main listing	Market value £'000	% of net assets
Air Liquide	Energy Management & Efficiency	France	36,118	4.4
Waste Connections	Resource Efficiency & Waste Management	United States	31,654	3.9
Siemens Energy	Wind Power Generation Equipment	Germany	29,480	3.6
Trimble	Efficient IT	United States	26,042	3.2
Xylem	Water Distribution & Infrastructure	United States	25,191	3.1
Novonesis	Sustainable Agriculture	Denmark	25,021	3.1
Contemporary Ampere Technology	Advanced Road Vehicles & Devices	China	23,929	2.9
Veolia Environment	Water Infrastructure & Technologies	France	23,026	2.8
PTC	Efficient IT	United States	22,979	2.8
Littelfuse	Industrial Energy Efficiency	United States	20,846	2.6
Top ten holdings			264,286	32.4
Schneider Electric	Smart & Efficient Grids	France	20,456	2.5
Prysmian	Smart & Efficient Grids	Italy	20,380	2.5
Kingspan Group	Buildings Energy Efficiency	Ireland	19,492	2.4
Tesla	Advanced Road Vehicles & Devices	United States	18,938	2.3
Spirax Group	Industrial Energy Efficiency	United Kingdom	18,333	2.3
Advanced Drainage Systems	Water Distribution & Infrastructure	United States	18,262	2.2
Aptiv	Advanced Road Vehicles & Devices	United States	18,235	2.2
Rational	Technology & Logistics	Germany	17,959	2.2
Ashtead Group	Resource Circularity & Efficiency	United Kingdom	17,572	2.2
Monolithic Power Systems	Digital Infrastructure	United States	17,221	2.1
Top twenty holdings			451,134	55.3
nVent Electric	Smart & Efficient Grids	United States	16,252	2.0
Hubbell	Smart & Efficient Grids	United States	16,211	2.0
Borregaard	Recycled, Recyclable Products & Biomaterials	Norway	16,054	2.0
SSE	Renewable Energy Developers & IPPs	United Kingdom	16,047	2.0
KLA	Water Infrastructure & Technologies	United States	15,832	1.9
Repligen	Resource Circularity & Efficiency	United States	15,051	1.9
Delta Electronic	Renewable Energy Developers & IPPs	Taiwan	14,873	1.8
Bentley Systems	Digital Infrastructure	United States	14,592	1.8
Companhia de Saneamento Básico do Estado de São Paulo ('SABESP')	Renewable Energy Developers & IPPs	United States	14,535	1.8
DiscoverIE Group	Industrial Energy Efficiency	United Kingdom	14,318	1.8
Top thirty holdings			604,899	74.3

* The sector classification is based on Impax Asset Management's proprietary Environmental Markets taxonomy.

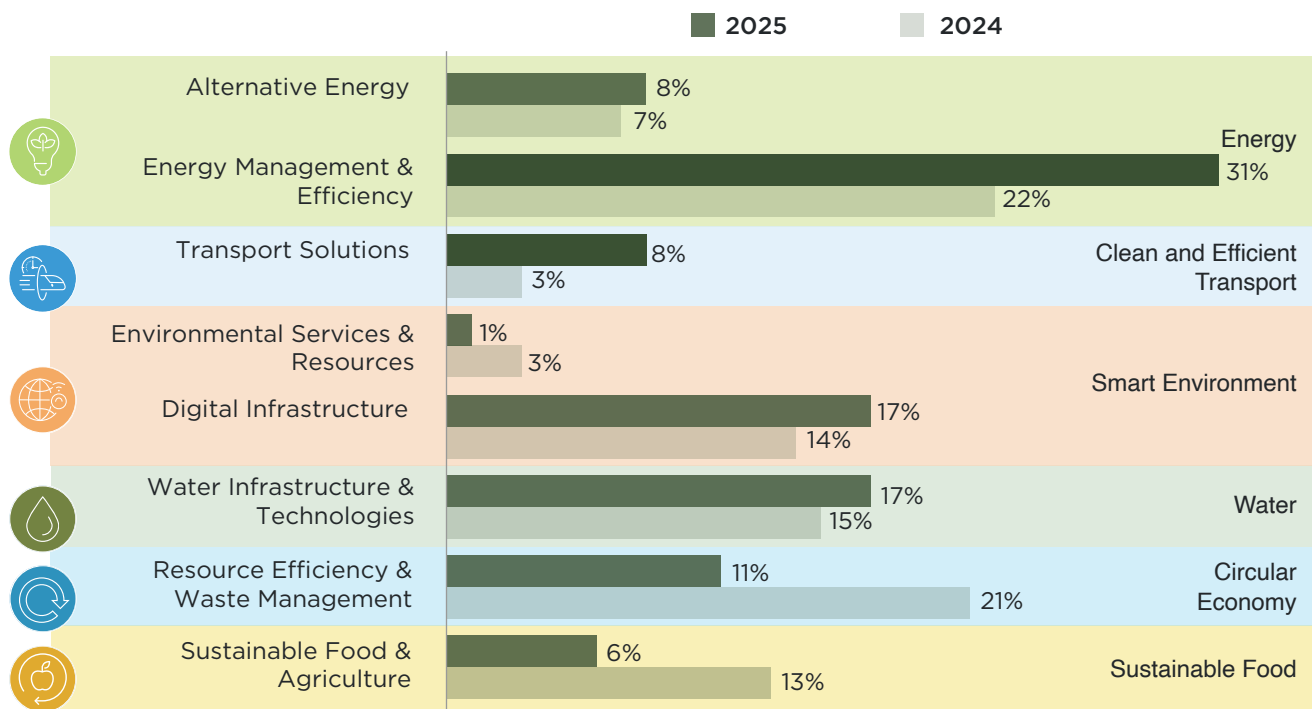
Company	Sector*	Country of main listing	Market value £'000	% of net assets
Carrier Global Energy	Management & Efficiency	United States	14,180	1.8
Advantech	Industrial Energy Efficiency	Taiwan	13,987	1.7
Marvell Technology	Digital Infrastructure	United States	13,940	1.7
EDP Renovaveis	Alternative Energy	Portugal	13,811	1.7
E Ink Holdings	Digital Infrastructure	Taiwan	13,759	1.7
Keyence	Energy Management & Efficiency	Japan	13,724	1.7
Ormat Technologies	Alternative Energy	United States	13,558	1.7
Coway	Water Treatment	South Korea	13,453	1.7
DSM-Firmenich	Sustainable Agriculture	Netherlands	13,260	1.6
Clean Harbors	Hazardous Waste Management	United States	13,187	1.6
Top forty holdings			741,758	91.2
Watts Water	Water Infrastructure & Technologies	United States	13,115	1.6
Aalberts	Water Distribution & Infrastructure	Netherlands	13,095	1.6
Pentair	Water Distribution & Infrastructure	United States	13,049	1.6
Sanhua	Transport Solutions	China	12,929	1.6
Synopsys	Digital Infrastructure	United States	12,863	1.6
AAON	Energy Management & Efficiency	United States	12,756	1.6
Cadence Design Systems	Digital Infrastructure	United States	12,724	1.5
NIBE Industrier	Buildings Energy Efficiency	Sweden	12,141	1.5
Generac Holdings	Energy Management & Efficiency	United States	11,725	1.4
Itron	Energy Management & Efficiency	United States	10,390	1.3
Top fifty holdings			866,545	106.5
Wabtec	Transport Solutions	United States	9,227	1.1
Blackline Safety	Environmental Testing & Monitoring	Canada	8,440	1.0
Trex	Resource Efficiency & Waste Management	United States	7,781	1.0
Boralex	Renewable Energy Developers & Ipps	Canada	492	0.1
Portfolio total (fifty four holdings)			892,485	109.7
Cash			10,601	1.3
Net current liabilities excluding cash			(37,726)	(4.6)
Non-current liabilities			(52,116)	(6.4)
Net assets with debt at book cost			813,244	100.0

* The sector classification is based on Impax Asset Management's proprietary Environmental Markets taxonomy.

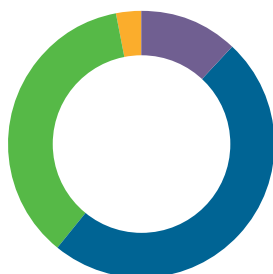
Environmental Markets

Portfolio breakdown by environmental sector

IEM Classification

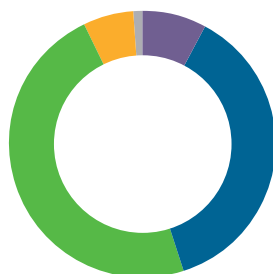


Portfolio Breakdown by region



- North America, 49% (2024: 57%)
- Europe, 36% (2024: 30%)
- Asia Pacific, 12% (2024: 11%)
- Rest of World, 3% (2024: 2%)

Portfolio Breakdown by market capitalisation



- Mega Cap (more than US\$200bn), 6% (2024: 0%)
- Large Cap (US\$20bn to US\$200bn), 48% (2024: 20%)
- Mid Cap (US\$5bn to US\$20bn), 37% (2024: 55%)
- Small Cap (US\$0.5bn to US\$5bn), 8% (2024: 21%)
- Micro Cap (less than US\$0.5bn), 1% (2024: 3%)

Why are Environmental Markets likely to outperform?

The world is facing growing environmental challenges. The Manager, Impax Asset Management (AIFM) Limited (the “Manager” or “Impax”), and the Board both believe that companies providing solutions to help deliver basic needs in a cleaner, more efficient manner and mitigate negative environmental impact will grow faster than the global economy over the long-term.

There is evidence that long-term performance is driven by sales and earnings growth rather than interest rates. This suggests that while temporary headwinds can impact short-term returns, these can be weathered by shareholders focused on long-term value. Additionally,

sectors like Environmental Markets that have long-term sustained earnings growth, should ultimately outperform other sectors.


The Company offers shareholders a way to benefit from this theme. IEM invests in a well-researched and diversified portfolio of fast-growing, listed companies improving resource efficiency or providing innovative solutions to environmental challenges. IEM’s investment opportunity set is also expanding as technology develops, regulations tighten, and consumer preferences accelerate demand. The Board and the Manager believe this can deliver superior risk-adjusted returns over the long-term.

To identify companies operating in these higher growth areas, the Manager uses a clearly defined and proprietary classification system. This has been in place since IEM was founded in 2002 and has naturally evolved as more industries look to address material environmental challenges.


Today, the classification system comprises of six “Environmental Market” sectors spanning Energy, Clean and Efficient Transport, Water, Circular Economy, Smart Environment and Sustainable Food.

These are the sectors which the Manager believes have the highest potential for earnings growth. The breadth of this opportunity set enables the Manager to create a diversified portfolio spanning traditional sector boundaries. IEM portfolio’s exposure to these environmental sectors can be found on the page opposite.


The Impax Environmental Markets Classification System




Energy	
Alternative Energy	Energy Management & Efficiency
Developers & independent power producer	Smart grids
Wind & Solar	Industrial, consumer & buildings efficiency
Hydrogen & Biofuels	Power storage
Cleaner Energy	Lighting



Clean and Efficient Transport	
Transport Solutions	
Advanced aviation	Buses & coaches
Advanced shipping	Road vehicles & devices
Railways	Pollution reduction
E-bikes & bicycles	Shared mobility




Smart Environment	
Environmental Services & Resources	Digital Infrastructure
Pollution control & Environmental resources	Efficient IT
Consultancies, Testing & Monitoring	Cloud computing
Finance & Investment	Digital collaboration solutions
Adaptation healthcare	



Water	
Water Infrastructure & Technologies	
Water Distribution & Infrastructure	
Water Treatment	
Water Efficiency	
Water Utilities	



Circular Economy	
Resource Efficiency & Waste Management	
General & hazardous waste management	
Recycling & waste technologies	
Recycled, recyclable products & biomaterials	
Resource circularly & efficiency	



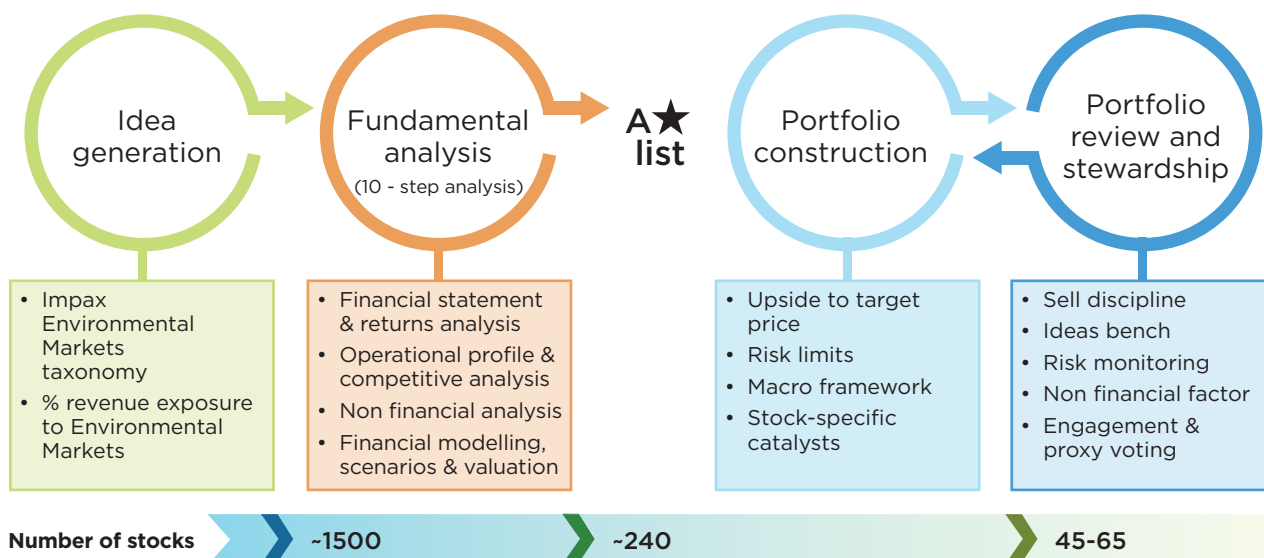
Sustainable Food	
Sustainable Food & Agriculture	
Organic & Alternative Foods	Agriculture
Technology & logistics	Aquaculture
Food safety & packaging	Forestry

Environmental Markets

In pursuit of its investment objective IEM aims to generate long-term outperformance of global equity markets in a risk-controlled manner.

To achieve this, the Manager uses the Environmental Markets classification system to identify innovative

companies providing pure-play solutions to environmental challenges. The Manager then follows a rigorous, performance focused process based on bottom-up research to invest in proven and profitable companies. Engagement is a key tool for informing investment decisions as well as stewarding client capital.



Data as at 31 December 2025.

The first step in the Manager’s investment process is **Idea Generation**. This consists of defining the Environmental Markets opportunity set and sectors, followed by creating a universe of listed companies serving these sectors.

To qualify for IEM’s investable universe, **companies must generate at least 50% of their revenues from products or services in Environmental Markets** as detailed above. This “pure play” threshold means that investments are typically made in small and mid-cap companies, which tend to have a greater degree of focus within their business models. As at 31 December 2025, the IEM portfolio’s weighted average revenue exposure to Environmental Markets was approximately 77% (2024: 76%).

Once a company within the investable universe is identified as being of interest, it is subject to Impax’s “**10-step analysis**”. This follows a time-tested investment process to identify profitable companies with robust business models that demonstrate sound management of risk. This includes bottom-up fundamental research of market structure, competitive advantage, business model and strategy, financial performance, valuation and other non financial factors. The latter is a key tool for identifying quality businesses and managing material risks, conducted in accordance with IEM’s Policy. This can be found on the website www.iemplc.co.uk.

This analysis is then subject to peer review. Stocks which successfully pass this stage are included on the Manager’s “A-list” of investable companies. Investment managers are free to buy positions from this list subject to upside to target price and relevant portfolio requirements.

Portfolio Construction is the responsibility of the investment managers who have ultimate decision making authority and accountability. The core focus is on “bottom-up” stock picking, supported by a team of analysts, with a view to identifying long-term winners and investing in them for the long-term, subject to valuation. In addition, the Manager uses “top down” overlays considering the macro environment and developments in Environmental Markets. The aim is to create a balanced and diversified portfolio where upside to target price is considered alongside risk profile.

The Manager has a range of soft and hard limits on individual position sizes, and exposures to volatile sectors and regions, all with a view to managing risk.

Once a company is purchased, **portfolio management and stewardship** are central both to mitigate risk and enhance shareholder value. Each investee company is continually monitored within the context of a live ‘valuation range’ which incorporates worst and best case assumptions. Sell discipline is based on company valuations, portfolio risk metrics, the macro-outlook and engagement outcomes.

Stewardship, engagement and exercise of voting powers at Impax

Impax maintains an active dialogue with the executive management of all companies held in the portfolio. Stewardship through active engagement and proxy voting are an important component of the investment process. Impax believes that it is in investors’ interests to promote greater transparency around sustainability issues.

Stewardship at Impax means being actively engaged investors. The Manager engages with the companies held in the IEM portfolio, encouraging them to adopt best practices, improve disclosures and address other concerns raised. As long-term shareholders the Manager helps ensure investee companies are attuned to the opportunities offered by the transition to a more sustainable economy.

Impax is a proud signatory to the UK Stewardship Code,¹ 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 2025, Impax demonstrated commitment to the Codes' principles. The Impax Stewardship Code Statement can be found on the website www.iemplc.co.uk.

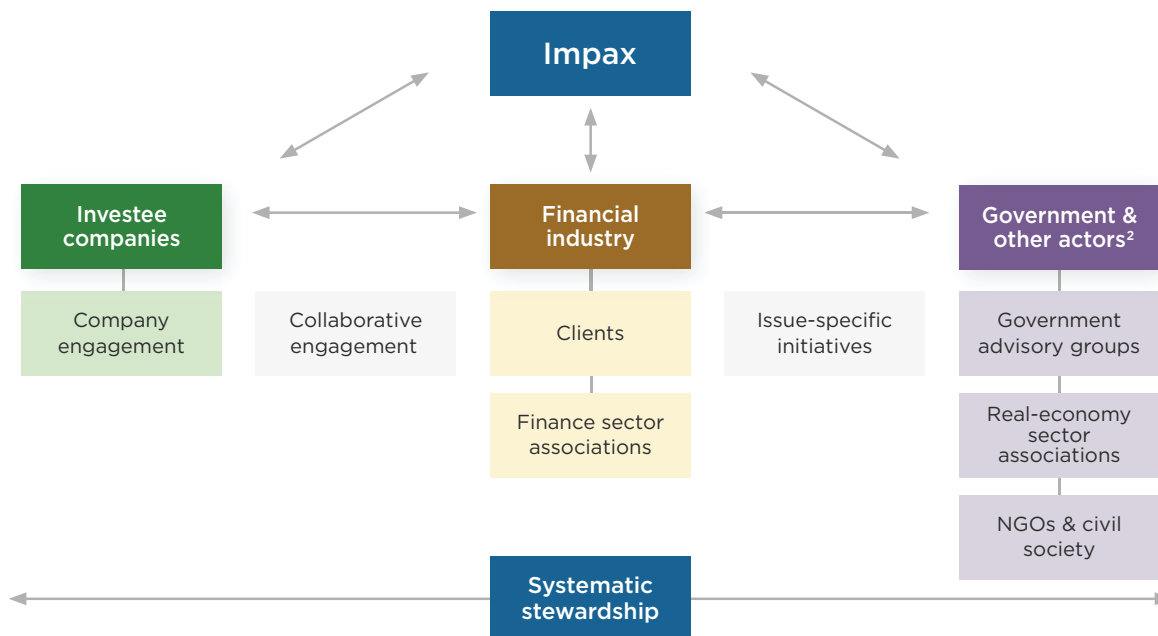
Impax's voting statistics for IEM are shown on page 30.

Impax believes that significant, real-world impact can be achieved through disciplined and well-structured

stewardship and advocacy efforts. To speed up the pace of change, Impax increasingly combines company engagement and policy advocacy, seeking to shape regulatory or policy change in what is called 'systematic engagement'. Impax has developed the Stewardship and Advocacy Framework summarised below to illustrate how the resources, activities and approaches that may be used to achieve positive outcomes and, ultimately, real-world impact.

In addition to engaging directly with investee companies and voting at AGM's, Impax works with other investors and organisations to increase our influence. This advocacy work ranges from collective action alongside peers and direct intervention on policy, to taking the lead by steering industry groups and sharing innovative insights and ideas. See page 30 for engagement statistics for the Company.

Engagement and exercise of voting powers: Stewardship and Advocacy Framework



Impax Reports and Insights

Reports

Impax publishes IEM specific reports that can be found on the IEM website. These include the following:

- [Impax Environmental Markets TCFD Report](#) - Whilst IEM has produced its own Environmental Impact Report containing emissions and transition data for the last several years, 2024 marked the first year that Impax, as the Manager, was required to publish an IEM specific TCFD report. The second report has a wealth of information and metrics on sustainability particular to IEM including further information on the impact metrics provided on pages 24 to 30 in this report.
- [Sustainability Report](#) - This report focuses on IEM's impact on the environment and society. It has been developed to provide shareholders with a view on how the Manager thinks about sustainability holistically across both risks and opportunities. More information on how the Manager defines impact can be found on page 27.

Insights

Impax also publishes white papers relevant to IEM on its website. Topics over the last year covered areas such as AI, the tech boom in Asia and investing in the addressing of biodiversity loss.

1 Annually firms must submit a Stewardship Report explaining how the Code has been applied over the past 12 months. Once the report is approved by the Financial Reporting Council, firms become signatories to the code.
 2 Further information including examples of how the Manager have engaged with the various stakeholders referenced in this graphic can be found in the Impax 2025 Stewardship & Advocacy Report - <https://impaxam.com/assets/pdfs/reports/stewardship-and-advocacy-report-2025.pdf?pwmm=3435>

Annual Spotlight: Resilient industrial specialists in a disruptive age

Suppliers of niche but critical components look well positioned to navigate the next industrial cycle

Industrial stocks are not thought of as defensive. Businesses in the sector are typically asset heavy, often relying on cycles of capital expenditure and positive economic sentiment for growth. However, suppliers of mission-critical and highly specialised components fly in the face of this stereotype.

Where such companies are embedded within the supply chains of high-growth industries, they can also present compelling long-term opportunities. Secular trends like electrification and AI have helped global Purchasing Manager Indices (“PMI’s”) move steadily upwards, despite new tariff regimes. Against a backdrop of macroeconomic uncertainty, technological disruption and expensive valuations, we believe the sector contains some hidden and resilient gems.

Economic moats in mission-critical niches

Industrials make up almost 30% of the Impax Environmental Markets investable universe¹. Companies within the sector range from suppliers of building products to operators of transportation networks. As a result, there is no “one size fits all” approach to investing in the space.

However, when looking for more defensive growth, one approach is to identify specialist companies that manufacture high value add products and dominate their respective niche within the supply chain. These can benefit from durable economic moats in four interrelated ways.

First, advanced components whose manufacturing involves significant complexity are often difficult to replicate or substitute. This may be because the technology is highly sophisticated, or equipment costs are prohibitive below a certain scale. Their design may also be protected by patented intellectual property.

Second, substituting existing suppliers represents an operational risk. By their nature, businesses cannot do without mission-critical components. The process of switching therefore entails stopping production, and carries with it the potential for failure, both of which come at a cost.

Third, the financial benefits of switching suppliers may be modest at best. Within the context of complex industrial processes, the cost of any one component – however critical – can be very small as a percentage of the total. If the rewards are limited, there is limited incentive for change.

Fourth, relationships often offer additional value. Many suppliers will partner with their customers throughout the product lifecycle, embedding themselves deeply in operations and aftermarket servicing. Such interdependence, raises barriers to entry for competitors.

Defensive exposure to high-growth end markets

Companies that occupy this space within the value chain are well-positioned across economic cycles. In the boom years, they participate in the upside as vital components are designed into customer products and solutions. When times are more challenging, they are less likely to face price negotiations and may even be able to offset weaker shipments with aftermarket servicing.

Spirax Group is a UK-listed business specialising in industrial heat management. Its steam and electrical divisions provide energy efficient solutions to a range of defensive end markets such as power generation, healthcare, and consumer goods. By embedding its engineers within customer operations, Spirax ensures that around 85% of revenues come from Opex budgets, which tend to fluctuate less than their Capex counterparts². Moreover, by optimising customer operations the company improves both their financial and sustainability profile, effectively doubling the value-add. This has enabled Spirax Group to outgrow Global Industrial Production in all but two of the last fifteen years³.

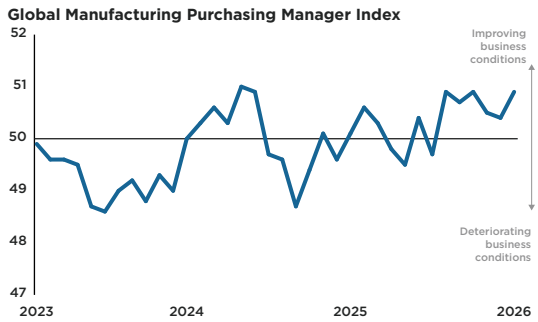
Conditions for manufacturing businesses have in fact been consistently weak since the end of the COVID-19 pandemic. Global manufacturing PMIs fell below 50 – indicating companies expect business to contract – in September 2022 and have only recently managed to sustain a trendline upwards. This reflects a prolonged cycle of inventory destocking, as well as higher inflation and interest rates. After years of performance in Tech stocks, a more optimistic outlook is now being reflected in the sector returns of Industrials, Materials and Energy which have outpaced IT and Communication Services year to date⁴.

1 Source: Impax Asset Management as of 31 January 2026. The Environmental Markets investable universe is defined as companies deriving at least 20% of revenues from activities aligned with Impax’s Environmental Markets taxonomy.

2 Investor Deck FY 2024, Source: Spirax Group, 2024.

3 *ibid.*

4 Source Bloomberg, as of 10 February 2026.



Data compiled February 2026 using PMI updated to January 2026. PMI (Purchasing Managers' Index) 50 = no change on prior month Source S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence. © 2026 S&P Global.

This is not to say that all is rosy. While the volatility of Liberation Day is in the rear-view mirror, the average US tariff rate is now estimated to be 16.9%, its highest level since 1932⁵. And, as tensions over Greenland showed, the potential for geopolitics to drive economic fallout remains. Companies specialising in high value-add products play a key portfolio construction role in this environment.

Xylem is a supplier of water treatment and related infrastructure. Its long-term growth is underpinned by rising demand for clean, safe water as well as increasing environmental pressure on existing systems. In recent results, management has highlighted that the essential nature of Xylem's products gives it the pricing power needed to offset not only tariffs but also inflation⁶. Xylem has also increased the share of revenues which come from recurring sources, such as smart metering and

service contracts. As a result, management has been able to protect profit margins and improve earnings visibility. These qualities are highly prized by investors during times of elevated market volatility.

Within portfolios, makers of specialised industrial components can also provide an element of diversification. This is because while their products fulfil a very specific function within a process, the process itself has broad applications. For example, economies around the world are pushing towards electrification, seeking to meet rising demand, improve energy efficiency and decarbonise. The world's grids are expected to double in length by 2050 as a result⁷. What's more, many existing grids are already in need of replacement, both exceeding their technical lifespan and being forced to operate in more challenging environmental conditions. Suppliers of electrical components are harnessing this structural growth trend with exposure to end markets that range from regulated utilities through to the developers of artificial intelligence.

Hubbell is a US-listed supplier of electrical equipment for commercial and industrial buildings, as well as utilities and grid operators. The bulk of its business comes from steady, often regulated growth markets. Yet the company's equipment is also essential to the build out of AI. The need in data centres for uninterrupted power at precise voltages has fuelled demand for Hubbell's high-capacity connectors and modular power systems. AI related sales are now growing over 60% year on year⁸. With the world's largest technology companies expected to spend at least \$660 billion in 2026 on AI capex, Hubbell is benefitting from this powerful growth engine, without being overly exposed to the trend.



5 State of U.S. Tariffs: 19 January 2026 | The Budget Lab at Yale.
 6 Xylem Reports Fourth Quarter and Full Year 2025 Results | Xylem UK
 7 BloombergNEF, 8 March 2023: A Power Grid Long Enough to Reach the Sun Is Key to the Climate Fight
 8 Fourth Quarter 2025 Earnings Call | Hubbell

IEM Environmental Impact Reporting




Beyond the pursuit of financial returns, IEM continues to target the opportunities arising from the transition to a more sustainable economy, seeking out companies that provide solutions to environmental challenges. Through their products and services, many of these companies deliver positive impacts, which IEM monitors. To enable this to be done in a systematic way, a number of policies and processes have been created by the Manager. These include monitoring greenhouse gasses, calculating the Weighted Average Carbon Intensity and monitoring exposure across the UN Sustainable Development Goals.

Whilst it is crucial to monitor the environmental impact of IEM's investee companies, there are no impact targets around which the Manager seeks to build the portfolio.

The environmental impacts noted below are the measurable output of IEM's investment objective implemented using Impax's investment process. The focus on companies delivering environmental solutions naturally results in environmental benefits which Impax quantifies at the end of each year on the basis of the most recent portfolio company disclosures available.

Environmental impact of investee companies in 2024¹






Based on £1m invested, companies held in the IEM portfolio contributed to:

	Total	Equivalent Annual Impact
 Renewable electricity generated	110 MWh	31 Households' electricity consumption
 Materials recovered/waste treated	103 tonnes	114 Households' waste output
 Water provided/saved/treated	42 megalitres	345 Households' water consumption

Typically, Impax gathers Scope 1, 2, and 3² monitoring greenhouse gases ("GHG") emission data directly from company disclosures and/or via the Climate Disclosure Project ("CDP"). Where sufficient information is not available, companies are contacted to request additional information, which in some cases produces enhanced data. Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions. Avoided GHG emissions arise from the portfolio companies' products and services. This data is sourced from the company directly or is calculated at the relevant individual company product level using a number of inputs to produce a conservative avoidance of GHG emissions figure. Such inputs may include volumes of products sold, product-level efficiency indicators vs regional baselines and regional grid efficiency factors.

GHG emissions impact of portfolio companies in 2024¹ (tCO₂)

Based on £1m invested, companies held in the IEM portfolio contributed to:

	Total
 Total GHG emissions	417 tCO ₂
 Scope 1 & 2	94 tCO ₂
 Scope 3	323 tCO ₂
 Avoided GHG emissions	312 tCO ₂
Avoided GHG emissions equivalent to:	 216 cars taken off the road

¹ Latest year available.

² Scope 1: Direct emissions that are owned by a company; Scope 2: emissions released into the atmosphere from the use of purchased energy Scope 3: emissions include all other indirect emissions that occur across the value chain and are outside a company's direct control.

ENVIRONMENTAL IMPACT – COMPANY EXAMPLE

Ormat Technologies – Renewable Energy Developers & IPPS, United States (1.5% of portfolio)

Ormat is a leading supplier of geothermal energy and related technology. Headquartered in Nevada, Ormat designs, builds and supplies power generating equipment using geothermal and recovered energy systems. The company is also leveraging its expertise to build out energy storage and demand management solutions. Shares in the company have been buoyed by the increased need for data centres, the development of Enhanced Geothermal Systems, as well as geothermal’s status as one of the few renewable energy technologies to which the current US administration remains favourably disposed.

Geothermal is an environmentally sustainable means of generating energy, with relatively few intermittency challenges. This makes it appealing as a renewable source of base load power, with its immunity to most weather effects making it an ideal complement to wind and solar. Ormat owns and operates over 1.5GW of assets globally, with over 2.2 million tonnes of avoided emissions as a result. Geothermal also has the highest capacity factor of any renewable resource, and Ormat’s low-temperature technology has competitive advantages for the development of future geothermal sources worldwide.

Source: Ormat Technologies Annual Report 2024 and Impax estimates.

IEM Mapped to UN Sustainable Development Goals¹

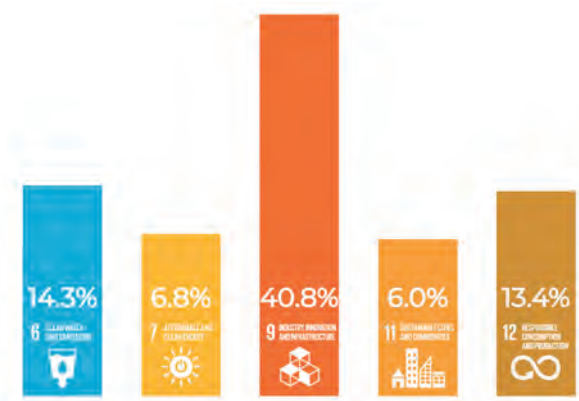
The UN Sustainable Development Goals (“SDGs”) encompass 17 sets of targets to be met by the world’s economies by 2030. The SDGs have been increasingly adopted by investors as a tool for evaluating impact outcomes.

The nature of Impax’s investment philosophy results in meaningful exposure to the SDGs as an intrinsic effect of the investment process. Impax’s investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Instead, the SDG framework is used to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise.

Reporting standards for Environmental Markets are continuously evolving. In 2023, the International Sustainability Standards Board (ISSB), which is an independent body that develops and approves environmental reporting standards, issued its inaugural standards – IFRS S1 and IFRS S2. Government and regulatory authorities across different jurisdictions continue to consider their approaches to implementing these in the context of their national sustainability reporting frameworks.

The bar chart illustrates the mapping of exposure to SDGs based on revenue exposure to Environmental Markets. At 31 December 2025, IEM’s greatest linkage was to goals 12, 9 and 6.

IEM has 81.3% revenue exposure to SDGs



- Goal 12, Responsible Consumption & Production, which relates to holdings in sustainable and efficient agriculture, and recycling and value-added waste processing;
- Goal 9, Industry Innovation & Infrastructure, which relates to holdings in industrial energy efficiency; and
- Goal 6, Clean Water & Sanitation, which relates to holdings in water utilities and infrastructure.

¹ Source: Impax Asset Management. IEM holdings and UNSDG classification metrics as at 31 December 2025. Figures are based on Impax internal data. Impax’s investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax’s investment philosophy results in some meaningful revenue exposure within IEM. Numbers may not sum up due to rounding. For further information, please visit <https://www.un.org/sustainabledevelopment/sustainable-development-goals>.

Task Force on Climate-related Financial disclosures (“TCFD”)

As an Investment Trust, IEM is not currently subject to the Listing Rule requirement regarding TCFD reporting, and therefore the following disclosures are not fully compliant with TCFD reporting. However, Impax, as the Manager, is required to publish an IEM specific TCFD report. This report can be found on the IEM website, www.iemplc.co.uk.

IEM continues to be a keen supporter of the disclosure ambitions of both the TCFD and the Financial Reporting Council (“FRC”). This, IEM’s fifth annual Climate Disclosure, reports what is relevant for IEM under each of the four pillars of TCFD. This voluntary disclosure is designed to help asset owners, including IEM and its shareholders, better assess these risks and support sound investment decisions.

1. Governance

The assessment and management of climate-related risks and opportunities are underpinned by extensive in-house expertise and appropriate governance structures of the Manager.

The IEM Board is responsible for the oversight of climate risks and opportunities. However, the control and management of climate-related investment activities is delegated to Impax as the Manager.

During 2025, the Board’s Sustainability Reporting Committee met three times. The Committee receives reporting from Impax regarding its sustainability activities as they relate to IEM, the outcomes of such activities and sustainability metrics, as well as proposed IEM reporting.

The Board reviewed the Manager’s Assessment in November 2025 that IEM continued to meet the qualifying criteria of the FCA’s Sustainability Impact label.

2. Strategy

IEM is founded on the investment opportunities arising from the transition to a more sustainable economy. These investment opportunities arise from the belief that, with insatiable demand for higher living standards on a finite planet, companies enabling the cleaner and more efficient delivery of basic needs – such as power, water and food – or mitigating environmental risks like pollution and climate change, can grow earnings faster than the global economy over the long-term. This includes the transition to a net zero climate resilient economy.

Environmental, including climate-related risks and opportunities have been at the core of IEM’s investment strategy for two decades. The majority of the environmental solutions offered by IEM’s investee companies focus on climate-related challenges, like climate mitigation or adaptation solutions.

The strategy is not only about addressing risks, but also about identifying opportunities. Impax’s work in this area is described on pages 18 to 21, and also within Impax’s own TCFD-aligned Climate Report 2025. The near and long-term risks, and opportunities for environmental investing as they relate to IEM, are discussed in the Chairman’s Statement and Manager’s Report.

The Board reviews the Manager’s process in assessing the impact and resilience of IEM’s investments and their operations, as well as the operations of IEM’s key service providers, and uses these to shape strategy to ensure the potential risk impact and likelihood are within IEM’s risk appetite.

3. Risk management

As the Manager, Impax seeks to identify, assess and manage physical and transition risks that could undermine the performance of IEM’s investee companies.

Climate risk assessment

Impax assesses climate and other material risks through integrated company-level analysis that informs investment decisions. More information on this can be found on the Company’s website www.iemplc.co.uk.

Climate risk management

The Manager recognises that climate-related data is frequently based on estimates or proxy data and, as a result, provides an imperfect view of portfolio exposures or risks. The data relied on can also change materially from one year to the next, as data quality and availability improves, or estimation methods change. The Manager continues to engage companies on public disclosures that are relevant to investment decisions, advocate for harmonisation and greater standardisation of reporting practices within the financial industry, and work to make sure that the data used is as accurate as possible.

4. Metrics and targets

IEM believes that the asset management sector can contribute to the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius, through the accurate pricing of climate risk in investment decisions, through engagement and advocacy work, and by investing in climate solutions.

Financing the transition

Measuring the GHG emissions and avoided emissions associated with the products and services of IEM’s investee companies demonstrates their contributions to the transition to a lower-carbon economy.¹ More information can be found on page 28.

Emissions are separated into Scopes 1 and 2 – which include direct and indirect emissions from energy produced and consumed by investee companies – and Scope 3 – which includes indirect emissions from investee companies’ supply chains and products in use.

Financed emissions

Financed emissions impact can be analysed through weighted average carbon intensity (“WACI”)² and through CO2 emissions, which are viewed through the lens of Scopes 1, 2 and 3³.

The table below sets out the WACI of IEM.

Weighted Average Carbon Intensity (WACI) – IEM

WACI (Scope 1, 2)	tCO2e/US\$m revenue	2,447.4
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Source: Impax analysis, as at 31 December 2025. Impax have gathered all underlying GHG emissions data disclosed by investee companies, estimating Scope 1 and Scope 2 emissions where those are not reported. Estimates are not used for Scope 3 emissions.

CO2 emissions have been reported by IEM since 2015 and are shown in the Environmental Impact Report on page 24.

Impax Proprietary Methodology for planetary impact

The measurement of impact, including carbon impact, is an evolving discipline in the financial industry. Since 2014, Impax has developed and enhanced its proprietary methodology to measure the planetary impact of investee companies. The distinguishing characteristics of Impax’s approach are 1) to consider and include avoided emissions from the use of products and services by investee companies, and 2) the Impax investment team uses a process of direct engagement with companies to obtain additional data and context for impact metrics, as mentioned on page 20.

While the revenue denominator for WACI is a relatively easy and publicly available figure for each company, the emissions picture in the numerator is still evolving. Variance in this part of the fraction, particularly with Scope 3 emissions, but in some cases also within Scope 1 and 2 data, or availability of any of these, accounts for the broad range of WACI numbers among those providers and investment managers who calculate it.

1 To evaluate the real-world impact of climate solutions, Impax looks to compare the GHG emissions arising from the use of companies’ products or services with the GHG emissions generated in a world where that product does not exist. The Manager looks to use companies’ own estimates of avoided emissions as a starting point, where available. Impax mostly relies on companies’ own reporting assumptions and methodologies on avoided emissions, where disclosed, but evaluate whether they are rigorous in their use of baseline scenarios, life-cycle emissions approaches and value chain attribution method. Where companies’ avoided emissions are estimated by the Manager, the assumptions broadly align with the five steps highlighted by the recently published guidelines on assessing avoided emissions by the World Business Council for Sustainable Development.

2 WACI is the ratio of: tonnes of CO2 equivalent carbon emitted (tCO2)/revenues.

3 Scope 1: Direct emissions that are owned by a company; Scope 2: emissions released into the atmosphere from the use of purchased energy Scope 3: emissions include all other indirect emissions that occur across the value chain and are outside a company’s direct control.

METRICS: Operation related climate and carbon metrics

IEM has no Scope 1 (direct emissions) or Scope 2 (emissions related to electricity consumption) emissions. However, in the course of operating its business, key service providers have Scope 1 and 2 emissions. As such, the Board has set out below the Scope 1 and 2 emissions attributable to its main service provider, Impax. This attribution apportions the Manager’s London office emissions to IEM, based on IEM’s net asset value as a percentage of the Manager’s London-managed assets. No Scope 3 emissions were attributable from Impax because it hosts all board meetings at its offices.

The Manager has gathered all GHG emissions data disclosed by IEM’s investee companies, estimating Scope 1 and 2 emissions where those are not reported. Impax does not use estimates for Scope 3 emissions, for which data disclosed by companies remains patchy.

Impax Asset Management CO2 Emissions

	2025 attributable to IEM plc Kg CO ₂ e	2024 attributable to IEM plc Kg CO ₂ e
Scope 1&2	73	63
Scope 3	0	0
TOTAL	73	63

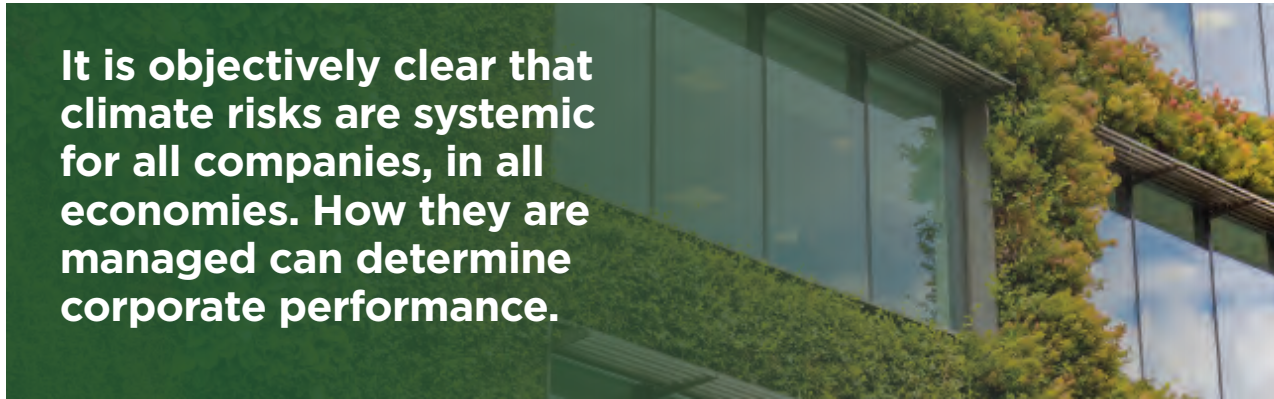
Source: Impax Asset Management, as at 31 December 2025.

Details of the methodology used

Reporting according to the GHG Protocol: Scope 2 emissions figure stated above follows the market-based accounting methodology. Source of emission factors applied to calculate emissions from electricity consumption is IEA (2023) UK electricity grid mix emission factor. Scope 3 (travel) emissions figure stated above follows the distance-based methodology. Source of emission factors applied to calculate emissions of travel is the UK Government Greenhouse Gas Reporting: Conversion Factors 2025.⁴

TARGETS: Operations related targets

The Board is pleased that Impax’s London office is a certified ‘green’ building rated ‘excellent’ by the Building Research Establishment Environmental Assessment Method (BREEAM) and managed by an ISO 14001 aligned Building Management System and Impax is implementing various initiatives to minimise inefficiencies and seek energy-saving opportunities. The Board’s other key service providers have begun to report on their Scope 1 and 2 emissions at least annually, including any steps taken to reduce emissions. This will continue to enhance IEM’s operations-related climate and carbon metrics.



It is objectively clear that climate risks are systemic for all companies, in all economies. How they are managed can determine corporate performance.

⁴ <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025>.

Transition Alignment of IEM portfolio

As part of Impax’s commitments as a signatory to the Net Zero Asset Managers (“NZAM”) initiative, Impax has assessed the alignment of IEM’s portfolio with the transition to a net zero economy. Impax has defined three categories of companies’ climate management and processes¹:

- **‘Transition aligned’** climate management processes of investee companies include appropriate climate risk pricing, robust climate target-setting, for example, adopted the Science Based Targets Initiative (SBTi) and TCFD-aligned climate reporting. These processes align with the highest scoring tiers for climate as part of the Manager’s analysis.
- **‘Transition aligning’** are companies with moderate climate resilience and climate transition management and processes that have been committed to or initiated but have not been fully developed. This aligns with the middle scoring tier for climate as part of the analysis.
- **‘Transition non-aligned’** companies have weaker climate resilience and weak or non-existent climate transition management processes. This aligns with the lower scoring tiers for climate.

IEM’s portfolio in these categories¹

	2024 ²	2023
Transition Aligned	15%	29%
Transition Aligning	74%	51%
Total Transition Aligned/Aligning	89%	80%
Transition Non-Aligned	11%	20%

Impax has updated its NZAM methodology in line with best practice industry guidance from the IIGCC’s Net Zero Investment Framework 2.0 (NZIF). This has strengthened the Manager’s focus on the concrete, forward-looking plans companies have to manage climate risks and their historic performance relative to targets. Importantly, the materiality of climate risk is now incorporated into the assessment approach. Using the NZIF methodology and the Impax Sustainability Lens, the Manager identifies sub-industries that face highly material climate risks and analyses companies in those sub-sectors more stringently. To be classified as ‘aligned’ or ‘aligning’, Impax expects these companies to have more ambitious targets and risk management strategies.

Impax believes that climate action by financial institutions (including the adoption of net zero targets) should focus on how to accelerate the climate transition in the real economy (for example, by encouraging companies to reduce emissions from their operations and supply chains), rather than on portfolio-level decarbonisation, which may not result in any reduction in global GHG emissions. Stewardship, including engagement with investee companies and effective proxy voting, is therefore a critical tool in pursuing real-economy decarbonisation.

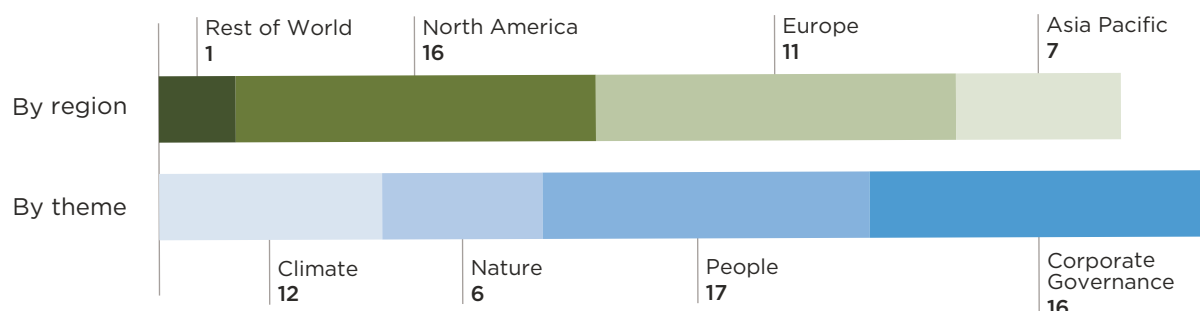
Engagement: Impax’s engagement strategy has an enhanced effort in objective-led engagements with companies that do not yet have robust climate resilient and transition-aligned climate management and processes. The Manager increasingly seeks more systematic engagement opportunities; collaborative engagements, engagements with elements of policy advocacy, where relevant, to further enhance positive outcomes.

Proxy Voting: Impax believes that oversight of climate risk resides primarily with the portfolio companies board committees and directors responsible for risk and audit. When companies are identified to have not yet taken meaningful steps to address climate risks with resilient and transition-aligned management processes, the Manager will generally vote against members of the Audit Committee.

1 See Impax’s Sustainability Centre for more information on methodology <https://impaxam.com/impax-sustainability-centre/>.
2 Latest data available.

IEM Stewardship, Engagement and Proxy Voting

43 engagement dialogues with 35 portfolio companies



More than one theme was covered in some meetings, therefore the total sum of engagements will equal more than 43.

Engagement Themes

Climate: to encourage companies to hone their management of climate-related risks.

Nature: to engage with companies on their dependencies and impacts on biodiversity and nature.

People: to engage with companies about the diversity of their boards of directors, senior management teams, and workforces, as well as pay equity, employee health and wellness, and talent recruitment and development.

Governance: to engage with companies on governance structures. Topics covered include board independence, executive compensation and shareholder rights.

Proxy Voting

Impax, on behalf of IEM, voted at all meetings where they were able to exercise IEM's vote, voting at 61 meetings, on 782 management resolutions and 5 shareholder resolutions. The Board regularly reviews the voting decisions made by Impax on IEM's behalf.

Summary Statistics	2025
Total number of meetings where it was possible to vote	61
Number of meetings in which Impax voted	61
Number of meetings in which Impax voted (percentage)	100%
Number of management resolutions in which Impax voted	782
Number of management resolutions in which Impax voted against and/or abstained and/or withheld	43
Number of management resolutions in which Impax voted against and/or abstained and/or withheld (as a percentage of management resolutions voted)	5.5%
Number of shareholder resolutions in which Impax voted	5
Number of shareholder resolutions in which Impax supported	4
Number of shareholder resolutions in which Impax supported (as a percentage of shareholder resolutions voted)	80%

In the majority of cases Impax voted in line with investee companies' resolutions. Impax will vote against and/or abstain from resolutions which are not consistent with Impax's, and the Company's, stewardship position. Examples in the year included: the board or committees not meeting independence standards, insufficient diversity on the board and remuneration concerns.

Engagement Examples

Governance

PTC (Efficient IT, United States, 2.6% of portfolio) is a supplier of industrial software focused on product lifecycle management (“PLM”), computer-aided design (“CAD”), and Internet of Things (“IoT”) platforms. These solutions help manufacturers optimise product development, improve operational efficiency, and enable predictive maintenance, reducing resource use and waste.

Objectives:

Impax engaged with PTC to understand how the company was overseeing and managing AI-related risks and opportunities. While AI can be a source of innovation, it can also be a source of disruption. Thus, Impax sought to understand the nature and extent of Board oversight; what policies or principles were in place to manage AI risk; and how PTC currently assesses AI-related risks.

Progress and outcomes

Impax spoke to PTC’s Chief Strategy Officer and Head of Investor

Relations. Across the Executive committee, the company has established a governance framework for AI-related risks and opportunities, as well as AI steering and action committees. AI issues are considered the remit of the entire Board, and are discussed at every quarterly meeting. The Executive team also decides which tools and projects to prioritise for maximum efficiencies and customer benefits. Quantification of benefits such as productivity gains vs. costs is evolving. PTC has taken a firm position that it will not use customer data in its AI systems, so risks of data leakage are minimised.

Climate

Rational (Technology & Logistics, Germany, 2.0% of portfolio) is a leading supplier of professional kitchen technology serving hospitality, catering and institutional customers. Its flagship products enable precise cooking with minimal energy and water use, whilst also reducing food waste.

Objectives:

As part of Impax’s commitment to the Net Zero Asset Managers (“NZAM”) initiative, Rational is classified as “non-aligned”. This means that under its current strategy, greenhouse gas emissions will not

reach net zero by 2050. This was an ongoing engagement to assess Rational’s progress in this regard.

Progress and outcomes

Impax spoke to Rational’s Head of ESG and Risk Management. They outlined recent organisational changes, discontinuing a previous sustainability department in favour of the ESG and Risk Management team. This has been done with a focus on governance-driven sustainability with measurable impacts. The team has undertaken Rational’s first double materiality assessment in 2025, identifying climate as a top priority. Impax provided positive feedback on their improved disclosure.

Since Impax’s last engagement, the company has developed its climate strategy, setting emissions reduction targets across Scopes 1, 2+3 emissions to 2030 and 2050. Scope 3 emissions reduction is a major challenge; Rational is focused on product-related emissions and has developed over 900 product carbon footprints using real-time data from its devices. Sustainability KPIs are also linked to executive compensation, with Rational’s supervisory board setting rolling non-financial goals within long-term incentive plans (e.g. energy efficiency, product quality, repairability).

Equity, Diversity & Inclusion

Hubbell (Smart & Efficient Grids, 1.8% of portfolio) is a leading manufacturer of electrical solutions serving utilities, industrial facilities and commercial buildings. Through smart grid technologies and energy-efficient products, Hubbell plays a critical role in modernising electrical infrastructure, supporting grid reliability, and advancing electrification.

Objectives:

Amid a shifting legal and regulatory environment in the US, Impax has closely monitored corporate equity,

diversity and inclusion initiatives and disclosures. During the 2025 proxy voting season, Impax observed a meaningful decline in Hubbell’s disclosure of board composition, as well as board diversity policies and practices. This shift had a significant impact on Impax’s support for Nominating Committee Chairs standing for election in 2025. Impax wrote to the company seeing to understand what drove this change and reiterate its view that an inclusive culture – starting with the board – is critical to both operational and financial success.

Progress and outcomes

Impax spoke to Hubbell’s General Counsel and Chief of Human Resources. They appreciated Impax’s

clear feedback and rationale for votes against directors in 2025, sharing this perspective with the board. They also acknowledged that the perception that changes in the US legal landscape had impacted disclosure. However, Hubbell explained that while disclosure declined in 2025, its commitment to a diverse board is reflected in actions: five of the last six director appointments have been diverse in terms of race or gender, and diversity is a key consideration in the search process. Hubbell reviewed its ED&I programmes in early 2025 but no wholesale changes were required. The company continues to offer employee inclusion groups, leadership development programs and maintains its focus on talent recruitment.

Investment Policy, Results and Other Information

Company purpose and values

The Company's core values are integrity, accountability and transparency. These values are the cornerstone of creating and preserving shareholder value through investing in companies delivering solutions to environmental challenges.

Strategy and business model

Impax Environmental Markets plc is an investment company and its investment objective and policy are set out below. Any material change to the investment policy requires shareholder approval.

The Company is governed by a Board of Directors (the "Board"), all of whom are non-executive, and it has no employees. The business model adopted by the Board to achieve the Company's objective has been to contract the services of Impax Asset Management (AIFM) Limited (the "Manager" or "Impax") as its alternative investment fund manager to manage the portfolio in accordance with the Board's strategy and under its oversight. Day-to-day management of the portfolio during the year was undertaken by Bruce Jenkyn-Jones, Jon Forster, Fotis Chatzimichalakis and Sanjeev Lakhani. In late 2025, Jon Forster stepped back from his portfolio management responsibilities, with Sanjeev replacing Jon Forster, and Bruce Jenkyn-Jones retired. The Board monitors adherence to the Company's investment policy and regularly reviews the Company's performance in meeting its investment objective.

All administrative support is provided by third parties under the oversight of the Board. Company secretarial services were delegated to Juniper Partners Limited ("Juniper" or the "Administrator") with effect from 1 September 2025, and administration services from 1 December 2025. Prior to these dates, both functions were performed by Apex Listed Companies Services (UK) Limited. The depositary and custody services have been delegated to BNP Paribas Securities Services ("BNP Paribas"); registrar services to MUFG Corporate Markets ("MUFG"); and the Company's broker is Winterflood Securities.

The Board reviews the performance of the Manager and its other key service providers on an ongoing basis.

Investment objective and policy

The Company's objective is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste. Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management (which includes sustainable food, agriculture and forestry).

(i) Investment process asset allocation

Investments are selected on an individual basis, but each investment is categorised according to three primary environmental markets that are the focus of the Company's investment policy.

Alternative energy and energy efficiency

In the alternative energy and energy efficiency sector, the Company may invest in businesses that are principally, but not exclusively, exposed to the following areas:

- wind turbine manufacturing;
- solar panel manufacturing and integration;
- renewable energy developers and independent power producers;
- biofuels;
- meters, utility software and demand side management;
- industrial energy efficiency;
- buildings energy efficiency;
- transport energy efficiency;
- businesses relating to the trading of carbon and other environmental assets; and
- fuel cells, flywheels, superconductors, supercapacitors and other new energy technologies.

Waste technologies and resource management

In the waste technologies and resource management sector, the Company may invest in businesses that are principally, but not exclusively, exposed to the following areas:

- recycling equipment and systems;
- recycling of commodities including metals, plastics, oils, paper and vehicles;
- integrated waste management;
- hazardous waste management;
- sustainable food, agriculture and forestry; and
- environmental consultancy.

Water treatment and pollution control

In the water treatment and pollution control sector, the Company may invest in businesses that are principally, but not exclusively, exposed to the following areas:

- water treatment technologies involved in filtration, purification and separation;
- water infrastructure including pumps, valves and actuators;
- environmental sensing, testing and monitoring; and
- air pollution control technologies.

(ii) Risk diversification

The Company has the following maximum exposures in place in order to ensure that there is a reasonable diversification of risk in the Company's portfolio:

- (a) not more than 10% of the Company's net assets will be invested in any one company at the time of investment; and
- (b) the Company will not make an investment if as a consequence of that investment individual holdings of 5% or more would in aggregate represent more than 40% of net assets.

The Company does not have prescriptive limits on the maximum amounts that can be invested in the sub-sectors listed above. The Directors believe that the imposition of such limits could impact on efficient portfolio management.

(iii) Gearing

The Board has authorised the Manager to utilise short-term borrowings of up to 10% of net assets in order to provide liquidity for efficient portfolio management where the Manager sees fit. The Company has the flexibility to enable it to take out long-term borrowings in appropriate circumstances. Any long-term borrowings and any borrowings in excess of 10% of net assets require the separate authorisation of the Board.

The borrowings of the Company shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to one third of the aggregate of:

- (a) the amount paid up on the issued share capital of the Company; and
- (b) the total of the capital and revenue reserves of the Company, including any share premium account, capital redemption reserve and credit balance on the profit loss account as shown in the latest audited balance sheet and income statement of the Company subject to certain adjustments detailed in the Company's Articles of Association.

Asset allocation at year end

The breakdown of the structure of the portfolio at the Company's year-end is shown on page 18.

Dividend policy and dividends

Dividend policy

The Directors typically expect the Company to generate returns in the form of capital gains rather than revenue.

It is the Company's policy to pay out substantially all earnings by way of dividend for each year, with dividends mainly financed from current year net income and, since 2020, to declare two dividends each year.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by

those regulations) retain more than 15% of its income (as calculated for UK tax purposes) in respect of an accounting period.

Dividends declared for the year ended 31 December 2025

The Board recognises that as the Company issues and/or buys back shares through the year, this has an effect on earnings per share if a single dividend is paid annually, irrespective of timing.

In order to be fair to all shareholders the Board paid an interim dividend at the half-year stage, and declared a second interim dividend, in lieu of final, paid shortly after the year end. This also has the advantage that shareholders receive their dividends earlier than when a final dividend is paid after the AGM. It is the Board's intention to continue with the declaration of two dividends each year. Shareholders are usually given an opportunity to vote on the Company's dividend policy at each AGM.

Results and dividend

The Company's revenue return after tax for the year amounted to £10,353,000 (2024: £12,095,000). During the year, the Company paid a first interim dividend of 1.90 pence per share ("pps") (2024: 1.80 pps), totalling £3,843,000. On 3 February 2026, the Directors declared that the Company would pay on 6 March 2026 a second interim dividend of 3.2 pps (2024: 3.20 pps). This totalled £6,093,000 based on the ordinary shares in issue at the record date, 13 February 2026. In total, the dividend paid for the year is 5.1 pps, an increase of 2% on the prior year total dividend of 5.0 pps.

The Company made a capital loss after tax of £24,887,000 (2024: capital loss of £32,741,000). Therefore, the total return after tax for the Company was a loss of £14,534,000 (2024: loss of £20,646,000).

Key performance indicators ("KPIs")

The Board measures the Company's success in attaining its investment objective by reference to the following KPIs:

(i) Achievement of NAV and share price growth over the long-term

The Board monitors both the absolute and relative NAV and share price performance and compares the performance of the Company against the MSCI ACWI on a total return basis. A review of performance is undertaken at each quarterly Board meeting and the reasons for relative under and over performance against various comparators is discussed. The Chairman's Statement on pages 4 to 7 incorporates a review of the highlights during year. The Manager's Report on pages 8 to 13 highlights investments made during the year and how performance has been achieved.

(ii) Maintenance of a reasonable level of premium or discount of share price to NAV

The Manager and the Company's broker monitor the premium or discount and keep the Board updated as and when appropriate. At quarterly Board meetings, the Board reviews the premium or discount in the period since the previous meeting on both an absolute basis and in comparison with other investment trusts with a similar mandate. The Board has issued a statement on premium/discount control on page 39. The Board sets parameters under which the Company's shares can be sold or bought back. The Company's shares traded at an average discount to NAV of 9.7% (2024: 10.3%) during the year ended 31 December 2025 and within the discount range 5.5% to 15.7% (2024: range of 7.2% to 17.5%). At the year end the shares traded at a discount of 7.0% (2024: 9.8%). Since the year end to 25 March 2026,

the latest practicable date prior to the publication of this report, the Company's shares have traded in the discount range of 3.3% to 9.5% with an average discount of 6.6%. Details of any ordinary shares issued and bought back since the year end are shown in note 12.

(iii) Maintenance of reasonable level of ongoing charges

The Board also reviews expenditure formally at its quarterly Board meetings. The Board reviews the fees payable to the Company's main service providers on an annual basis. The Board considers the ongoing charge to be reasonable in comparison to peers. The Company's ongoing charges figure was 0.91% (2024: 0.84%). This is calculated in accordance with the AIC methodology and disclosed as an APM on page 88.

Investment performance to 31 December 2025

	1 Year	3 Years	5 Years	10 Years
NAV total return per ordinary share ^{1,2}	0.9%	5.3%	8.6%	163.3%
Share price total return per ordinary share ¹	4.3%	-2.2%	-1.8%	173.2%
MSCI ACWI ²	13.9%	57.1%	72.7%	232.0%

Note: MSCI ACWI index is total net return (dividends reinvested net of withholding tax), both in sterling terms.

1 These are considered to be Alternative Performance Measures.

2 With debt at fair value.

Principal risks and uncertainties

The Board is responsible for the management of risks faced by the Company and, through delegation to the Audit Committee, has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. The Audit Committee carries out, at least annually, a robust assessment of the principal risks and uncertainties and reviews ongoing monitoring of both controls risks and controls. This ensures heightened and emerging risks are identified outside of the normal cycle of Board and Audit Committee meetings.

Risks are documented on a risk register, grouped into four main categories: Strategic and Business Objective Risks; Investment Management Risks; Operations – Service Providers Risks; and Compliance, Regulatory and Corporate Governance Risks. Risks are then rated before and after mitigating controls by impact and likelihood of occurrence, with the assessed ratings charted on risk matrices. The risk register is reviewed on an ongoing basis in an attempt to capture all risks and to ensure appropriate mitigation is in place. Reviews take into account changing factors including, but not restricted to, changes to markets (both macro and micro), stakeholders, operations, regulation and emerging risks.

The top risks identified by this process are set out in the following section, and the Board considers these to be the principal risks of the Company.

The Board considered both global economic and geo-political risks, and those arising from armed conflicts amongst other risks. Updates on market impact and operational resilience were received from the Manager, administrator and other key service providers. The Board is satisfied that the key service providers had, and continue to have, the ability to continue their operations efficiently, including in a remote or virtual working environment.

The Manager continues to provide regular updates to the Board on the financial impacts on the portfolio performance and investee companies, as well as the long-term effects and opportunities for the sectors in which the Company invests.

Emerging risks are considered by the Board at its quarterly meetings and by the Audit Committee as part of its risk management and internal control review. Failure to identify emerging risks may cause reactive actions rather than being proactive and the Company could be forced to change its structure, objective or strategy and, in worst case, could cause the Company to become unviable or otherwise fail.

The experience and knowledge of the Directors is invaluable in consideration of emerging risks, as are update papers and advice received from the Board's key service providers such as the Company's Manager, broker, company secretary and auditor. The AIC also provides regular updates and draws members' attention to forthcoming industry and/or regulatory issues.

Trend: Increasing ↑ Neutral ↔ Reducing ↓

Potential risk	Mitigation	Trend
Strategic and business objective risks		

Economic and market risks

Price movements of the Company's investments are highly correlated to the performance of global equities in general and small and mid-cap equities in particular. Falls in stock markets are likely to adversely affect the performance of the Company's investments.

The changing world order increases uncertainty. Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends can substantially and adversely affect the value of investments. Market risk includes the potential impact of events which are outside the Company's control, such as the ongoing wars in the Middle East and in the Ukraine.

The Company holds part of its portfolio in companies with small market capitalisations, which are likely to be subject to higher valuation uncertainties and liquidity risks than larger capitalisation securities. The Company may also invest in unquoted securities which generally have greater valuation uncertainties and liquidity risks than securities listed or traded on a regulated market.

There are inherent risks involved in stock selection. The Manager is experienced and employs its expertise in selecting the stocks in which the Company invests. The Manager spreads the investment risk over a wide portfolio of investments in its three main sectors: energy, water and waste, as well as geographically.

At year end, the Company held investments in 54 companies and the largest holding represented 4.4% of net assets.

The Manager will not normally hedge against foreign currency movements, but the Manager takes account of the risk when making investment decisions. Further details on financial risks and risk mitigation are disclosed in note 15 to the accounts.

The high risk rating remains unchanged; this reflects continued uncertainty in markets, though for changed reasons. Interest rates and inflation have reduced but uncertainty continues to remain high. Reasons include changes in geo-politics (such as policies on net zero and the return of Trumponomics) and the increasing amount and levels of armed conflict. The latter demonstrated post year end by the US strikes on Iran with its subsequent resulting armed conflict throughout the Middle East.



The Company's objective and strategy do not continue to attract investors

This risk includes, but is not limited to, the risk that the Company's anticipated growth of financial returns from environmental markets does not occur, that the environmental thematic decreases in relevance and that there is reversal of environmental policy. Companies operating in environmental markets carry risks that governments may alter the regulatory and financial support for environmental improvement, costs of technology may not fall, capital spending by their customers is reduced or deferred and their products or services are not adopted.

There is the risk that even though the Company's objective and strategy continue to be attractive to investors, a significant minority shareholder, whose interests are not aligned with the interests of other shareholders, could threaten the Company's long-term objectives and viability. This risk was heightened in the year following the Board's communications with Saba both during and after the year end, and the notable increase in Saba's shareholding in the second half of 2025 which continued into 2026.

The Company invests in a broad portfolio of investments which are spread amongst several environmental market sectors. The Manager has a rigorous investment process which takes into account relevant factors prior to investment decisions taking place and thereafter. As well as reviews of the portfolio and relevant industry matters at quarterly Board meetings, the Board has an annual strategy day at which the overall strategy of the Company is discussed.

All shareholders have an opportunity to talk with the Board and the Manager at the AGM and can communicate with the Board at any time by writing to the Company's registered address or by email (details on page 92).

The Chairman's Statement sets out how the Board - following lengthy discussions with major shareholders, including Saba - have attempted to address the situation, beginning with the Continuation Tender Offer circular published on 26 January 2026 and the Exit Tender Offer published on 17 March 2026, both of which are available at www.iemplc.co.uk



Share price trades at excessive discount to net asset value

It is in the long-term interests of shareholders that shares do not trade at a significant discount to net asset value.

Investor demand for the Company's shares may fall, causing the discount to widen.

A wide discount can cause the shares of the Company to become attractive to activist shareholders, who may have a short term agenda which is not in the interests of all shareholders.

The Board monitors the level of premium/discount and receives regular shareholder feedback from the Manager and broker.

The Board has the power, granted by shareholders, to buy back shares when in the best interests of the Company, and this should reduce supply of shares and thus reduce or stop widening of the discount and may reduce volatility.



Potential risk	Mitigation	Trend
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Investment Management

Underperformance of the Manager


<p>Consistent long-term underperformance by the investment manager may lead to poor performance of the Company compared to its benchmark comparators and peers, a widening of discount to NAV, a reduction in capital and dissatisfied shareholders.</p> <p>With effect from 1 October 2025, the Company's environmental benchmark was changed, with the FTSE Environmental Technology 100 Index being replaced by a new Solactive Global Environmental Markets Specialists Index. The Board considers that the new environmental benchmark provides the Manager with a more suitable reference point for its portfolio construction and risk management, whilst at the same time providing the Board with a better benchmark for its evaluation of the Manager's performance.</p>	<p>At each board meeting the Manager reports on the performance of the Company including comparisons to its peers and benchmark comparators.</p> <p>The Board considers various portfolio metrics including top contributors and detractors to performance, sub-sector and regional performance, investment rationale, valuation and growth statistics, key activity in the period, attribution analysis, portfolio positioning and risk, and the Manager's outlook. The Board considers the rationale behind new additions, for which the Manager provides details including the environmental benefit. The Board also considers the macro and geopolitical risks and uncertainties that effect the portfolio and the Company. The Board considers the investment process to ensure this is aligned to the Company's investment objective and policy. The Board considers the capabilities of the Manager, the viability of the Manager's business model and the ongoing investment in resources.</p>	
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Operations – service providers risks

Failure or breach of Information Technology (IT) - including cyber-security, and physical security risks

<p>Failure of IT or physical security could potentially lead to breaches of confidentiality, data records being compromised and the inability to make investment decisions. In addition, unauthorised physical access to buildings could lead to damage or loss of equipment.</p> <p>The underlying risks primarily exist in the third party service providers to whom the Company has outsourced its depositary, registration, administration and investment management activities.</p>	<p>The Company's key service providers report periodically to the Board on their procedures to mitigate cyber-security risks including their alignment with industry standards, their physical and data security procedures and their business continuity planning.</p> <p>The Board meets with its key service providers at each Board meeting and Directors engage with service providers frequently between Board meetings.</p>	
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Operational risk

<p>The Board has contractually delegated to third party service providers the management of the investment portfolio, and services covering: depositary and custody; registrar; company secretarial and administration, including fund accounting. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third party service providers.</p> <p>Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records (including cyber security risk) could prevent the accurate reporting and monitoring of the Company's financial position.</p>	<p>Due diligence is undertaken before contracts are entered into with third party service providers, taking into account the quality and cost of services offered, including policies and procedures, and risk management and controls systems in operation in so far as they are relevant to the Company. Thereafter, the performance of the provider is subject to regular review and report to the Board. The Board monitors key persons as part of this oversight. The control of risks related to the Company's business areas is described in detail in the corporate governance report on page 53.</p> <p>During the year the company secretarial and administration service provider was changed due to a noticeable deterioration in the quality of services provided by the former provider. The appointment of the new provider, Juniper Partners Limited ("Juniper"), followed a comprehensive tender and due diligence process led by the Company's Audit Chair.</p> <p>Last year the risk rating was increased, reflecting the above noted deterioration; this year the risk rating has decreased following the smooth transition of the Company's company secretarial and administrative services to Juniper, and its excellent service to date.</p>	
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Whilst not being identified as principal risks after mitigation controls are applied, other relevant risks to the Company include the following:

Potential risk	Mitigation	Trend
Strategic and business objective risks		
Gearing risk		
<p>The Company may borrow money for investment purposes. If investment markets fall in value, any borrowing will enhance the level of loss.</p> <p>Capacity constraints on the availability of desirable companies for investment may mean the Company is unable to achieve the level of gearing wanted.</p> <p>The Company's significant minority shareholder objective is unknown even following extensive engagement by the Board and its financial adviser. Consequently, this has created a material going concern uncertainty. The tender offer could result in a considerably reduced Company and potentially breach of borrowing covenants.</p> <p>Any early redemption of the loans would result in significant redemption costs.</p>	<p>The Board has authorised the Manager to use its discretion to utilise gearing up to 10% of net assets. Any borrowing above this level requires Board approval.</p> <p>Borrowing facilities are renewed on a cost effective and timely basis.</p> <p>The Manager keeps under regular review the opportunities for enhancing returns by the prudent use of gearing.</p> <p>The Board has established a plan to deal with any required reduction in borrowing in order to ensure covenants are not breached, including appointment of a specialist debt adviser if early redemption is required. Given the uncertainty that has been created for the Company, the risk rating has been increased.</p>	
Physical climate change risk		
<p>While efforts to mitigate climate change continue, the physical impacts are already emerging in the form of changing weather patterns. Extreme weather events can result in flooding, drought, fires and storm damage, potentially impairing the operations of an investee company at a certain location, or impacting locations of companies within their supply chain.</p>	<p>Physical climate change risk is still an emerging topic for investors as well as for the management teams of investee companies. It has been a focus area of research and engagement by the Manager to identify companies particularly exposed to this risk and to open a dialogue with them on management options. Details of engagement with investee companies are given on page 41.</p> <p>The Company invests in a broad portfolio of companies which are spread geographically, limiting the impact of location specific weather events.</p>	
Financial risk		
<p>The Company's investment activities expose it to a variety of financial risks which include foreign currency risk, portfolio liquidity risk and interest rate risk.</p> <p>The Company invests in securities and has borrowings which are not denominated or quoted in sterling. Movements of exchange rates between sterling and other currencies in which the Company's investments are denominated may have an unfavourable effect on the return on the investments made by the Company.</p> <p>The Company's main exposure is its €60 million Loan Notes and its £35 million revolving credit facility, details of which are shown in note 11.</p>	<p>The Manager does not actively hedge against foreign currency movements affecting the value of its investments, although the Manager takes account of this risk when making investment decisions.</p> <p>Non-sterling borrowings will effectively hedge non-sterling investments for matching currencies.</p> <p>The Company invests in range of global listed equities and the Manager monitors the foreign currency exposure and liquidity of holdings within the portfolio and reports on these to the Board at each meeting.</p> <p>Interest rate risk on borrowing was reduced by fixing two of the Loan Notes.</p> <p>Further details on financial risks and risk mitigation are disclosed in note 16 to the accounts.</p>	
Regulatory risks		
<p>Loss of investment trust status would lead to the Company being subject to tax on any gains on the disposal of its investments.</p> <p>Breaches of the FCA's rules applicable to listed entities could result in financial penalties or suspension of trading of the Company's shares. Breaches of the Companies Act 2006 could result in financial penalties or legal proceedings against the Company or its Directors.</p> <p>Failure of the Manager to meet its regulatory obligations could have adverse consequences on the Company.</p>	<p>The Company has contracted out relevant services to appropriately qualified professionals, who monitor, and report to the Board on regulatory compliance. In addition, the Company's broker, auditor, company secretary and Manager provide the Board with regulatory updates on a regular basis.</p> <p>The Manager reports on regulatory matters to the Board on a quarterly basis. The assessment of regulatory risks forms part of the Board's risk assessment programme.</p>	

Viability statement

The continuation of the Company is subject to the approval of shareholders every three years, and approval was last given by shareholders at the Company's 2025 AGM with 89.57% votes in favour of continuation of the Company.

The Directors have assessed the viability of the Company for the period to 31 December 2030 (the "Viability Period"). The Board believes that the Viability Period, being approximately five years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy, the principal risks outlined above and its gearing. The Board has also assumed that shareholders will approve the continuation of the Company on each continuation resolution proposed during the Viability Period. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the Viability Period.

The Board reviewed the Company's income and expenditure projections and other funding requirements in normal and worst case market conditions. The level of the ongoing charges is dependent to a large extent on the level of net assets, the most significant contributor being the investment management fee. The Company's income from investments and cash from the sale of investments (which are readily realisable) provide substantial cover to the Company's operating expenses, and any other expenditure likely to be faced by the Company over the Viability Period. Such expenditure includes buybacks of shares and repayment of the Company's borrowings, which at the date of this report represented just under 10% of the Company's investments.

In its assessment of the prospects of the Company, the Board considered each of the principal risks and uncertainties, and the liquidity and solvency of the Company.

The Directors' assessment of the viability of the Company also took into account Saba's significant minority shareholding and its communications with Saba

both during, and after, the year end. The former included the notable increase in Saba's shareholding in the second half of the year which continued post the year end, and Saba's activity in the investment trust market.

Saba's significant minority shareholding means that it can likely block all special (75%) resolution votes. Therefore, as explained in more detail in the Chairman's Statement on pages 5 and 6, on 26 January 2026 the Company published its Continuation Tender Offer ("CTO") which set out a clear and decisive choice for the Company's shareholders: to remain invested in the Company and its specialist Environmental Markets mandate, or to exit at close to net asset value per share. The CTO was conditional on Saba tendering all (or materially all) of its shares. However, the tender was cancelled on 27 February 2026 because the condition was not met.

Throughout this period, and subsequently, the Board has been in ongoing dialogue with Saba in an effort to reach a mutually agreeable outcome – one in which shareholders are able to tender up to 100% of their holding. Having exhausted every reasonable alternative to find a solution that balances the interests of all shareholders and ensures the long-term stability of the Company, the Company published an Exit Tender Offer ("ETO") on 17 March 2026. This tender requires only a simple majority for approval but, as highlighted in the ETO circular, Saba could gain the power to change the Company's strategy, objectives and even its mandate. Notwithstanding the possible strategic outcomes of the ETO, the Company's ability to meet its liabilities as they fall due remains, as does its financial and operational ability. However, were an action proposed by the Company to result in the Company changing its investment strategy and/or business model, the period over which it would be reasonable to assess the viability of the Company could be significantly changed, as is also the case were the Company to propose a wind up. These considerations do not affect the underlying viability of the Company.

Engaging with IEM 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, taking into consideration the interests of stakeholders in their decision-making and to share how they have discharged this duty.

The Company's mission is to help its shareholders benefit from growth in companies operating in the fast growing Environmental and Resource Efficiency Markets.

The Company's values – integrity, accountability and transparency – mean that the Board has always worked hard to communicate effectively with the Company's stakeholders. This is a two-way process and the feedback received from our stakeholders is highly valued and factored into our decision making.

The Company has a range of stakeholders and this section maps out who they are and what the Board believe their key interests to be, how the Company enables engagement with stakeholders and highlights results that have consequently arisen during the year.

Shareholders & financial advisers

During the period the Board has engaged on the following topics:

Investment Performance (“NAV”) - Investment performance is monitored in relation to the Company's objective and to the investment policy and strategy (further information can be found on pages 33 and 34 describing the Key Performance Indicators). The Board receives regular reports from the Manager on the composition, investment activities and performance of the portfolio and the wider marketplace in which the Company operates. The Board discusses the portfolio at each Board meeting and maintains a constructive dialogue between meetings as well. A representative of the Manager additionally attends quarterly Board meetings.

2025 Highlights: The Company's NAV per share on a total return basis increased by 0.9%, compared to a rise in the MSCI ACWI of 13.9%, the Company's equity comparator index. One of the issues shareholders faced in understanding the performance of IEM was that a large percentage of the MSCI ACWI benchmark consists of stocks that cannot be held in the IEM portfolio. In addition, the FTSE Environmental Technology 100 Index (“FTSE ET100”), which was historically used, no longer represents the best reflection of the opportunity set. To improve the standard of reporting and to understand more objectively the nature of returns and the performance of the Manager, the Board worked with the Manager to introduce a new benchmark to reflect the opportunity set.

As a consequence, with effect from 1 October 2025, the Company's FTSE ET100 environmental benchmark was replaced by a new Solactive Global Environmental Markets Specialists Index. Further detail about this new index is set out in the Manager's Report on page 8. The Board considers that the new environmental benchmark provides the Manager with a more suitable reference point for its portfolio construction and risk management, whilst at the same time providing the Board with a better

benchmark for its evaluation of the Manager's performance. The Company will report formally against this environmental markets comparator from the next Annual Report.

Share Price, Liquidity & Premium/Discount - The Board also reviews and discusses detailed reports from the Manager and other key service providers, including the broker and financial advisers, in relation to the Company's share performance, trading and liquidity as well as the register of shareholders composition and changes. The Board takes a proactive approach to managing the premium and discount.

2025 Highlights: The Company's share price total return increased by 4.3% for the year, while the NAV total return increased 0.9%. The share price traded at a discount of between 5.5% and 15.7% during the year, with an average discount of 9.7%. The Board has acted regularly to limit the volatility of the share price by buying back shares as and when appropriate. At 31 December 2025, the Company's share price was 396.5p and the shares traded at a 7.0% discount to NAV.

Sustainability - The Manager conducts fundamental analysis which incorporates long-term risks, including sustainability factors. Its reporting to the Board goes beyond financial returns to include environmental impact, corporate engagement and stewardship. The Manager maintains regular dialogue with both investee and potential investee companies and reports back on these conversations to the Board. As described on page 41, the Board and Manager believe engagement with the investee companies is positive, beneficial and welcomed and that consistent exercise of voting rights is a key activity in the dialogue with companies invested. The Board has oversight of the quality of non-financial risk management in its quarterly Board meetings.

2025 Highlights: The Sustainability Reporting Committee (“SRC”) met three times during the year. Further details on the Committee and its activities are given on page 51. As set out on page 26, the Manager has produced its second report on Task Force on Climate-Related Financial Disclosures (“TCFD”) Report specific to the Company. This can be found on the Company's website: www.iemplc.co.uk.

The Board, following a recommendation from the Sustainability Reporting Committee, agreed with the Manager to continue to apply the “Sustainability Impact” label to the Company in accordance with the FCA's Sustainability Disclosure Requirements. The Sustainability Impact label offers shareholders a clear view on what they are supporting when investing in the Company.

Strategy - The strategy of the Company is reviewed by the Board on a continuing basis at every Board meeting. In addition, once a year the Board undertakes a strategy day, inviting representatives from key service providers, as well as its PR company, to look ahead and present new ideas and improvements that the Board can consider. Whilst feedback from shareholders is sought on a continual basis, the Board requests the Company's broker and Manager to provide detailed analysis and feedback from shareholders in order that it can be addressed during this meeting. The Board's strategy and performance is validated by shareholders through a triennial vote on the continuation of the Company and

the Board encourages shareholders to take part in this vote.

2025 Highlights: During the year, the Board discussed with the Manager current headwinds to performance as well as the continuing discount to NAV. Additionally the Board reviewed the Manager's investment process to ensure it remained robust and appropriate. Different marketing and sales strategies were considered with a view to supporting the narrowing of the discount to NAV. The Board consulted with shareholders ahead of the continuation vote held at the AGM on 20 May 2025, which was passed with 89.57% in favour of the continuation of the Company. The next vote will be held in 2028.

Regular Communication - Meetings with financial advisers and our shareholders help us to understand their needs and concerns. As described under Shareholder Relations and Annual General Meeting on page 46, the Board welcomes direct feedback from shareholders throughout the year. Additionally, the Board maintains regular contact with shareholders through the Manager and broker's programme of shareholder and financial adviser meetings, who report back to the Board on shareholder sentiment, questions, or concerns for the Board's consideration.

The Board believes that shareholders and financial advisers can make informed decisions only if they have access to relevant information on a timely basis. To provide the transparency that the Board seeks with shareholders, a variety of communication channels and methods of communication are used.

The Company's website - www.iemplc.co.uk is considered an essential communication channel and information hub for shareholders. As such, it includes full details of the investment objective, supporting philosophy and investment performance along with news, opinions, disclosures, results and key information documents, as well as information about the Board, its Committees and other governance matters.

The annual and interim reports and accounts are published on the Company's website and are available in hard copy on request. The date of the Annual General Meeting is published in advance online. Shareholders are encouraged to raise questions either at or in advance of this meeting.

Factsheets and market commentary, which provided performance information, inclusive of geographic and sector exposure and the top ten holdings, are published monthly. The full portfolio holdings are made available quarterly in arrears; both are available on the Company's website.

The Company continues to expand and enhance the content of its engagement and advocacy results, and on the environmental impact of its investment strategy.

2025 Highlights: The Board held the AGM in person with an option to listen in online. Shareholders were welcome to attend, to meet the Board and the investment manager and to ask any questions. In addition to continuing to publish a monthly performance commentary which includes a market review, portfolio review and outlook, the Manager released IEM specific

TCFD and Sustainability reports. These can be found on the IEM website at www.iemplc.co.uk.

The Board had extensive engagement with shareholders during the year, especially prior to the Company's AGM and subsequent to Saba increasing its shareholding.

Throughout the year, the Board worked with the Manager to deliver a refreshed Company website designed to enhance the shareholder experience. This design refresh was rolled out to the Company's other published information.

Board Succession Planning - The composition of the Board and succession planning is led by the Nomination Committee with changes managed in order to provide regular refreshment, good diversity and a high level of relevant skills as set out in its report on page 51.

2025 Highlights: Elizabeth Surkovic became the Chair of the Sustainability Reporting Committee replacing Glen Suarez with effect from 28 January 2025.

Succession planning remains a priority for the Board, with Aine Kelly due to retire at the 2026 AGM and a new director appointed. However, given the Company's unique circumstance with its tender offers and the uncertainty surrounding the Company, her retirement has been delayed for a year. The Board determined it would be both difficult to recruit and the Board would have lost the considerable expertise of Aine Kelly at a crucial time. Additional information is set out in the Corporate Governance Report on page 50.

Manager

The Board continues to maintain a strong relationship with the Manager, aligned in the mission to seek to deliver consistent outcomes for our clients and superior financial returns over the long-term.

2025 Highlights: As previously referred to, the Board worked closely with the Manager on the adoption of the new environmental markets benchmark. This provides the Manager with a more appropriate framework for portfolio construction and risk management and performance assessment.

The portfolio management team underwent considerable change in the year, with the retirement of Bruce Jenkyn-Jones in the year, Jon Forster stepping back from managing the portfolio at the year end and the appointment of Sanjeev Lakhani as Co-Portfolio Manager. The Board has developed constructive and effective working relationships with the new Investment Managers of Sanjeev and Fotis Chatzimichalakis, and holds regular meetings with them to review portfolio performance and strategic matters.

Impact on the wider community and environment - The Board and the Manager support the transition to a low-carbon economy, primarily through investment decisions, company engagement and collaboration with stakeholders.

2025 Highlights: The Company's Environmental Impact Reporting has continued to be developed in partnership with the Manager. This is set out on pages 24 to 31 and

includes the Company's climate-related reporting and mapping to UN Sustainable Development Goals.

Under the FCA's Consumer Duty rules, the Manager must complete an annual assessment of value assessment for the Company. This assessment looks at the value the Company provides to investors in the year and must be shared annually with the distributors of the Company.

Investee companies

Long-term Investment, Collaboration, Engagement - The Manager is a long-term investor and develops strong relationships with many of our investee companies, including access to key individuals. This engagement is collaborative, with investee companies having access to the sustainability expertise of the Manager's Global Head of Sustainability & Stewardship. The Manager maintains regular dialogue with both investee and potential investee companies and reports back on these conversations to the Board. The Board and the Manager believe engagement with the investee companies is positive, beneficial and welcomed, and that consistent exercise of voting rights is a key activity in the dialogue with companies invested.

Sustainability & Stewardship Considerations - The Board has oversight of the Manager's non-financial risk management at its quarterly Board meetings, along with meetings with the Global Head of Sustainability & Stewardship twice a year. The Manager engages with companies to minimise risks, protect shareholder value, promote greater transparency and encourage companies to become more resilient over time. The Manager takes a supportive rather than activist approach and, as a leader in the field of environmental impact, often works in collaboration with other asset managers or organisations.

2025 Highlights: During 2025, the Manager continued to have regular dialogue with management of investee and potential investee companies in person, virtually or a hybrid of both. The engagement, proxy voting and stewardship activities undertaken, including examples of outcomes of the Manager's engagement with investee companies, are published on page 40.

Service providers

Productive and Collaborative Working Relationships - The Board, either directly or through the Manager, seeks to develop deep relationships and regularly engages with our service providers, including ensuring that they reflect our values around social inclusion, sustainability, and the environment. The performance of our key service providers is regularly monitored and set against KPIs. The Company wants to ensure, and assesses on a regular basis, that appointments remain in the best interests of our stakeholders.

Reputation Management - The Board has high standards and aims to maintain its reputation for delivering for its shareholders. Oversight through regular monitoring and reviews have an integral role in informing the Board's decision making. Reviews include updates on the service provider's operations, their policies and control environment, regulatory developments from the auditor and company secretary, shifts in market sentiment and industry practice from the broker and portfolio or wider market changes from the Manager.

Communications - Service providers are also responsible for monitoring the markets in which they operate and communicating updates to the Board; for instance, the company secretary will monitor regulatory changes and make the Board aware of these. Regular meetings with our service providers, in particular the Manager, are essential if we are to monitor and seek feedback from them.

Impact on the wider community and environment - In line with the Board's intention to report under the TCFD framework, the Board encouraged its key service providers to consider and evaluate their environmental impact, and has reported the Manager's CO2 emissions for the third time this year.

2025 Highlights: The Board undertook an in depth review of marketing following which there were some changes to the service providers used and updated its plan to engage with both major shareholders and shareholders who hold shares on platforms.

The Board, under the guidance of the Audit Committee Chair, undertook a formal tender of its company secretarial and administration services, appointed Juniper Partners Limited and oversaw the successful transition of the services.

Other Information

Modern slavery disclosure

The Company aims to act to the highest standards and is committed to integrating responsible business practices throughout its operations. The prevention of modern slavery is an important part of corporate good governance.

As an investment trust the Company does not offer goods or services to consumers and deals predominantly with professional advisers and service providers in the financial services industry. As such the Board considers that the Company is out of scope of the Modern Slavery Act 2015. A statement by the Manager under the Act has been published on the website at www.iemplc.co.uk

Environmental matters

The Company has no employees, physical assets, property or operations of its own, does not provide goods or services and does not have its own customers. It follows that the Company has little to no direct environmental impact. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

As an investment trust the fundamental environmental impact the Company makes is indirectly through the investments in its portfolio. Further details can be found above under the heading **IEM Environmental Impact Report**.

Social, community and human rights issues

The Manager screens the Company's investable universe as part of the Environmental Social and Governance analysis for any breaches of the principles of the UN Global Compact, including human rights, labour rights, environmental breaches and corruption. Any non-compliant companies are excluded from investment.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment.

Prevention of the facilitation of tax evasion

The Board has a zero-tolerance approach to the criminal facilitation of tax evasion.

Employees

The Company has no employees. As at 31 December 2025, the Company had five Directors, of whom two are male and three female.

Outlook

The outlook for the Company is discussed in the Chairman's Statement on pages 4 to 7.

Strategic Report

The Strategic Report set out on pages 1 to 42 of this Annual Report was approved by the Board of Directors on 27 March 2026.

For and on behalf of the Board

Glen Suarez
Chairman

27 March 2026

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Board of Directors



Glen Suarez

Chairman of the Board and Management Engagement Committee

Appointed 1 October 2022
Appointed Chairman on 17 May 2023

Mr Suarez is currently chairman of Knight Vinke Asset Management, having previously held the roles of CIO and Deputy CEO. He is a senior adviser to FMAP Limited, a consultancy founded by Lord Maude which advises governments on the implementation of public sector reform.

Mr Suarez was chairman of The Edinburgh Investment Trust plc from 2017 to 2022, having joined the board in 2013. He was co-chair of the Capital Markets Advisory Committee, an independent body advising on accounting issues and standards between 2014 and 2020. Before this, he was a Partner in Soditic Limited and head of European energy, infrastructure and utilities investment banking business at Morgan Stanley.

He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Royal Society of Arts.

Mr Suarez brings significant investment trust experience to the Board as well as a deep knowledge of markets and of the investment process.



Aine Kelly

Senior Independent Director and Chairman of the Nomination Committee

Appointed 15 November 2016
Appointed as Senior Independent Director on 21 May 2020

Miss Kelly is an Independent Impact Investing Consultant. Miss Kelly worked as Head of Financial Sector and Investor Engagement at Big Society Capital from 2013-2016, followed by four years as a consultant on The Impact Management Project. She spent the previous five years at Barclays Wealth and prior to that she worked 16 years in investment banking at Kleinwort Benson, JP Morgan and Citigroup. Miss Kelly has a wide experience of introducing new investment opportunities to investors and has covered UK, European and Asian equity markets. Miss Kelly has worked in London, New York and Zurich and is currently based in Ireland.

Miss Kelly is a member of the External Board of Advisors of Cork University Business School and a member of the Impact Advisory Committee of WakeUp Capital, a climate and venture capital fund.

Miss Kelly's background and expertise brings a different approach to the boardroom with a focus on both the financial integrity of investment decisions and their long-term impact.



Stephanie Eastment

Chairman of the Audit Committee

Appointed 1 July 2019
Appointed as Audit Chair on 21 May 2020

Mrs Eastment is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Chartered Governance Institute with over 30 years' experience of the financial services industry. She qualified with KPMG and worked at Wardley and UBS in finance and corporate governance before moving to Invesco, where she worked for 22 years ending as Head of Accounts and Company Secretariat for Specialist Funds, which included investment trusts. She retired from Invesco in 2018 to pursue a non-executive director career using her wide knowledge and experience. She is also a member of the AIC's Technical Committee.

Mrs Eastment is a non-executive director and audit committee chair of Herald Investment Trust plc and Alternative Income REIT plc, a non-executive director and senior independent director of Murray Income Trust plc, and a non-executive director of RBS Collective Investment Funds Limited.

Mrs Eastment's financial, technical and oversight experience and knowledge strengthens the Board's financial and risk oversight not only as a director, but as the audit committee chairman.



Elizabeth Surkovic

Chairman of the Sustainability Reporting Committee

Appointed 1 January 2024
Appointed as Sustainability Reporting Committee Chair on 28 January 2025

Mrs Surkovic has over 30 years experience in environmental policy making and regulation in the private and public sectors. Her background and experience provides her with a deep knowledge of many of the areas supporting environmental technology investments. During her career, she has been at the forefront of developing and delivering environmental policy in Europe and the UK as well as working globally with groups such as OECD.

Mrs Surkovic was most recently at The Royal Society, where she was head of policy, prior to that she was a senior civil servant for HM Government working in several Departments. In prior years, Mrs Surkovic was a Director of the Chemical Industries Association. She works with the University of Cambridge's Centre for Science and Policy and is a member of its admission board.

Mrs Surkovic holds a B.Sc. in Biochemistry from Birmingham University.

Mrs Surkovic's background and expertise enable her to provide guidance to the Board on ESG and environmental technology matters in particular.

All Directors are members of the Audit, Nomination, Remuneration, Management Engagement and Sustainability Reporting Committees. All Directors are considered independent by the Board.

Board of Directors



Guy Walker

Chairman of the
Remuneration Committee

Appointed 17 May 2023
Appointed as Remuneration
Committee Chair on
9 November 2023.

Mr Walker is currently senior independent director at JPMorgan European Growth & Income plc, having joined them in 2021. He was previously managing director UK & European Equities at UBS Asset Management and before that he held various roles at Schroder Investment Management, including as non-executive director of Schroder Pension Trustee Limited, global head of ESG investment and head of equity research. He helped to set up the Investor Forum in 2014 and still acts as a senior adviser to it.

Mr Walker holds an MBA from the London Business School, an MA in Finance and Investment and a BSc in Engineering Science from the University of Exeter.

Mr Walker's experience and abilities enables him to challenge both the Board and the Manager on the rigour of their processes and thinking, especially on long-term matters.

Investment Managers



Fotis Chatzimichalakis

Portfolio Manager

Fotis is a Co-Portfolio Manager of the Impax Specialists and Climate strategies. Fotis researches stocks globally, focusing on the information technology and industrials sectors.

Fotis originally joined Impax as an intern in 2015, initially working in the listed equities team. He has held his current role since 2021. Prior to joining the firm, he had an internship at Barchester Green Investment.

A CFA Charterholder, Fotis also holds the Investment Management Certificate. He has a master's degree in Civil Engineering from the National Technical University of Athens and a master's degree in Sustainable Energy Systems from the University of Edinburgh.



Sanjeev Lakhani

Portfolio Manager

Sanjeev is a Co-Portfolio Manager of the Impax Climate and Specialists strategies. He is also responsible for ideas generation, fundamental research and thought leadership for Impax's Thematic and Lens strategies with a primary focus on Industrials.

Sanjeev joined Impax in 2023 from Highclere International investors, where he worked as an investment analyst and assistant portfolio manager, covering International small and mid cap stocks primarily across Industrials and Utilities. Prior to that he worked at Janus Henderson Investors as an Investment Manager across their Sustainable, Global and International strategies. Sanjeev started his career at PwC where he worked in corporate finance and qualified as a chartered accountant (ACA).

Sanjeev holds a BSc in Economics from the London School of Economics. He is a CFA Charterholder and a member of the ICAEW.

Directors' Report

The Directors present their report and accounts for the year ended 31 December 2025.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 1 to 42.

Corporate governance

The Corporate Governance Statement on pages 50 to 53 forms part of this report.

Legal and taxation status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company conducts its affairs in order to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. The Company has received initial approval as an investment trust and the Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 December 2025.

Market information

The Company's Ordinary Shares are listed on the London Stock Exchange ("LSE"). The NAV per ordinary share is calculated in sterling for each business day that the LSE is open for business. The daily NAV per ordinary share is published through a regulatory information service.

Retail distribution of investment company shares via financial advisers and other third party promoters

As a result of the Financial Conduct Authority ("FCA") rules determining which investment products can be promoted to retail investors, certain investment products are classified as "non-mainstream pooled investment products" and face restrictions on their promotion to retail investors.

The Company has concluded that the distribution of its shares, being shares in an investment trust, is not restricted as a result of the FCA rules described above.

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by financial advisers to retail investors and intends to continue to do so for the foreseeable future.

Manager

Impax Asset Management (AIFM) Limited ("Impax" or the "Manager") has been appointed as the Company's Investment Manager.

The Manager is appointed under a contract subject to 12 months' notice.

The Manager is entitled to remuneration each month at a rate equivalent to one-twelfth of 0.9% on the Company's net assets up to and including the first £475 million; 0.65% on net assets between £475 million and £1.4 billion; and 0.45% on net assets in excess of £1.4 billion.

The Board confirms that it has reviewed whether to retain Impax as the Manager of the Company. It has been concluded that, given the Manager's depth of knowledge in the sector and the strategic charges made to the portfolio and team during the year, it is in the best interests of shareholders as a whole to continue with Impax's engagement.

Consumer Duty

The FCA's Consumer Duty rules comprise a fundamental component of the FCA's consumer protection strategy and aim to improve outcomes for retail customers across the entire financial services industry through the assessment of various outcomes, one of which is an assessment of whether a product provides value. Under the Consumer Duty, the Manager is the product manufacturer of the Company. The Manager completed a fair value assessment during the year which is an assessment of the value it provides to investors. The Manager concluded that the Company should be given the rating of "Fair Value Achieved".

Borrowings

Details of the Company's borrowings can be found in note 11 to the financial statements.

Shareholder relations and annual general meeting

The Board encourages all shareholders to attend the AGM. It is anticipated that the Company will convene its Annual General Meeting to be held by the end of June 2026 once the outcome of the tender offer is known. A separate circular, including the Notice of Annual General Meeting, will be sent to shareholders in due course.

The Manager undertakes a programme of shareholder meetings, in which the Chairman and other Directors have been actively involved, and reports the outcomes to the Board. The Board also welcomes direct feedback from shareholders. The Chairman is available to meet shareholders and may be contacted by email at chairman@impaxenvironmentalmarkets.co.uk.

Capital structure and voting rights

At the year end, the Company's issued share capital comprised 305,623,539 ordinary shares, with 115,212,960 ordinary shares held in treasury.

No shares have been issued or bought back since the year end.

Each ordinary share held entitles the holder to one vote. All shares carry equal voting rights and there are no restrictions on those voting rights.

There are no restrictions on the transfer of shares, nor are there any limitations or special rights associated with the ordinary shares.

Notifiable interests

As at 31 December 2025 and 25 March 2026, the Directors have been formally notified of the following shareholdings comprising 3% or more of the issued share capital of the Company.

Company	Holding of ordinary shares - as at 31 December 2025	% Holding - as at 31 December 2025	Holding of ordinary shares - as at 25 March 2026	% Holding - as at 25 March 2026
Saba Capital Management, L.P.	36,524,540	19.2%	42,138,136	22.1%
Rathbones Investment Management Ltd	20,667,244	10.9%	20,667,244	10.9%
Bank of Montreal	15,032,451	7.9%	Note 1	n/a
Bank of America Corporation	9,751,410	5.1%	6,672,865	3.5%
Jefferies Financial Group Inc.	9,608,512	5.0%	13,858,826	7.3%
RBC Europe Limited	9,519,409	5.0%	9,511,339	5.0%
The Joseph Rowntree Charitable Trust	7,700,445	4.0%	7,700,445	4.0%

Note 1: The Company was notified on 2 February 2026 that this total voting rights had fallen below the notifiable 5% threshold.

A number of the above shares were notified as being held indirectly by the above companies.

Political donations

There were no political donations made during the financial year to 31 December 2025 (2024: nil).

Disclosure required by Listing Rule UKLR 6.6.1

The above rule requires listed companies to report certain information in a single identifiable section of their annual financial reports. The Company confirms that all such reporting applied only to non-applicable events for the year ended 31 December 2025.

Financial instruments

Further information regarding the Company's financial instruments and related policies and a consideration of its liquidity and other financing risks are in notes 2 and 16 to the financial statements.

Future trends

Details of the main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Manager's Report section of this Strategic Report on pages 1 to 42. Further details as to the risks affecting the Company are set out in the 'Principal Risks and Uncertainties' on pages 34 to 37.

Directors' indemnities

Subject to the provisions of the Companies Act 2006 and certain provisions contained in the deeds of indemnity issued by the Company, the Company has indemnified each of the Directors against all liabilities which each director may suffer or incur arising out of or in connection with any claim made or proceedings taken against them, or any application made under sections 661(3), 661(4) or 1157 of the Companies Act 2006 by them, on the grounds of their negligence, default, breach of duty or breach of trust, in relation to the Company or any Associated Company. The indemnities would provide financial support from the Company after the level of cover provided by the Company's Directors' and Officers' insurance policy has been fully utilised.

Going concern

The Directors have adopted the going concern basis in preparing the accounts. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. As at 31 December 2025, the Company held £10.6 million (2024: £13.4 million) in cash and £892 million (2024: £1,099 million) in quoted investments.

The Board has considered the Company's debt and related covenants. The main liability of the Company is its borrowings of £87 million (2024: £83 million) which is covered 10 times (2024: 13 times) by the net assets, and is well in excess of the level of cover required by the borrowing covenants (see note 11 to the financial statements).

The total ongoing expenses (excluding taxation and finance costs) for the year ended 31 December 2025 were £8.1 million (2024: £9.5 million), which represented 0.91% (2024: 0.84%) of average net assets during the year. The Board considered the Company's estimated income in both normal and worst case market conditions and concluded that the Company had sufficient liquidity to meet its ongoing expenses. The Board also considered the liquidity of the Company's investments and it is estimated that approximately 96% (2024: 94%) by value of the investments held at the year end, none of which are unquoted, could be realised in one month under normal market conditions.

At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

The Board has considered the impact of the ongoing macroeconomic political and geopolitical environment including the uncertainty surrounding the conflicts in the Ukraine and the Middle East, inflation and interest rates, the increase in political tension between the US and China and any likely effects upon the Company's portfolio of investments. However, as explained above, the Company has more than sufficient liquidity available to meet its expected future obligations. An explanation of the market, liquidity and credit risks and how they are managed is contained in note 15 to the financial statements.

The continuation of the Company is subject to the approval of shareholders every three years. The next continuation resolution will be held at the AGM in 2028.

At the year end, and at the date of signing of the financial statements, the Company has in Saba a significant minority shareholder. As a result of that holding and following discussion with Saba and other major shareholders, and as explained in more detail in the Chairman's Statement on pages 5 and 6, on 26 January 2026 the Company published a Continuation Tender Offer ("CTO") circular. The CTO was conditional on Saba tendering all (or materially all) of its shares. However, the tender was cancelled on 27 February 2026 because the condition was not met.

Throughout this period, and subsequently, the Board has been in ongoing dialogue with Saba in an effort to reach a mutually agreeable outcome - one in which shareholders are able to tender up to 100% of their holding. Having exhausted every reasonable alternative to find a solution that balances the interests of all shareholders and ensures the long-term stability of the Company, the Company published an Exit Tender Offer ("ETO") on 17 March 2026. This tender requires only a simple majority for approval but, as highlighted in the ETO circular, Saba could gain the power to change the Company's strategy, objectives and even its mandate.

Having received no guidance from Saba, the Board does not have any insight into what change(s) in direction the Company could have. On the basis that this raises inherent uncertainties that could potentially call into question the Company's ability to continue as a going concern for at least 12 months from the date of approval of these financial statements, the Board considers that there is a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern, but that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include adjustments that would be necessary if the Company were unable to continue as a going concern.

Post Balance Sheet Events

At the balance sheet date, Saba held a significant minority shareholding of 19.2% of the Company's issued share capital. At the date of the publication of this annual report, this position had been increased to 22.1% following further purchases by Saba of the Company's shares. The Chairman's Statement sets out the challenge this has created for the Company and how the Board has attempted to address the situation, culminating in the Continuation Tender Offer circular published on 26 January 2026 and the Exit Tender Offer published on 17 March 2026, both of which are available at www.iemplc.co.uk.

Auditor information

Each of the Directors at the date of the approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Appointment of auditor

In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint BDO LLP as the Company's auditor will be put forward at the forthcoming AGM in due course.

By order of the Board

Juniper Partners Limited
Company Secretary

27 March 2026



Corporate Governance

Introduction

This Corporate Governance statement forms part of the Directors' Report.

The UK Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA require listed companies to disclose how they have applied the principles and complied with the provisions of The UK Corporate Governance Code 2024 (the "UK Code"), as issued by the Financial Reporting Council ("FRC"). The UK Code can be viewed on the FRC's website.

The Board has considered the principles and provisions of the AIC Code of Corporate Governance 2024 (the "AIC Code") which addresses those set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company, as an investment trust.

The Board considers that reporting against the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive (provision 14);
- the need for an internal audit function (provision 25); and
- executive Directors' remuneration (provision 33).

The Board considers these provisions are not relevant to the Company, being an externally managed investment company with no employees. The Company has therefore not reported further in respect of these provisions, other than the need for an internal audit function specific to the Company, which has been addressed on page 59.

The Board

Composition

The Board consists of five non-executive Directors. Glen Suarez is the Chairman, Aine Kelly is the Senior Independent Director and the other Directors are: Stephanie Eastment, Liz Surkovic and Guy Walker. The Board has considered Aine Kelly's tenure as a Director. In light of the ongoing tender offer and the challenges associated with recruiting and onboarding a new Director during this period, the Board believes it is in the best interests of the Company and its shareholders for her to continue in office. The Board is satisfied that Aine Kelly remains fully independent in character and judgement and that her skills, experience and continuity provide valuable stability at present. All the above Directors served throughout the year.

The Board believes that during the year ended 31 December 2025 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Manager and are able to allocate sufficient time to the Company to discharge their responsibilities effectively. The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are given on pages 44 and 45.

In line with the AIC Code, the Board has decided that each Director standing should be subject to annual re-election by shareholders.

The Directors have appointment letters which do not provide for any specific term. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new Director will receive an induction and relevant training is available to Directors on an ongoing basis.

A policy of insurance against Directors' and Officers' liabilities is maintained by the Company.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Board Committees

The Board decides upon the membership and chairmanship of its committees. As the Board is small and comprises of only non-executive Directors, all Directors sit on each of the Board Committees. Each Committee has adopted formal terms of reference, which are reviewed at least annually, and copies of these are available on the Company's website or on request from the company secretary.

Audit Committee

A report on pages 58 and 59 provides details of the role and composition of the Audit Committee together with a description of the work of the Audit Committee in discharging its responsibilities.

Remuneration Committee

All of the Directors are members and Guy Walker is the Chairman of the Remuneration Committee. The Committee has been established to meet formally on at least an annual basis to review the remuneration policy of the Company and consider the fees of the non-executive Directors. No changes were proposed to the Company's remuneration policy. Following its review of fees, the Committee recommended an increase in the Directors' fees in order to ensure market rate remuneration. Details of the review conducted of the fees of non-executive Directors is given on page 54.

The Directors' Remuneration Implementation Report is included on pages 55 to 57.

Management Engagement Committee (“MEC”)

All of the Directors are members and Glen Suarez is the Chairman of the MEC. The MEC has been established to conduct a formal annual review of the Manager, assessing investment and other performance, the level and method of the Manager’s remuneration and the continued appointment of the Manager as Manager to the Company. The MEC met and reviewed the Manager’s performance and remuneration structure. In conclusion the Committee’s recommendation to the Board was that it was in the best interests of shareholders as a whole to continue with the Manager’s engagement and that the current management fee structure remained appropriate. (See page 46 for further details).

Nomination Committee

All of the Directors are members and Aine Kelly is the Chair. The Nomination Committee reviews the structure, size and composition of the Board and it identifies and puts forward candidates for the role of director of the Company. The Nomination Committee considers job specifications and assesses whether candidates have the necessary skills and time available to devote to the job.

The Board has formulated a succession plan which is reviewed and maintained through the Nomination Committee to promote regular refreshment and diversity, whilst maintaining stability and continuity of skills and knowledge on the Board. Succession planning remains a priority for the Board, with Aine Kelly due to retire at the 2026 AGM and a new director due to be appointed. However, given the Company’s unique circumstance with its tender offers and the uncertainty surrounding the

Company, her retirement has been delayed for a year. The Board determined it would be both difficult to recruit and the Board would have lost the considerable expertise of Aine Kelly at a crucial time.

During the year, the Board undertook an external Board performance evaluation process, which was led by the Nomination Committee and designed to assess the performance of the Chairman, individual Directors and its Board Committees.

Sustainability Reporting Committee (“SRC”)

All of the Directors are members and Elizabeth Surkovic is the Chairman of the SRC.

The Sustainability Reporting Committee receives reports from the Manager regarding its sustainability activities as they relate to the Company’s portfolio, the outcomes of such activities and its sustainability metrics. The Committee reviews and discusses the relevance of such activities and metrics in meeting the Company’s sustainability reporting obligations and stakeholders’ expectations, makes recommendations to the Board, and oversees the Company’s regulatory and voluntary sustainability reporting.

During the year, the Committee considered the disclosures made in the Annual and Half-yearly financial report and proposed some minor changes to the disclosures to be made in the annual report. The Sustainability Reporting Committee also reviewed the Manager’s annual assessment of the “Sustainability Impact” label of the Company in accordance with the FCA’s Sustainability Disclosure Requirements, and recommended its continued application to the Board.

Meeting attendance

The following table sets out the scheduled meetings Directors attended in the year to 31 December 2025. In addition to the meetings shown below, the Board attended a substantial number of additional meetings leading into the continuation vote and the Company’s tender offers. The Board also attended other normal ad-hoc meetings to deal with amongst other things, administrative matters and the formal approval of documents.

	Board	Strategy meeting	Audit committee	Remuneration committee	Management engagement committee	Nomination committee	Sustainability reporting committee
Number of meetings	5	1	4	1	1	2	3
Glen Suarez	5	1	4	1	1	2	3
Stephanie Eastment	5	1	4	1	1	2	3
Aine Kelly	5	1	4	1	1	2	3
Guy Walker	5	1	4	1	1	2	3
Elizabeth Surkovic	5	1	4	1	1	2	3

Board diversity

The Board’s policy on diversity is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including but not limited to gender diversity and ethnicity. The policy is always to appoint the best person for the job and there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability. The overriding aim of the policy is to ensure that the Board is composed of the best combination of

people for ensuring effective oversight of the Company and constructive support and challenge to the Manager. Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company.

The Board appraises its collective set of cognitive and personal strengths, independence and diversity on an annual basis, and especially during the recruitment process, so as to ensure it is aligned with the Company’s strategic priorities. The performance appraisal process is described below.

The Board believes its composition is appropriate for the Company's circumstances. In line with the Board's succession planning and tenure policy, or should strategic priorities change, the Board will review and, if required, adjust its composition.

Implementation of the Board's Diversity Policy

The targets set out in the UK Listing Rules 6.6.1(9)(a) require that at least 40% of individuals on the board are women; at least one individual on the board is from a minority ethnic background; and at least one of the senior board positions of Chairman, SID, CEO and CFO is held by a woman. At the year end the Board comprised five non-executive Directors. All three of the targets were met: there were three women on the Board (60%); one director is ethnically diverse; and the SID is a woman.

Even though the targets have been met, the Board had followed AIC guidance such that the tables below record 'not applicable' under the senior positions target. This guidance is relevant as the Company is externally managed and does not have any executive staff - specifically it does not have either a CEO or CFO. It is also noted that the Board considers that the Chairman of the Audit Committee of an investment company is a senior position, and this is held by a woman. Thus, the Board considers that the Company has two women in senior board positions.

Board as at 31 December 2025

The following information has been provided by each director. As the Company has no employees, no information is included for executive management. The Board has resolved that the Company's year end date be the most appropriate date for disclosure purposes.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	2	40%	n/a
Women	3	60%	n/a

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	4	80%	n/a
Minority ethnic	1	20%	n/a

Tenure policy

It is the Board's policy that all Directors, including the Chairman, shall normally have tenure limited to nine years from the date of their election by shareholders at the AGM following their appointment to the Board, except that the Board may determine otherwise if it is considered that the continued participation on the Board of an individual Director is in the best interests of the Company and its shareholders. This is also subject to the Director's re-election annually by shareholders. The Board considers that this policy encourages regular refreshment and is conducive to fostering diversity.

Board Committees. The Committee engaged with Lintstock Limited, a specialist consultancy firm independent of the Company and the Manager to carry out the external evaluation. Following its completion, the results of the evaluation were presented to and discussed with the Nomination Committee and subsequently to the Board. The results were scored as very high, both absolutely and relative to the consultancy firm's comprehensive database, and demonstrated that the Directors showed the necessary commitment, had sufficient time (taking into account their other roles) and possessed the required skill sets for the effective fulfilment of their duties.

Performance evaluations

In accordance with the AIC Code, an external Board evaluation is carried out at least every three years, with intervening years seeing internal evaluations by means of a questionnaire.

During the year, the Board undertook an external Board performance evaluation process, which was led by the Nomination Committee and designed to assess the performance of the Chairman, individual Directors and its

Internal control

The Board is responsible for establishing the Company's system of internal controls and for monitoring their effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board, through the Audit Committee, regularly reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's

significant risks. If any significant failings or weaknesses are identified the Board, and where required the Manager, ensure that necessary action is taken to remedy the failings. During the year the Board – through the Audit Committee – undertook a comprehensive review of the Company’s risk management framework and controls. Risks are documented into four main risk categories and the top risks schedule together with emerging risks, are considered at every Board meeting. Following its review, the Board is not aware of any significant failings or weaknesses arising in the year under review.

The Board believes that the existing arrangements, including those set out below, represent an appropriate framework to meet the internal control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the year and up to the date of this report.

Financial aspects of internal control

These are detailed in the Report of the Audit Committee.

Other aspects of internal control

The Board holds at least four regular meetings each year, plus additional meetings as required. Between these meetings there is regular contact with the Manager and the Company’s Administrator and the Company Secretary.

The Board has agreed policies with the Manager on key operational issues. The Manager reports in writing to the Board on operational and compliance issues, and otherwise as necessary. The Manager reports direct to the Audit Committee concerning the internal controls applicable to the Manager’s dealing, investment and general office procedures.

The Directors receive and consider monthly reports from the Administrator, giving details of all holdings in the portfolio, investment transactions and the financial position of the Company. The Administrator reports separately in writing to the Board concerning risks and internal control matters within its purview, including internal financial control procedures and company secretarial matters. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

The contacts with the Manager and the Administrator enable the Board to monitor the Company’s progress towards its objectives and encompasses an analysis of the risks involved. The effectiveness of the Company’s risk management and internal controls systems is monitored regularly and a formal review, utilising a detailed risk assessment programme, takes place at least annually. This includes consideration of relevant service provider internal controls reports. During 2024 there had been a noticeable deterioration in the service quality provided by the Company’s then administrator and

company secretary. Although raised with the service provider and actions taken to remediate, the service level remained below the required standard culminating in a number of issues during the 2024 audit process. Consequently the Board, with the assistance of Manager, undertook an in-depth tender process which was led by the audit chair. This process led to the appointment of Juniper Partners as the Company’s company secretary from 1 August 2025, and as the Company’s administrator from 1 December 2025.

Other than the matter reported above, including its resolution, there are no significant finding to report from the review.

Principal risks

The Directors confirm that they have carried out a robust assessment of the Company’s emerging and principal risks, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed are set out in the Strategic Report.

Directors' Remuneration Policy

Background

The remuneration policy (the "Policy") must be put forward for shareholder approval at a maximum interval of three years. The Policy was last approved by shareholders at the AGM held on 20 May 2024. Accordingly, the Policy will continue in force until the AGM to be held in 2027.

The provisions set out in the Policy apply until they are next submitted for shareholder approval. In the event of any proposed material variation to the Policy, shareholder approval will be sought for the proposed new policy prior to its implementation. The Policy sets out the principles the Company follows in remunerating Directors and the result of the shareholder vote on the Policy is binding on the Company. The Remuneration Committee will take account of any views expressed by shareholders in formulating this policy.

All the Directors are non-executive Directors and the Company has no other employees.

The remuneration policy

Service contracts

The Directors do not have service contracts with the Company. The Directors have appointment letters and, following initial election by shareholders, are subject to annual re-election.

Fees

Directors' fees should be reviewed annually; such review may not result in any change. The annual review should ensure remuneration supports the strategic objectives of the Company, reflects Directors' duties and responsibilities, and the time commitment required by each Director to carry out their roles effectively. In setting fees, the Board has regard to the need to recruit and retain Directors with appropriate knowledge and experience, the fees paid to Directors of the Company's peers and industry practice.

Directors' fees are subject to the aggregate annual limit set out in the Company's Articles of Association (the "Articles"), which is currently £250,000. The aggregate limit of Directors' fees in the Articles can be amended only by an ordinary resolution put to shareholders at a general meeting.

Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee	Chair of the Board	For services as Chair of the Board of a plc	Determined by the Board
Annual fee	Other Directors	For services as non-executive Directors of a plc	Determined by the Board
Additional fee	Chair of the Audit Committee	For additional responsibility and time commitment	Determined by the Board
Additional fee	Senior Independent Director	For additional responsibility and time commitment	Determined by the Board
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

Directors are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits.

Directors' fees are paid at fixed annual rates and do not have any variable elements. Directors are also entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in performance of their duties. These expenses are unlikely to be of a significant amount.

Fees are payable from the date of appointment as a Director of the Company and cease on the date of termination of appointment. New Directors will be paid at the same rate as existing Directors. Directors are not entitled to compensation for loss of office, and there is no notice period upon early termination of appointment.

No incentive fees will be paid to any person to encourage them to become a Director of the Company. The Company may, however, pay fees to external agencies to assist the Board in the search and selection of Directors or in reviewing remuneration. Where a consultant is appointed, the consultant shall be identified in the annual report alongside a statement about any other connection it has with the Company or individual Directors. Independent judgement will be exercised when evaluating the advice of external third parties.

Statement of consideration of conditions elsewhere in the Company

As stated above, the Company has no employees. Therefore, the process of consulting with employees on the setting of the Remuneration Policy is not applicable.

Review of the Policy

This Policy will be reviewed on an annual basis by the Remuneration Committee and any changes approved by the Board. As part of the review, the Remuneration Committee will consider whether the Policy supports the long-term success of the Company and takes into consideration all relevant regulatory requirements. Any material change to the Policy must be approved by shareholders.

Effective date

The Policy is effective from the date of approval by shareholders.

Directors' Remuneration Implementation Report

This Directors' Remuneration Implementation Report (the "Report") has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013. An ordinary resolution for the approval of this Report will be put forward at the AGM in due course.

The Report is put forward for approval by shareholders on an annual basis. The result of the shareholder resolution on the Report is non-binding on the Company, although it gives shareholders an opportunity to express their views, which will be taken into account by the Board and the Remuneration Committee.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures are audited they are indicated as such. The auditor's opinion is shown on page 61.

Remuneration Committee

The Remuneration Committee comprises the whole Board. Further detail on the duties of the Remuneration Committee can be found in the Corporate Governance statement on page 50

The Board carried out a review of Directors' annual fees during the year with regard to the latest inflation rates, measured by the increase in the Consumer Prices Index, and taking into account peer group comparisons by sector and market capitalisation. The Board also took into account the heightened level of risk and the expanded responsibilities associated with overseeing complex corporate actions which will continue into 2026. Following this review, it was agreed that with effect from 1 January 2026, annual fees would be increased to £57,000 for the Chairman, and £38,000 for the Directors of the Company, with additional amounts of £14,500 and £5,750 payable to the Audit Committee Chairman and the Senior Independent Director, respectively, to reflect the extra responsibility and work required by those roles.

The Remuneration Committee believes that the level of increase and resulting fees appropriately reflects

prevailing market rates for an investment trust of the Company's complexity and size, the increasing complexity of regulation and resultant time spent by the Directors on Company matters, and will also enable the Company to attract appropriately experienced additional Directors in the future. Due to the size and nature of the Company, it was not deemed necessary to use a remuneration consultant although the Remuneration Committee did review peer group information on Directors' fees and took this into account in its deliberations.

The maximum level of fees payable, in aggregate, to the Directors of the Company under the Articles is £250,000 per annum. This maximum was approved by shareholders at the Company's AGM held in 2022. The Company's Remuneration Policy, which was approved by shareholders at the AGM held on 20 May 2024, states that the remuneration of Directors should be fair and reasonable in relation to the duties, responsibilities and time commitment of Directors; be sufficient to retain and motivate appointees, as well as ensure that candidates of a high calibre are recruited to the Board.

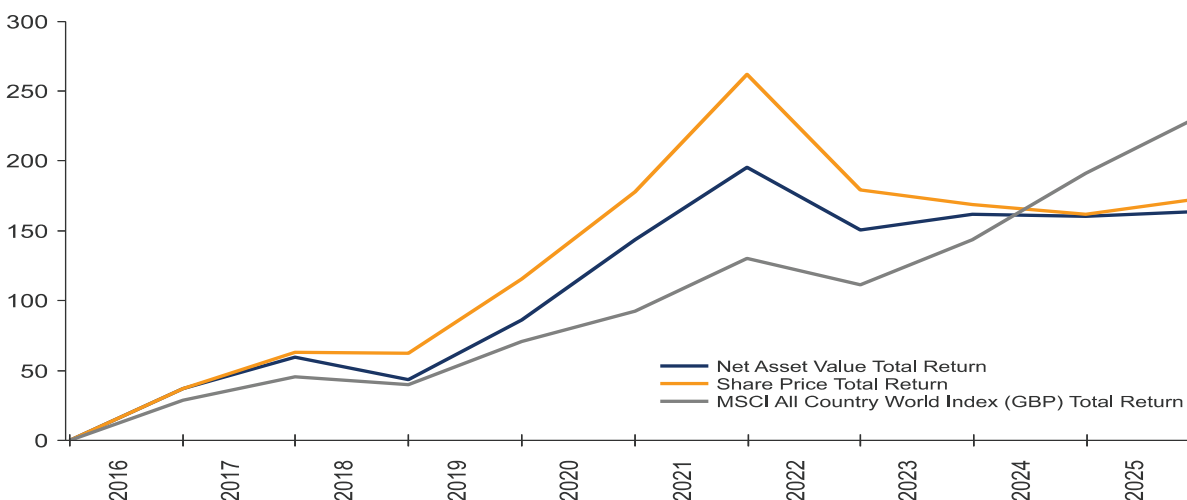
Directors' appointment letters and shareholding rights

The Directors have appointment letters which do not provide for any specific term. The Directors are not entitled to compensation on loss of office. There are no restrictions on transfers of the Company's shares held by the Directors or any special rights attached to such shares.

Performance

The following chart shows the Company's Share Price Total Return by comparison to the MSCI ACWI Index. The Company does not have a specific benchmark but has deemed the MSCI ACWI Index to be the most appropriate comparator for this report.

Total return performance



Source: LSEG Datastream

Directors' emoluments for the year (audited)

The Directors who served during the year received the following remuneration for qualifying services.

	2025			2024		
	Fees £	Taxable benefits £	Total £	Fees £	Taxable benefits £	Total £
Glen Suarez	51,000	7,683	58,683	48,000	6,584	54,584
Stephanie Eastment	42,500	1,315	43,815	40,000	771	40,771
Aine Kelly	37,400	2,041	39,441	35,200	929	36,129
Guy Walker	34,000	-	34,000	32,000	-	32,000
Elizabeth Surkovic	34,000	-	34,000	32,000	-	32,000
Total	198,900	11,039	209,939	187,200	8,284	195,484

Annual percentage change in Directors' fees

The table below sets out the annual percentage change in Directors' fees for the past five years.

	Year ended	Year ended	Year ended	Year ended	Year ended
	31 December 2025	31 December 2024	31 December 2023	31 December 2022	31 December 2021
	%	%	%	%	%
Glen Suarez - appointed 1 October 2022	6.3	21.2	465.7 ¹	Note A	-
Stephanie Eastment	6.3	6.7	7.1	5.1	11.0 ²
Aine Kelly	6.3	6.7	7.1	5.1	12.75 ³
Guy Walker - appointed 17 May 2023	6.3	70.5	Note A	-	-
Elizabeth Surkovic - appointed 1 January 2024	6.3	Note A	-	-	-

Note A: No annual percentage change is presented in year of appointment or year of retirement/resignation.

- The 2023 increase in fee reflects the fact that Mr Suarez joined the Board part way through 2022 and became Chairman of the Board part way through 2023. Mr Suarez's fee increase would have been 7.1% had he been Chairman of the Board for the whole of the period from 2022 to 2023.
- The increase for 2021 reflects the fact that Mrs Eastment became Chair of the Audit Committee part way through 2020. Mrs Eastment's fee increase in 2021 would have been 2.5% had she been Chair of the Audit Committee for the whole of the period from 2020 to 2021.
- The increase for 2021 reflects the fact that an additional fee for the Senior Independent Director of £2,665 was introduced from 1 January 2021. Without the additional fee, Ms Kelly's fee increase would have been 2.5%.

There are no other taxable benefits payable by the Company save for certain expenses which may be deemed to be taxable such as travel expenses. Percentage changes for taxable benefits have not been shown in the table above. None of the above fees was paid to third parties.

The resolution to approve the Remuneration Report contained in the Annual Report for the year ended 31 December 2024 was put forward at the AGM held on 20 May 2025. The resolution was passed with 99.83% of the shares voted (representing 106,195,518 ordinary shares) being in favour of the resolution, 0.17% against (representing 179,001 ordinary shares) and 2,584,454 votes withheld.

The Directors' Remuneration Policy was last put forward at the AGM held on 20 May 2024. The resolution was passed with 99.91% of the shares voted (representing 114,181,528 ordinary shares) being in favour, against 0.09% (representing 104,307 ordinary shares) and votes withheld 63,295.

Relative importance of spend on pay

The following table sets out the total Director’s fees compared to distributions to shareholders by way of dividends and share buybacks.

	2025 £'000	2024 £'000	Difference %
Directors’ fees	210	195	7.7%
Share buybacks	188,993	161,148	17.3%
Dividends paid to shareholders - note 9 to the financial statements	11,313	12,606	-10.3%

Directors’ shareholdings (audited)

At 31 December 2025 the Directors held the following shares in the Company (beneficial unless stated).

	Ordinary shares at 31 December 2025	Ordinary shares at 31 December 2024
Glen Suarez	30,875	30,875
Stephanie Eastment*	17,000	17,000
Aine Kelly	16,000	16,000
Elizabeth Surkovic	4,224	2,763
Guy Walker	22,858	22,858

* 8,500 held non-beneficially; shares held by connected person.

There have been no purchases of shares by any of the other Directors since the year end.

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Report and Remuneration Policy summarises, as applicable, for the year to 31 December 2025:

- (a) the major decisions on Directors’ remuneration;
- (b) any substantial changes relating to Directors’ remuneration made during the year; and
- (c) the context in which the changes occurred and decisions have been taken.

Guy Walker
 Chairman of the Remuneration Committee
 27 March 2026

Report of the Audit Committee

The Audit Committee

As Chairman of the Audit Committee (the “Committee”), I am pleased to present the Committee’s report to shareholders for the year ended 31 December 2025.

Composition

All of the Directors are members of the Committee.

In accordance with the UK Code, the Chairman of the Board should not be a member. However, the AIC Code permits the Chairman to be a member of, but not chair, the Committee if they were independent on appointment - which the Chairman was and in the Board’s view continues to be. In view of the size of the Board the Directors feel it is appropriate for him to continue as a member, so that the Committee can continue to benefit from his experience and knowledge.

The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. As a Chartered Accountant, the Chairman of the Committee has recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector.

Role and responsibilities

The main role and responsibilities of the Committee are set out in the Committee’s terms of reference. The terms are updated annually and are available on the Company’s website or on request from the company secretary.

The Committee meets formally at least twice a year for the purpose, amongst other things, of advising the Board on the appointment, effectiveness, independence, objectivity and remuneration of the external auditor.

The Committee monitors the integrity of the financial statements of the Company and any formal announcements relating to the Company’s financial performance, reviewing significant financial reporting judgements contained in them. The Committee also reviews the Company’s risk management, internal financial controls and internal control systems and reviews the Manager’s whistleblowing arrangements.

The provision of non-audit services by the auditor are reviewed against the Committee’s policy described below.

Committee activity for the year

The Committee undertook the roles and responsibilities as set out above, with the exception that there was no requirement to undertake an audit tender process. Activities included the review of the Company’s comprehensive risk management and internal controls, which are set out in the Corporate Governance section on page 51 and 52, and ongoing review of the Company’s detailed risk register. This specific work assists the Board in its robust assessment of the risks to which the Company is exposed.

Meetings

There were four Committee meetings during the year ended 31 December 2025. In addition, the Committee met the auditor, without any other party present, for a private discussion and the Chairman of the Committee met with the auditor prior to the half-yearly and annual Committee meetings.

Committee evaluation

The Committee’s activities fell within the scope of the review of Board effectiveness performed in the year.

Details of this process can be found under ‘Performance Appraisal’ on page 52.

Financial statements and significant accounting matters

The Committee reviewed the financial statements and considered the following significant accounting matters in relation to the Company’s financial statements for the year ended 31 December 2025.

Valuation and existence of investments

The accuracy of the valuation of the investment portfolio and verification of ownership of the investments is the most material matter in the production of the financial statements. The Company holds all of its assets in listed investments. Listed investments are valued using stock exchange prices provided by independent pricing sources. The Depositary confirmed that at the year end the accounting records recorded all investment holdings and that these had been agreed to custodian records. The Depositary is responsible for financial restitution for the loss of financial investments held in custody, and the Committee received assurance from the Depositary that all investments were held in custody.

Recognition of income

Income may not be accrued in the correct period and/or incorrectly allocated to revenue or capital.

Going Concern

The Committee considered the Company’s ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. The Company’s Going Concern statement on page 47 sets out in detail the items considered.

In addition to the above, during the year the Committee reviewed the half-yearly report.

The Committee reported the results of this work, including its assessment that the annual report is fair, balanced and understandable, to the Board.

Annual report review

As part of the annual report review, the Committee:

- obtained assurances from the Manager and the administrator that the financial statements had been prepared appropriately;
- reviewed the procedures in place for the calculation of management fees;
- reviewed the basis of allocating management fees and finance costs to capital and agreed that allocating 75% of such costs to capital remained an appropriate basis. The assessment involved an analysis of the expected split of the Company's future long-term returns as well as a review of past returns;
- reviewed the consistency of, and any changes to, accounting policies;
- reviewed the tax compliance of the Company during the year with the eligibility conditions and ongoing requirements in order for investment trust status to be maintained;
- reviewed the Company's financial resources and concluded that it is appropriate for the Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on page 47; and
- concluded that the annual report for the year ended 31 December 2025, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the annual report, and the external auditor's report thereon.

External auditor

This year's audit was the seventh performed by BDO LLP ("BDO") since its appointment on 21 May 2019 following an audit tender process earlier in 2019. Gary Fensom is the engagement partner, with the year ended 31 December 2025 being his second year end.

Effectiveness of audit

The next competitive audit tender will occur prior to the financial year ending 31 December 2029 in line with legal requirements.

The Committee reviewed the audit planning and the standing, skills and experience of the firm and the audit team. BDO has confirmed that it remains independent of the Company and has complied with relevant auditing standards.

No significant modifications were required to the external audit approach. The Committee received a

presentation of the audit plan from the external auditor prior to the commencement of the 2025 audit and a presentation of the results of the audit following completion of the main audit testing. Additionally, the Committee received feedback from the Manager and administrator regarding the effectiveness of the external audit process.

The Committee is satisfied that BDO has provided effective independent challenge in carrying out its responsibilities. After due consideration, the Committee recommended the re-appointment of BDO and their re-appointment will be put forward to the Company's shareholders at the 2026 AGM.

The Committee is satisfied that it has met the requirements of the Financial Reporting Council's new standard 'Audit Committees and the External Audit: Minimum Standard' issued in May 2025 during the year.

Provision of non-audit services

The Committee has a policy on the supply of any non-audit services provided by the external auditor. This was reviewed during the year and no changes were required. Under the policy, non-audit services are considered on a case-by-case basis and may only be provided to the Company if such services meet the requirements of the standard, including: at a reasonable and competitive cost; do not constitute a conflict of interest for the auditor; and all non-audit services must be approved in advance.

No non-audit services were provided by the auditor during the year.

Internal audit

The Committee has considered the need for an internal audit function and considered that this is not appropriate given the nature and circumstances of the Company. The Committee keeps the need for an internal function under annual review. The Manager reports the key conclusions of its internal audit report to the Committee. The Committee obtains an understanding of the internal controls in place at both the Manager and administrator by reviewing the relevant internal control reports issued by their independent auditors.

Stephanie Eastment

Audit Committee Chairman

27 March 2026

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of the year and of the net return for the year. In preparing these accounts, the Directors are required to:

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the www.iemplc.co.uk and www.impaxam.com websites which are maintained by the Manager. The work carried out by the auditor does not involve consideration of the maintenance and integrity of these websites and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the accounts since being initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation statement

The Directors each confirm to the best of their knowledge that:

- (a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) this Annual Report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board

Glen Suarez
Chairman

27 March 2026

Independent Auditor's Report

to the members of Impax Environmental Markets plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Impax Environmental Markets plc (the 'Company') for the year ended 31 December 2025 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Material uncertainty related to going concern

We draw attention to note 1a to the financial statements, which indicates that the Company's ability to continue as

a going concern is dependent on how shareholders vote in the 'Exit Tender Offer' at the upcoming General Meeting on 16 April 2026, and the subsequent uptake of this offer should it take place. The outcome of the 'Exit Tender Offer' and the subsequent impact on the future of the Company are unknown at the date of these financial statements. As stated in note 1a, these events or conditions, along with others as set forth in note 1a, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above and in our assessment, we consider going concern to be a key audit matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing going concern in light of economic and market conditions by reviewing and challenging the information used by the Directors in completing their assessment;
- Evaluating the sensitivity analysis applied by the Directors in their going concern assessment including the impact of a significant reduction in the fair value of investments and the impact this would have on the borrowing covenants in place;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash and liquid assets relative to forecast expenditure and other commitments;
- Challenging the Directors' assumptions and judgements made in their forecasts by performing an independent analysis of the liquidity of the portfolio; and
- Reviewing the disclosures in the financial statements relating to going concern to assess whether they are consistent with the Company's circumstances, including the RNS announcement on 17 March 2026 in respect of the 'Exit Tender Offer'.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	2025	2024
Valuation and ownership of quoted investments	✓	✓
Going concern	✓	✓
Materiality	Company financial statements as a whole £8.1m (2024: £10.3m) based on 1% (2024: 1%) of net assets	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, the applicable financial reporting framework and the system of internal control. We identified and assessed the risks of material misstatement of the financial statements. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risk of material misstatement to the financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the risk of material misstatement to an acceptable level, to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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. This matter was 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 this matter.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation and ownership of investments (note 1(b) and 2 to the financial statements)</p> <p>The investment portfolio at the year-end comprised quoted equity investments held at fair value through profit or loss.</p> <p>We considered the valuation and ownership of investments to be a significant audit area as investments represent the most significant balance in the financial statements and underpins the principal activity of the Company.</p> <p>While we do not consider the valuation of quoted investments to involve a significant degree of estimation or judgement, there is a risk that the prices used for the quoted investments held by the Company may not reflect their fair value at the year end.</p> <p>Additionally, in relation to ownership and recording, there is a risk of error in the recording of quoted investment holdings which could result in the incorrect recognition of investments by the Company.</p> <p>For these reasons, and due to the materiality of the balance in the context of the financial statements as a whole, we consider this to be a key audit matter.</p>	<p>We responded to this matter by testing the valuation and ownership of 100% of the quoted investments by performing the following procedures:</p> <ul style="list-style-type: none"> • Checked that the year-end bid price has been used by agreeing to externally quoted prices; • Recalculated the valuation by multiplying the number of shares held (as per the statement independently obtained from the custodian), by the price per share; • Assessed whether there were any contra indicators, such as liquidity considerations, that could suggest the bid price was not the most appropriate measure of fair value by considering the realisation period for individual holdings; and • Obtained direct confirmation of the number of equity shares from the custodian. <p>Key observations</p> <p>Based on our procedures performed, we did not identify any matters to suggest that the valuation or ownership of the quoted equity investments were not appropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Materiality	Company financial statements	
	2025 £m	2024 £m
Materiality	8.1	10.3
Basis for determining materiality	1% of Net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	6.0	7.7
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £162,000 (2024: £205,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report & Accounts other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules sourcebook requires us to review the Directors’ statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company’s compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> The Directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 47 and 48; The Directors’ explanation as to their assessment of the Company’s prospects, the period this assessment covers and why the period is appropriate set out on page 38; and The Directors’ statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities set out on page 48.
Other Code provisions	<ul style="list-style-type: none"> Directors’ statement on fair, balanced and understandable set out on page 60; Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 53; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 53; and The section describing the work of the audit committee set out on pages 58 and 59.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none">• the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and• the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none">• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or• the financial statements and the part of the Directors' Remuneration Report to be audited 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both Those Charged with Governance of the Company and management.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Investment Manager and Those Charged with Governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the Companies Act 2006, the FCA's UK Listing and Disclosure Guidance and Transparency Rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of the Investment Manager, Administrator and Those Charged with Governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meetings of Those Charged with Governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust status.

Fraud

We assessed the susceptibility of the financial statements to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Investment Manager, Administrator and Those Charged with Governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of Those Charged with Governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- In addressing the risk of management override of controls, we:
 - Performed a review of estimates and judgements applied by the Directors in the financial statements to assess their appropriateness and the existence of any systematic bias;
 - Considered the opportunity and incentive to manipulate accounting entries and assessed the appropriateness of any post-closing adjustments made in the period end financial reporting process;
 - Reviewed for significant transactions outside the normal course of business; and
 - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors on 21 May 2019 to audit the financial statements for the year ended 31 December 2019. Our total uninterrupted period of engagement is seven years, covering the years ended 31 December 2019 to 31 December 2025.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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.

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.15R - 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R - DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R - DTR 4.1.18R.

Gary Fensom (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London

27 March 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



FINANCIAL STATEMENTS

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Income Statement

	Notes	Year ended 31 December 2025			Year ended 31 December 2024		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	2	-	(12,026)	(12,026)	-	(26,676)	(26,676)
Net foreign exchange (losses)/gains		-	(4,723)	(4,723)	-	4,056	4,056
Income	3	15,262	-	15,262	18,776	-	18,776
Investment management fee	4	(1,710)	(5,127)	(6,837)	(2,105)	(6,315)	(8,420)
Other expenses	5	(1,500)	-	(1,500)	(1,351)	-	(1,351)
Return on ordinary activities before finance costs and taxation		12,052	(21,876)	(9,824)	15,320	(28,935)	(13,615)
Finance costs	6	(1,016)	(3,042)	(4,058)	(1,183)	(3,551)	(4,734)
Return on ordinary activities before taxation		11,036	(24,918)	(13,882)	14,137	(32,486)	(18,349)
Taxation	7	(683)	31	(652)	(2,042)	(255)	(2,297)
Return on ordinary activities after taxation		10,353	(24,887)	(14,534)	12,095	(32,741)	(20,646)
Return per ordinary share	8	4.94p	(11.87p)	(6.93p)	4.64p	(12.56p)	(7.92p)

The total column of the Income Statement is the profit and loss account of the Company.

The supplementary revenue and capital columns are provided for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

Return on ordinary activities after taxation is also the total comprehensive income for the year.

The notes on pages 71 to 85 form part of these financial statements.

Balance Sheet

	Notes	As at 31 December 2025 £'000	As at 31 December 2024 £'000
Fixed assets			
Investments at fair value through profit or loss	2	892,485	1,099,278
Current assets			
Dividends receivable		520	1,763
Sales awaiting settlement		-	1,774
Taxation recoverable		-	52
Other debtors		12	427
Cash and cash equivalents		10,601	13,405
		11,133	17,421
Creditors: amounts falling due within one year			
Trade and other payables	10	(3,325)	(5,468)
Revolving credit facility	11	(34,933)	(33,716)
		(38,258)	(39,184)
Net current liabilities		(27,125)	(21,763)
Total assets less current liabilities		865,360	1,077,515
Creditors: amounts falling due after one year			
Capital gains tax provision	7	-	(31)
Loan Notes	11	(52,116)	(49,400)
Net assets		813,244	1,028,084
Capital and reserves: equity			
Share capital	12	30,562	30,562
Capital redemption reserve		9,877	9,877
Special reserve		181,050	370,043
Capital reserve		578,290	603,177
Revenue reserve		13,465	14,425
Shareholders' funds		813,244	1,028,084
Net assets per ordinary share - debt at bookcost		427.1p	428.6p
Net assets per ordinary share - debt at fair value¹		426.4p	427.6p

¹ This is an alternative performance measure as detailed on page 88.

Approved by the Board of Directors and authorised for issue on 27 March 2026 and signed on their behalf by:

Glen Suarez, Chairman

Impax Environmental Market plc incorporated in England with registered number 04348393.

The notes on pages 71 to 85 form part of these financial statements.

Statement of Changes in Equity

Year ended 31 December 2025	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2025		30,562	-	9,877	-	370,043	603,177	14,425	1,028,084
Return for the year		-	-	-	-	-	(24,887)	10,353	(14,534)
Dividends paid	9	-	-	-	-	-	-	(11,313)	(11,313)
Cost of share buybacks	12	-	-	-	-	(188,993)	-	-	(188,993)
Closing equity as at 31 December 2025		30,562	-	9,877	-	181,050	578,290	13,465	813,244
Year ended 31 December 2024	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity as at 1 January 2024		30,562	423,098	9,877	52,557	-	691,454	14,936	1,222,484
Return for the year		-	-	-	-	-	(32,741)	12,095	(20,646)
Cancellation of share premium account*		-	(423,098)	-	-	423,098	-	-	-
Dividends paid	9	-	-	-	-	-	-	(12,606)	(12,606)
Cost of share buybacks	12	-	-	-	(52,557)	(53,055)	(55,536)	-	(161,148)
Closing equity as at 31 December 2024		30,562	-	9,877	-	370,043	603,177	14,425	1,028,084

* The new special reserve arose from the cancellation of the share premium account in 2024. It is distributable, unlike the share premium account.

The notes on pages 71 to 85 form part of these financial statements.

Statement of Cash Flows

	Notes	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Operating activities			
Return on ordinary activities before finance costs and taxation ¹		(9,824)	(13,615)
Less: Tax deducted at source on income from investments		(685)	(2,288)
Foreign exchange losses/(gains)		4,770	(4,178)
Adjustment for losses on investments	2	12,026	26,676
Special dividends received as capital		-	3,293
Decrease/(increase) in other debtors		1,708	(1,451)
Increase/(decrease) in other creditors	10	324	(165)
Net cash flow from operating activities		8,319	8,272
Investing activities			
Sale of investments		787,618	421,201
Purchase of investments		(591,325)	(256,375)
Net cash flow from investing activities		196,293	164,826
Financing activities			
Dividends paid	9	(11,313)	(12,606)
Proceeds from revolving credit facility		35,067	-
Repayment of revolving credit facility		(35,678)	-
Finance costs paid		(4,724)	(4,593)
Cost of share buybacks		(190,721)	(159,420)
Net cash outflow used in financing activities		(207,369)	(176,619)
Decrease in cash		(2,757)	(3,521)
Cash and cash equivalents at start of year		13,405	16,804
Effect of movements in exchange rates on cash held		(47)	122
Decrease in cash		(2,757)	(3,521)
Cash and cash equivalents at end of year		10,601	13,405

¹ Cash inflow includes dividend income received during the year ended 31 December 2025 of £16,261,000 (2024: £15,070,000) and bank interest of £244,000 (2024: £487,000).

Changes in net debt

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Net debt at start of year	(69,711)	(70,293)
Decrease in cash and cash equivalents	(2,757)	(3,521)
The effect of changes in foreign exchange rates	(4,631)	4,103
Repayment of revolving credit facility	35,678	-
Proceeds from revolving credit facility	(35,067)	-
Net debt at end of year	(76,488)	(69,711)

The notes on pages 71 to 85 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

The Company is a public limited company incorporated in England and Wales with registered number 04348393. Its registered office is as shown on page 92. The Company's shares are traded on the London Stock Exchange.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006.

The accounts have been prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

(a) Basis of accounting

The accounts are prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice 'Financial statements of investment trust companies and venture capital trusts' ('SORP') issued by the Association of Investment Companies in July 2022.

The accounts have been prepared on a going concern basis. Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and the macroeconomic backdrop such as higher inflation and interest rates and possible recession, are given on page 58. This assessment also considered the position of the Company with respect to Saba as a significant minority shareholder. As a result of that holding and following discussion with Saba and other major shareholders, and as explained in more detail in the Chairman's Statement on pages 5 and 6, on 26 January 2026 the Company published a Continuation Tender Offer ("CTO") circular. The CTO was conditional on Saba tendering all (or materially all) of its shares. However, the tender was cancelled on 27 February 2026 because the condition was not met.

Throughout this period, and subsequently, the Board has been in ongoing dialogue with Saba in an effort to reach a mutually agreeable outcome – one in which shareholders are able to tender up to 100% of their holding. Having exhausted every reasonable alternative to find a solution that balances the interests of all shareholders and ensures the long-term stability of the Company, the Company published an Exit Tender Offer ("ETO") on 17 March 2026. This tender requires only a simple majority for approval but, as highlighted in the ETO circular, Saba could gain the power to change the Company's strategy, objectives and even its mandate.

Having received no guidance from Saba, the Board does not have any insight into what change(s) in direction the Company could have. On the basis that this raises inherent uncertainties that could potentially call into question the Company's ability to continue as a going concern for at least 12 months from the date of approval of these financial statements, the Board considers that there is a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern, but that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include adjustments that would be necessary if the Company were unable to continue as a going concern.

Amounts in the accounts have been rounded to the nearest £'000 unless otherwise stated.

(b) Investments

Securities of companies quoted on regulated stock exchanges and any holdings in unquoted companies have been classified as 'at fair value through profit or loss' and are initially recognised on the trade date and measured at fair value in accordance with sections 11 and 12 of FRS 102. Investments are measured at subsequent reporting dates at fair value by reference to their market bid prices. Any unquoted investments are measured at fair value which is determined by the Directors in accordance with the International Private Equity and Venture Capital guidelines.

Changes in fair value are included in the Income Statement as a capital item.

(c) Reporting currency

The accounts are presented in Sterling which is the Company's functional and presentational currency and the currency in which the Company's share capital, reserves and expenses are denominated as a UK registered and listed company.

(d) Income from investments

Investment income from shares is accounted for when the Company's right to receive the income is established, which is usually considered to be the ex-dividend date. Overseas income is grossed up at the appropriate rate of tax but UK dividend income is not grossed up for tax credits.

Special dividends are assessed on their individual merits and may be credited to the Income Statement as a capital item if considered to be closely linked to reconstructions of the investee company or other capital transactions. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Scrip dividends received in lieu of cash dividends are recognised as revenue except for any excess above the cash dividend, which is recognised as capital.

All other investment income is credited to the Income Statement as a revenue item.

Notes to the Financial Statements

1 Accounting policies (continued)

(e) Nature and purpose of equity and reserves

Share capital represents the 10p nominal value of the issued share capital.

The share premium account arose from the net proceeds of new shares and from the excess proceeds received on the sale of shares from treasury over the repurchase cost.

The capital redemption reserve represents the nominal value of shares repurchased for cancellation.

The share purchase reserve was created from the cancellation in full of the share premium account in 2002 and 2009. The cancellation and transfer were approved by shareholders and confirmed by the Court. This reserve can only be used for share repurchases, both into treasury or for cancellation. When shares are subsequently reissued from treasury, the amount equal to their repurchase cost is reflected in this reserve, with any proceeds in excess of the repurchase cost transferred to the share premium account.

The special reserve was created from the cancellation in full of the share premium account in July 2024. The cancellation and transfer were approved by shareholders and confirmed by the Court, and following this £423,098,000 was transferred into this reserve. This reserve is distributable, and can be used for both share repurchases and dividends.

The capital reserve reflects any

- gains or losses on the disposal of investments;
- exchange movements of a capital nature;
- the increases and decreases in the fair value of investments which have been recognised in the capital column of the income statement; and
- expenses which are capital in nature.

Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve.

The revenue reserve reflects cumulative income and expenditure recognised in the revenue column of the Income Statement less cumulative dividends paid, and is distributable by way of dividend.

The Company's distributable reserves consist of the share purchase reserve, the special reserve, the capital reserve attributable to realised profits and the revenue reserve. The share purchase reserve may only be used for share repurchases, both into treasury or for cancellation.

(f) Expenses and finance costs

All expenses are accounted for on an accruals basis. Expenses are recognised through the Income Statement as revenue items except as follows:

Management fee

In accordance with the Company's stated policy and the Directors' expectation of the split of future returns, three quarters of the investment management fee are charged as a capital item in the Income Statement. There is no performance fee arrangement with the Manager.

Finance costs

Finance costs include interest payable and direct loan costs. In accordance with Directors' expectation of the split of future returns, three quarters of finance costs are charged as capital items in the Income Statement. Arrangement costs for revolving credit facilities and Loan Notes are amortised over the term of the borrowing.

Transaction costs

Transaction costs incurred on the acquisition and disposal of investments are charged to the Income Statement as a capital item.

(g) Taxation

Irrecoverable taxation on dividends is recognised on an accruals basis in the Income Statement.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

(h) Foreign currency translation

All transactions and income in foreign currencies are translated into sterling at the rates of exchange on the dates of such transactions or income recognition. Monetary assets and liabilities and financial instruments carried at fair value denominated in foreign currency are translated into sterling at the rates of exchange at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as either a capital or revenue item depending on the nature of the gain or loss.

(i) Financial liabilities

Loan Notes and other borrowings are initially recorded at the proceeds received net of direct issue costs and subsequently measured at amortised cost.

(j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents include bank overdrafts repayable on demand and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Estimates and judgements

The preparation of financial statements requires the Directors to make estimates and judgements that affect items reported in the Balance Sheet and Income Statement. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly.

Estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected. There have been no estimates, judgements or assumptions which have had a significant impact on the financial statements for the year.

(l) Dividend payable

Final dividends payable to equity shareholders are recognised in the financial statements when they have been approved by shareholders and become a liability of the Company. Interim dividends payable are recognised in the period in which they are paid. The capital reserve, revenue reserve and special reserve may be used to fund dividend distributions.

(m) Treasury shares

Treasury shares are recognised at cost as a deduction from equity shareholders' funds. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to share premium account. No gain or loss has been recognised in the financial statements on transactions in treasury shares.

Notes to the Financial Statements

2 Investments at fair value through profit or loss

	2025 £'000	2024 £'000
(a) Summary of valuation		
Analysis of closing balance:		
UK quoted securities	66,271	257,290
Overseas quoted securities	826,214	841,988
Total investments	892,485	1,099,278
(b) Movements during the year:		
Opening balance of investments, at cost	1,007,707	1,151,287
Additions, at cost	590,293	256,280
Disposals, at cost	(778,911)	(399,860)
Cost of investments at 31 December	819,089	1,007,707
Revaluation of investments to fair value:		
Opening balance of capital reserve – investments held	91,571	144,560
Unrealised losses on investments held	(18,175)	(52,989)
Balance of capital reserve – investments held at 31 December	73,396	91,571
Fair value of investments at 31 December	892,485	1,099,278
(c) Losses on investments in year (per Income Statement)		
Gains on disposal of investments ¹	7,275	23,213
Net transaction costs	(1,126)	(193)
Special dividends received as capital	-	3,293
Unrealised losses on investments held	(18,175)	(52,989)
Losses on investments	(12,026)	(26,676)

¹ Gains on bookcost at purchase date upon disposal.

During the year, the Company incurred transaction costs on purchases totalling in aggregate £602,000 (2024: £316,000) and on disposals totalling in aggregate £932,000 (2024: £326,000). Following MiFID II, the Manager has rebated £408,000 (2024: £449,000) in respect of transaction research costs for the year ended 31 December 2025. Transaction costs are recorded in the capital column of the Income Statement.

The Company received £787,618,000 (2024: £433,349,000) from investments sold in the year. The bookcost of these investments when they were purchased was £781,469,000 (2024: £410,329,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

No special dividends classified as capital were received in the year (2024: £3,293,000).

Classification of financial instruments

FRS 102 requires classification of financial instruments within the fair value hierarchy be determined by reference to the source of inputs used to derive the fair value and the lowest level input that is significant to the fair value measurement as a whole. The classifications and their descriptions are below:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Holdings in companies with no quoted prices. Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

All investments at the year ended 31 December 2025 and 2024 were classified as Level 1. The Company held no unquoted investments during the year and at the year end.

3 Income

	2025 £'000	2024 £'000
Dividends from UK listed investments	2,829	2,340
Dividends from overseas listed investments	12,189	15,949
Total dividend income	15,018	18,289
Bank interest	244	487
Total Income	15,262	18,776

No special dividends were received in the year (2024: Dividends from overseas listed investments includes special dividends classified as revenue of £292,000).

4 Investment management fee

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,710	5,127	6,837	2,105	6,315	8,420

Details of the investment management fee are given in the Directors' report on page 46. At 31 December 2025, investment management fees accrued were £2,220,000 (2024: £1,493,000).

5 Other expenses

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Auditor's fee in respect of 2025 ¹	57	-	57	-	-	-
Auditor's fee in respect of 2024 ²	20	-	20	50	-	50
Broker retainer fee	43	-	43	27	-	27
Custody fees	171	-	171	165	-	165
Depositary fees	104	-	104	93	-	93
Directors' fees ³	210	-	210	187	-	187
Marketing fees	146	-	146	144	-	144
Registrar's fees	62	-	62	60	-	60
Secretary and administrator fees	262	-	262	267	-	267
Other expenses	425	-	425	358	-	358
	1,500	-	1,500	1,351	-	1,351

1 The auditor's fee for the statutory audit of these financial statements was £57,000 (2024: £49,875), excluding VAT of £10,400 (2024: £9,975) and out of pocket expenses. Included in this amount is a non-recurring fee of £5,000 for the work performed over the transfer of administrator and company secretary.

2 An additional audit fee of £20,000 in respect of the 2024 audit work arose due to issues at the Company's former administrator which impacted the audit process. This was offset by a £12,500 fee waiver by the administrator (all figures net of VAT).

3 Full detail of Directors' fees for the year is provided in the Directors' Remuneration Implementation Report on page 56. Employer's National Insurance for Directors' fees is included as appropriate in Directors' other costs. At 31 December 2025, Directors' fees, Directors' expenses and national insurance outstanding were £nil (2024: £nil).

Notes to the Financial Statements

6 Finance costs

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest charges						
Interest on revolving credit facility ("RCF") repaid in 2025	357	1,070	1,427	484	1,451	1,935
Interest on current RCF	83	250	333	-	-	-
Interest on Loan Notes	496	1,487	1,983	665	1,997	2,662
	936	2,807	3,743	1,149	3,448	4,597
Direct finance costs						
Repaid RCF	20	55	75	27	82	109
Current RCF	53	159	212	-	-	-
Loan Notes	7	21	28	7	21	28
	80	235	315	34	103	137
Total	1,016	3,042	4,058	1,183	3,551	4,734

Full details of the Company's borrowings are set out in note 11. The Company refinanced its revolving credit facility with Scotiabank on the 6 September 2025 with a new RCF with Bank of America (the 'current RCF'). The direct finance costs in relation to the refinancing Loan Notes in 2023 amounted to £252,000. These costs are amortised over the life of the Loan Notes. Direct finance costs of £212,000 were incurred in relation to the current RCF; as the current RCF has no fixed life, these costs have been fully recognised in the year ended 31 December 2025.

7 Taxation

(a) Analysis of charge in the year

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas taxation	683	-	683	2,042	259	2,301
Decrease in CGT provision	-	(31)	(31)	-	(4)	(4)
Taxation	683	(31)	652	2,042	255	2,297

(b) Factors affecting total tax charge for the year:

The effective UK corporation tax rate applicable to the Company for the year is 25.0% (2024: 25.0%). The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The standard rate UK corporation tax rate at 31 December 2025 was 25.0% (2024: 25.0%).

The differences are explained below:

	2025 £'000	2024 £'000
Return for the year before taxation	(13,882)	(18,349)
Total return for the year before taxation multiplied by the standard rate of corporation tax of 25% (2024: 25%)	(3,470)	(4,587)
Effects of:		
Non-taxable UK dividend income	(708)	(585)
Non-taxable overseas dividend income	(3,047)	(3,779)
Movement in unutilised management expenses	2,084	1,886
Movement on non-trade relationship deficits	954	1,062
Losses on investments not taxable	3,006	7,017
Losses/(gains) in foreign currency movement	1,181	(1,014)
Capital gains tax provision movement	(31)	(4)
Overseas taxation	683	2,301
Total tax charge for the year	652	2,297

(c) Investment companies which have been approved by the HM Revenue & Customs under section 1158 of the Corporation Tax Act 2010 are exempt from tax on capital gains. Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

(d) The capital gains tax provision represents an estimate of the amount of tax provisionally payable by the Company on direct investment in Indian equities. It is calculated based on the long-term or short term nature of the investments and the unrealised gain thereon at the applicable tax rate at the year end.

Movements on the capital gains tax provision for the year

	2025 £'000	2024 £'000
Provision brought forward	31	40
Capital gains tax cash movement	-	(5)
Decrease in provision in year	(31)	(4)
Provision carried forward	-	31

(e) The Company has unrelieved excess management expenses and non-trade relationship deficits of £123,234,000 (2024: £111,086,000). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised. The unrecognised deferred tax asset calculated using a rate of 25% (2024: 25%) amounts to £30,809,000 (2024: £27,772,000).

8 Return per share

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Revenue return after taxation (£'000)	10,353	12,095
Capital return after taxation (£'000)	(24,887)	(32,741)
Net return (£'000)	(14,534)	(20,646)
Weighted average number of ordinary shares	209,517,789	260,523,018

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each year.

There is no dilution to return per share as the Company has only ordinary shares in issue.

Notes to the Financial Statements

9 Dividends

(a) Dividends paid in the year

	2025		2024	
	Rate	£'000	Rate	£'000
Interim in lieu of final for the previous year	3.20p	7,470	2.90p	7,983
First interim for the current year	1.90p	3,843	1.80p	4,623
	5.10p	11,313	4.70p	12,606

(b) Dividends paid and payable in respect of the financial year, which is the basis on which the requirements of s1158-1159 of the Corporation Tax Act 2010 are considered

	2025		2024	
	Rate	£'000	Rate	£'000
First interim for the current year	1.90p	3,843	1.80p	4,623
Second interim in lieu of final for the current year	3.20p	6,093	3.20p	7,470
	5.10p	9,936	5.00p	12,093

The Board declared two dividends in respect of the year and expects to continue paying two dividends annually.

10 Trade and other payables

	2025 £'000	2024 £'000
Finance costs payable	813	1,583
Accrued management fee	2,220	1,493
Other accrued expenses	292	664
Amounts due to brokers for shares bought back	-	1,728
Total	3,325	5,468

11 Loan Notes and revolving credit facility

The Company has in place the following privately placed notes (the "Loan Notes") issued to funds managed by Pricoa Private Capital:

- €20 million maturing on 1 September 2030 with a floating coupon of Euribor + 1.35%;
- €30 million maturing on 1 September 2033 with a fixed coupon of 4.48%; and
- €10 million maturing on 1 September 2035 with a fixed coupon of 4.63%.

In addition to the Loan Notes referred to above, the Company had in place a two-year £80 million multi-currency floating rate RCF with Scotiabank, which expired on 6 September 2025. The RCF had a non-utilisation fee of 52.5 basis points. The RCF with Scotiabank was replaced by a 360 day rolling £35 million multi-currency RCF with an accordion amount no greater than £35 million with Bank of America, with no fixed expiry date. The RCF has a non-utilisation fee of 22.5 basis points.

The RCF is secured by a floating charge over the assets of the Company and this floating charge has been extended to the Loan Notes, so that the two lenders rank pari passu.

A summary of the Company's borrowings are as follows:

	Interest rate	2025		2024	
		Loan currency amount €'000	Bookcost £'000	Loan currency amount €'000	Bookcost £'000
Loan Notes - Fixed and floating rate					
Series A - Floating 2030	Euribor + 1.35%	20,000	17,372	20,000	16,470
Series B - Fixed 2033	4.48%	30,000	26,058	30,000	24,698
Series C - Fixed 2035	4.63%	10,000	8,686	10,000	8,232
			52,116		49,400
RCF - floating rate					
Non-sterling	Six month EURIBOR +1.6%	-	-	40,800	33,716
Non-sterling	Six month EURIBOR +0.85%	40,068	34,933	-	-
			87,049		83,116

The maturity profile of the Loan Notes and RCF are as follows:

	2025 Bookcost £'000	2024 Bookcost £'000
Payable at 31 December		
RCF payable in less than one year	34,933	33,716
Loan Notes payable after more than one year	52,116	49,400
	87,049	83,116

The Company's Loan Notes and RCF contain the following covenants:

- 1) Adjusted asset coverage should not be less than 4:1 in respect of the RCF;
- 2) Borrowings expressed as a percentage of adjusted assets shall not exceed 35% in respect of the Loan Notes;
- 3) Net Asset Value should not be less than £260,000,000; and
- 4) The maximum permitted borrowing should not exceed that permitted in the Company's Articles of Association as described in the Gearing section of the Investment Policy on page 33.

There were no breaches of any covenants either in the year just ended or the prior year.

12 Share capital

	2025		2024	
	Number	£'000	Number	£'000
Issued and fully paid shares of 10p each				
Brought forward	239,861,519	23,986	281,115,039	28,111
Shares bought back and held in treasury	(49,450,940)	(4,945)	(41,253,520)	(4,125)
Carried forward	190,410,579	19,041	239,861,519	23,986
Treasury shares of 10p each				
Brought forward	65,762,020	6,576	24,508,500	2,451
Shares bought back and held in treasury	49,450,940	4,945	41,253,520	4,125
Carried forward	115,212,960	11,521	65,762,020	6,576
Share capital	305,623,539	30,562	305,623,539	30,562

During the year, the shares bought back were 20.6% of issued share capital at the start of the year, costing £188,993,000 (2024: 14.7%, £161,148,000). Total costs included the costs of the shares and other purchase costs totalling £1,354,000 (2024: £1,028,000).

As at 25 March 2026, the latest practicable date before publication of this report, no further ordinary shares have been bought back.

Notes to the Financial Statements

13 Net Asset Value per ordinary share

The net asset value per ordinary share at the year end are shown below. These were calculated using 190,410,579 (2024: 239,861,519) ordinary shares in issue at the year end (excluding treasury shares).

	2025		2024	
	£'000	Net asset value attributable pence	£'000	Net asset value attributable pence
Net Asset value – Debt at bookcost	813,244	427.1	1,028,084	428.6

A reconciliation of shareholders funds with debt at fair value is shown in the Alternative Performance Measures on page 89.

14 Transactions with the Manager

Details of the management contract can be found in the Directors' Report on page 46. Fees payable to the Manager are detailed in note 4 on page 75. Since 1 January 2018, the Manager has agreed to rebate commission which relates to research fees to the Company with such amount disclosed in note 2.

15 Financial risk management

As an investment trust, the Company invests in equities for the long-term so as to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste, as stated in the Company's investment objective which can be found on page 42. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. These risks include market risk (comprising currency risk, interest rate risk, and other price risk), credit risk and liquidity risk and the Directors' approach to the management of them is set out below. These metrics are monitored by the AIFM. The objectives, policies and processes for managing the risks, and the methods used to measure the risks, are set out below.

Market risks

The potential market risks are (i) currency risk, (ii) interest rate risk, and (iii) other price risk. The following considers each risk in turn.

(i) Currency risk

The Company invests in global equity markets and therefore is exposed to currency risk as it affects the value of the shares in the base currency. These currency exposures are not hedged. The Manager monitors currency exposure as part of its investment process. Currency exposures for the Company as at 31 December 2025 are detailed in the table at the end of this note.

Currency sensitivity

The below table shows the strengthening/(weakening) of sterling against the local currencies over the financial year for the Company's financial assets and liabilities held at 31 December 2025.

	2025 % change ¹	2024 % change ¹
Australian Dollar	(0.2)	8.4
Canadian Dollar	2.8	6.9
Chinese Yuan	3.2	0.8
Danish Krone	(4.9)	4.8
Euro	(5.1)	4.9
Hong Kong Dollar	7.9	(2.5)
Indian Rupee	13.1	1.1
Israeli Shekel	6.2	(1.0)
Japanese Yen	7.3	6.8
Korean Won	5.0	12.3
Norwegian Krone	(4.7)	10.4
Swedish Krona	(10.4)	8.2
Swiss Franc	(5.9)	6.1
Taiwanese Dollar	2.9	5.4
US Dollar	7.7	(1.9)

¹ Percentage change of Sterling against local currency from 1 January to 31 December.

Based on the financial assets and liabilities at 31 December 2025 and all other things being equal, if sterling had strengthened by 10%, the profit after taxation for the year ended 31 December 2025 and the Company's net assets at 31 December 2025 would have decreased by the amounts shown in the table below. If sterling had weakened by 10% this would have had the opposite effect.

	2025 Potential effect £'000	2024 Potential effect £'000
Australian Dollar	-	2,876
Canadian Dollar	893	6,813
Chinese Yuan	2,393	3,599
Danish Krone	2,502	-
Euro	12,018	9,991
Hong Kong Dollar	1,296	-
Indian Rupee	7	2,210
Israeli Shekel	-	270
Japanese Yen	1,372	-
Korean Won	1,345	1,656
Norwegian Krone	1,605	2,035
Swedish Krona	1,214	919
Swiss Franc	-	2,559
Taiwanese Dollar	4,271	1,504
US Dollar	45,134	57,985
Total	74,050	92,417

Notes to the Financial Statements

15 Financial risk management (continued)

(ii) Interest rate risk

The Company had a mix of fixed and floating rate borrowings for both this and the preceding year. The Company's borrowings are shown in note 11, including detailing those borrowings which are floating Loan and subject to interest rate risk.

The Company has £35 million multi-currency revolving credit facility based on a floating reference interest rate plus a margin of 0.85% per annum and a €20 million Loan Note due 2030 at EURIBOR+1.35%.

If rates had increased or decreased by 350 basis points the impact to the Company's profit or loss would be:

	2025 Profit or loss			2024 Profit or loss		
		350 bps increase	350 bps decrease		350 bps increase	350 bps decrease
	€'000	£'000	£'000	€'000	£'000	£'000
31 December						
Non-sterling Loan Note	20,000	(610)	610	20,000	(579)	579
Non-sterling RCF	40,068	(1,223)	1,223	40,800	(1,180)	1,180

(iii) Other price risk

The principal price risk for the Company is the price volatility of shares that are owned by the Company. The Company is well diversified across different sub-sectors and geographies.

At the year end the Company held investments with an aggregate market value of £892,485,000 (2024: £1,099,278,000). All other things being equal, the effect of a 10% increase or decrease in the share prices of the investments held at the year end would have been an increase or decrease of £89,248,500 (2024: £109,927,800) in the profit after taxation for the year ended 31 December 2025 and the Company's net assets at 31 December 2025.

Overall sensitivity

The Manager has used the Parametric VaR to calculate value at risk ('VAR'). This model has been used to estimate the maximum expected loss from the portfolio held at 31 December 2025 over 1 day, 5 day, 10 day and 21 day periods given the historical performance of the fund over the previous five years. The data in the previous five years is analysed under discrete periods to provide 1 in 10, 1 in 20 and 1 in 100 possible outcomes. The results of the analysis are shown below.

	2025 Expected as percentage at limit		2024 Expected as percentage at limit	
	1 in 20 (95%)	1 in 100 (99%)	1 in 20 (95%)	1 in 100 (99%)
	1 day return	1.68	2.38	1.58
5 day return	3.76	5.32	3.54	5.01
10 day return	5.32	7.52	5.01	7.08
21 day return	7.71	10.90	7.26	10.27

The above analysis has been based on the following main assumptions:

- The distribution of share price returns will be the same in the future as they were in the past.
- The portfolio weightings will remain as they were at 31 December 2025.

The above results suggest, for example, that there is a 5% or less chance of the NAV falling by 3.76% or more over a 5 day period. Similarly, there is a 1% or less chance of the NAV falling by 2.38% or more on any given day.

Credit risks

BNP Paribas Securities Services (the 'Depositary') has been appointed as custodian and depositary to the Company.

Cash at bank at 31 December 2025 included £2,099,000 (2024: £12,606,000) held in its bank accounts at the Depositary. The Company also held £8,501,000 (2024: £799,000) in its accounts with NatWest Group plc, and a further £1,000 (2024: nil) held in its accounts with Lloyds Banking Group plc. The Board has established guidelines that, under normal circumstances, the maximum level of cash to be held at any one bank should be the lower of: i) 5% of the Company's net assets; and ii) £30 million. These are guidelines and there may be instances when this amount is exceeded for short periods of time.

All of the assets of the Company at the year end were held by the Depositary or sub-custodians of the Depositary. Bankruptcy or insolvency of the Depositary or its sub-custodians may cause the Company's rights with respect to securities held by the Depositary to be delayed or limited. The Depositary segregates the Company's assets from its own assets and only uses sub-custodians on its approved list of sub-custodians. At the year end, the Depositary held £892,485,000 (2024: £1,099,278,000) in respect of quoted investments.

The credit rating of the Depositary, which is a Fitch rating of AA-, was reviewed at the time of appointment and is reviewed on a regular basis by the Manager and/or the Board.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be low as trading is almost always done on a delivery versus payment basis.

There is credit risk on dividends receivable during the time between recognition of the income entitlement and actual receipt of dividend.

Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations for financial liabilities as they fall due. This risk is minimised because a majority of the Company's investments are in readily realisable securities which can be sold to meet funding commitments. The maturity profile analysis of the Company's financial liabilities is shown below. The Company does not have derivative financial liabilities and the amounts shown are undiscounted.

Financial liabilities by maturity at the year end are shown below on an undiscounted basis:

	2025				2024			
	Within 1 year £'000	Within 1-3 years £'000	More than 3 years £'000	Total £'000	Within 1 year £'000	Within 1-3 years £'000	More than 3 years £'000	Total £'000
Loan Notes	-	-	52,116	52,116	-	-	49,400	49,400
RCF	34,933	-	-	34,933	33,716	-	-	33,716
Interest cash flows on Loan Notes	2,180	4,360	9,893	16,433	2,213	6,669	10,116	18,998
Interest cash flows on RCF	254	-	-	254	1,877	-	-	1,877
Cash flows on other creditors	2,512	-	-	2,512	2,157	-	-	2,157
	39,879	4,360	62,009	106,248	39,963	6,669	59,516	106,148

Notes to the Financial Statements

15 Financial risk management (continued)

Financial assets and liabilities

All liabilities carrying amount approximates fair value.

The Company's financial assets and liabilities at 31 December 2025 comprised:

	2025			2024		
	Interest bearing £'000	Non-interest bearing £'000	Total £'000	Interest bearing £'000	Non-interest bearing £'000	Total £'000
Investments						
Australian Dollar	-	-	-	-	28,759	28,759
Canadian Dollar	-	8,932	8,932	-	68,046	68,046
Chinese Yuan	-	23,929	23,929	-	35,986	35,986
Danish Krone	-	25,021	25,021	-	-	-
Euro	-	207,076	207,076	-	183,810	183,810
Hong Kong Dollar	-	12,929	12,929	-	-	-
Indian Rupee	-	-	-	-	22,128	22,128
Israeli Shekel	-	-	-	-	2,700	2,700
Japanese Yen	-	13,724	13,724	-	-	-
Korean Won	-	13,453	13,453	-	16,557	16,557
Norwegian Krone	-	16,054	16,054	-	20,352	20,352
Sterling	-	66,271	66,271	-	96,294	96,294
Swedish Krona	-	12,141	12,141	-	9,187	9,187
Swiss Franc	-	-	-	-	25,243	25,243
Taiwanese Dollar	-	42,620	42,620	-	15,036	15,036
US Dollar	-	450,335	450,335	-	575,180	575,180
	-	892,485	892,485	-	1,099,278	1,099,278
Other assets and liabilities						
Cash and cash equivalents						
Euro	153	-	153	-	-	-
Chinese Yuan	1	-	1	1	-	1
Indian Rupee	88	-	88	-	-	-
Sterling	9,528	-	9,528	11,262	-	11,262
Taiwanese Dollar	89	-	89	-	-	-
US Dollar	742	-	742	2,142	-	2,142
	10,601	-	10,601	13,405	-	13,405
Short term debtors and creditors						
Sterling	-	(3,081)	(3,081)	-	(3,625)	(3,625)
Canadian Dollar	-	-	-	-	86	86
Euro	(34,933)	-	(34,933)	(33,717)	(786)	(34,503)
Hong Kong Dollar	-	30	30	-	-	-
Swiss Franc	-	-	-	-	346	346
US Dollar	-	258	258	-	2,528	2,528
	(34,933)	(2,793)	(37,726)	(33,717)	(1,451)	(35,168)
Long-term creditors						
Euro	(52,116)	-	(52,116)	(49,400)	-	(49,400)
Indian Rupee	-	-	-	-	(31)	(31)
	(52,116)	-	(52,116)	(49,400)	(31)	(49,431)
Total	(76,448)	889,692	813,244	(69,712)	1,097,796	1,028,084

Capital management

The Company considers its capital to consist of its share capital of Ordinary Shares of 10p each and its reserves. At 31 December 2025 there were 305,623,539 ordinary shares in issue (2024: 305,623,539) of which 115,212,960 ordinary shares were held in treasury (2024: 65,762,020).

The Manager and the Company's broker monitor the demand for the Company's shares and the Directors review the position at Board meetings. Further details on shares bought during the year and the Company's policies for issuing and buying back shares can be found in the Directors' Report.

The Company's policy on borrowings is detailed in note 11 on pages 78 and 79 of the Financial Statements.

16 Related Party Transactions

A related party is a company or individual who has direct or indirect control or who has significant influence over the Company. The Company has identified the Directors as related parties. The Directors' emoluments for the year and shareholdings have been disclosed in pages 56 and 57.

17 Post Balance Sheet Events

At the balance sheet date, Saba held a significant minority shareholding of 19.2% of the Company's issued share capital. At the date of the publication of this annual report, this position had been increased to 22.1% following further purchases by Saba of the Company's shares. The Chairman's Statement sets out the challenge this has created for the Company and how the Board has attempted to address the situation, culminating in the Continuation Tender Offer circular published on 26 January 2026 and the Exit Tender Offer published on 17 March 2026, both of which are available at www.iemplc.co.uk.

Other than the above, there are no significant events after the balance sheet date requiring disclosure.



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10 Year Financial Record

As at 31 December	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net assets (Debt at fair value) (£ millions) ^{1,2}	465	507	450	657	1,093	1,480	1,276	1,221	1,026	812
NAV (Debt at fair value) per ordinary share ^{1,2}	243.4p	281.6p	249.6p	321.8p	411.2p	496.4p	419.5p	434.3p	427.6p	426.4p
Share price	218.0p	256.5p	253.0p	333.0p	422.5p	547.0p	419.5p	400.0p	385.5p	396.5p
Premium/(discount) ^{1,2}	(10.4%)	(8.9%)	1.4%	3.5%	2.7%	10.2%	0.0%	(7.9%)	(9.8%)	(7.0%)

Year ended 31 December	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NAV (Debt at fair value) return ^{1,2,3}	37.3%	16.4%	(10.8%)	30.6%	31.0%	21.3%	(15.0%)	4.5%	(0.4%)	0.9%
Share price return ^{1,3}	37.4%	18.7%	(0.4%)	32.9%	28.9%	30.1%	(22.8%)	(3.7%)	(2.6%)	4.3%
MSCI ACWI Index ⁴	28.7%	13.2%	(3.8%)	21.7%	12.7%	19.6%	(8.1%)	15.3%	19.6%	13.9%
FTSE ET100 ⁴	21.9%	20.2%	(9.9%)	29.2%	90.3%	13.1%	(20.1%)	18.3%	16.8%	n/a
Revenue return per Ordinary share ⁵	2.0p	2.8p	3.2p	3.6p	2.2p	3.3p	4.4p	4.8p	4.6p	4.9p
Dividends ⁶	1.95p	2.50p	3.0p	3.0p	2.3p	2.8p	4.0p	4.6p	5.0p	5.1p
Ongoing charges ²	1.13%	1.05%	1.04%	1.02%	0.95%	0.85%	0.81%	0.83%	0.84%	0.91%

Notes

- These are considered to be APMs.
- Net asset value with debt at fair value from 2023. Prior to 2023, debt was valued at bookcost which approximated fair value.
- Total return (discrete annual returns) - source: Morningstar up to 2016, Bloomberg 2017 thereafter (except year 2018).
- Net total return (dividends reinvested net of withholding tax) for MSCI indices and total return for FTSE indices (discrete annual returns). The FTSE ET100 is no longer used as a comparator. This will be replaced by the GEMS from the next Annual Report.
- Revenue return/ordinary share is based upon the revenue return for the year to 31 December and the weighted average number of ordinary shares in issue (excluding Treasury shares) during the year.
- Total dividends payable in respect of the year.

Total returns to 31 December 2025

Year	Cumulative			Annualised		
	NAV ^{1,2} (%)	Share price ¹ (%)	MSCI ACWI Index (%)	NAV ^{1,2} (%)	Share price ¹ (%)	MSCI ACWI Index (%)
1 year	0.9	4.3	13.9	0.9	4.3	13.9
2 years	0.7	1.6	36.2	0.4	0.8	16.7
3 years	5.3	(2.2)	57.1	1.7	(0.7)	16.2
4 years	(10.5)	(24.5)	44.4	(2.7)	(6.8)	9.6
5 years	8.6	(1.8)	72.7	1.7	(0.4)	11.6
6 years	41.1	26.6	94.6	5.9	4.0	11.7
7 years	82.8	68.2	136.9	9.0	7.7	13.1
8 years	64.4	67.5	127.9	6.4	6.7	10.8
9 years	91.6	98.8	158.1	7.5	7.9	11.1
10 years	163.3	173.2	232.0	10.2	10.6	12.8

Notes

- These are considered to be APMs.
- Net asset value with debt at fair value from 2023. Prior to 2023, debt was valued at bookcost which approximated fair value.

Alternative Performance Measures

APMs are often used to describe the performance of investment companies although they are not specifically defined under FRS 102. The Directors assess the Company's performance against a range of criteria which are viewed as relevant to both the Company and its market sector. APM calculations for the Company are shown below.

Gearing

A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.

At 31 December		Page	2025	2024
Total assets less cash/cash equivalents (£'000)	a	n/a	893,017	1,103,294
Net assets (Debt at fair value) (£'000)	b	89	811,883	1,025,577
Gearing (net)	(a÷b)-1		10.0%	7.6%

Leverage

Under the Alternative Investment Fund Managers Directive ("AIFMD"), leverage is any method by which the exposure of an Alternative Investment Fund ("AIF") is increased through borrowing of cash or securities or leverage embedded in derivative positions.

Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Ongoing charges

A measure, expressed as a percentage of daily net asset value (debt at fair value) during the year, of the regular, recurring annual costs of running an investment company.

At 31 December		Page	2025	2024
Investment management fee (£'000)		75	6,837	8,420
Other expenses* (£'000)		75	1,500	1,351
Less non-recurring expenses* (£'000)			(212)	(262)
Total Expenses	a		8,125	9,509
Average NAV (£'000)	b	n/a	889,016	1,137,050
Ongoing charges	= (a/b)		0.91%	0.84%

* Expenses that are not recurring, such as one-off legal and advisory fees, are excluded from other expenses .

Premium/Discount

The amount, expressed as a percentage, by which the share price is more/less than the net asset value per ordinary share.

At 31 December		Page	2025	2024
NAV per ordinary share (Debt at fair value) (p)	a	2	426.4	427.6
Share price (p)	b	2	396.5	385.5
(Discount)/premium	(b÷a)-1		(7.0%)	(9.8%)

Average Discount to NAV during the year

The average amount, expressed as a percentage, by which the share price is more/ less than the net asset value per ordinary share, in the year to 31 December 2025.

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its ordinary shares on the ex-dividend date.

Year ended 31 December 2025		Page	Share price	NAV (Debt at fair value)	NAV (Debt at bookcost)
Opening at 1 January 2025 (p)	a	n/a	385.5	427.6	428.6
Closing at 31 December 2025 (p)	b	2	396.5	426.4	427.1
Dividend/income adjustment factor ¹	c	n/a	1.014	1.012	1.011
Adjusted closing (d = b x c)	d	n/a	402.1	431.5	431.8
Total return	(d÷a)-1		4.3%	0.9%	0.7%

Year ended 31 December 2024		Page	Share price	NAV (Debt at fair value)	NAV (Debt at bookcost)
Opening at 1 January 2024 (p)	a	n/a	400.0	434.3	434.9
Closing at 31 December 2024 (p)	b	2	385.5	427.6	428.6
Dividend/income adjustment factor ¹	c	n/a	1.011	1.012	1.011
Adjusted closing (d = b x c)	d	n/a	389.7	432.6	433.1
Total return	(d÷a)-1		-2.6%	-0.4%	-0.4%

¹ The dividend adjustment factor is calculated on the assumption that dividends paid out by the Company are reinvested into the shares of the Company at NAV at the ex-dividend date.

Net asset value – debt at fair value

The net asset value per ordinary share with debt at fair value at the year end are shown below. These were calculated using 190,410,579 (2024: 239,861,519) ordinary shares in issue.

		2025		2024	
		Net asset value attributable	Net asset value attributable	Net asset value attributable	Net asset value attributable
		£'000	pence	£'000	pence
Net asset value – Debt at bookcost (note 13)	a	813,244	427.1	1,028,084	428.6
Add: Loan Notes at bookcost (note 11)	b	52,116	27.4	49,400	20.6
Less : Loan Notes at fair value	c	(53,477)	(28.1)	(51,907)	(21.6)
Net asset value – Debt at fair value	a+b+c	811,883	426.4	1,025,577	427.6

The fair value of the Loan Notes is derived by aggregating the discounted value of future cashflows, being the contractual interest payments and the repayment of capital at maturity as each falls due. Discount rates are determined based on the closest available maturity, using the EUR Mid-Swap Rate for fixed-rate tranches and the Euro short-term rate Overnight Index Swap curve for floating-rate tranches. Both rates are adjusted for appropriate credit spreads and illiquidity premia.

The fair value of the Loan Notes is calculated by an independent debt valuation specialist firm and the NAV with debt at fair value uses this value.

The fair value of the Company's RCF is not an adjustment in the reconciliation of NAV with debt at bookcost to NAV with debt at fair value due to the fact that the RCF is valued at bookcost, which approximated to fair value.

AIFMD Disclosures

Alternative investment fund managers directive (“AIFMD”)

The Company is classified as an Alternative Investment Fund under AIFMD and is therefore required to have an Alternative Investment Fund Manager (“AIFM”). Impax Asset Management (AIFM) Limited is the AIFM of the Company. The AIFM has received its authorisation to act as an AIFM from the FCA. The AIFM must ensure that an annual report containing certain information on the Company is made available to investors each financial year. The investment funds sourcebook of the FCA details the requirements of the annual report. All the information required by those rules is included in this Annual Report or will be made available on the AIFM’s website (www.impaxam.com).

The AIFM is required to make certain disclosures on its remuneration in respect of the AIFM’s relevant reporting period which is the year ended 30 September 2025. These disclosures are available on the AIFM’s website or are available on request from the AIFM.

Leverage (under AIFMD)

The AIFM is required to set leverage limits as a percentage of net assets for the Company utilising methods prescribed under AIFMD (see APMs on pages 88 and 89). These methods are known as the gross method and the commitment method. A leverage percentage of 100% equates to nil leverage. The Company’s leverage under each of these methods at its year end follows.

	Gross method	Commitment method
Maximum leverage limit (set by the AIFM)	130%	130%
Actual leverage at 31 December 2025	110%	111%

Glossary

AIC	Association of Investment Companies.
Alternative Investment Fund or “AIF”	An investment vehicle under AIFMD. Under AIFMD (see below) Impax Environmental Markets plc is classified as an AIF.
Alternative Investment Fund Managers Directive or “AIFMD”	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or “AGM”	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask Directors questions about the company in which they are invested.
the Company	Impax Environmental Markets plc (“IEM”).
Custodian	An entity that is appointed to safeguard a company’s assets.
Discount/premium	The amount, expressed as a percentage, by which the share price is less/more than the net asset value per share.
Depository	Certain AIFs must appoint depositaries under the requirements of AIFMD. A depository’s duties include, inter alia, safekeeping of a company’s assets and cash monitoring. Under AIFMD the depository is appointed under a strict liability regime.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or “FCA”	The independent body that regulates the financial services industry in the UK.
Gearing effect	The effect of borrowing on a company’s returns.
GEMS	Solactive Global Environmental Markets Specialist Index.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Liquidity	The extent to which investments can be sold at short notice.
Net assets or net asset value (“NAV”)	An investment company’s assets less its liabilities.
Ordinary shares	The Company’s ordinary shares in issue.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Relative performance	Measurement of returns relative to an index.
Share buyback	A purchase of a company’s own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Tracking error	A measure, expressed as a percentage, of how closely a portfolio follows an index over a period of time.
Treasury shares	A company’s own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.

Directors, Manager and Advisers

DIRECTORS

Glen Suarez (Chairman)
Stephanie Eastment (Audit Committee Chair)
Aine Kelly (Senior Independent Director)
Elizabeth Surkovic
Guy Walker

BROKER

Winterflood Securities Limited
Riverbank House
2 Swan Lane
London
EC4R 3GA

DEPOSITARY AND CUSTODIAN

BNP Paribas Securities Services
10 Harewood Avenue
London
NW1 6AA

REGISTRAR

MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds LS1 4DL

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REGISTERED OFFICE

One Fleet Place
London
England
EC4M 7WS
Registered in England no. 4348393
Website: www.iemplc.co.uk

INVESTMENT MANAGER

Impax Asset Management (AIFM) Limited
7th Floor
30 Panton Street
London
SW1Y 4AJ

SECRETARY & ADMINISTRATOR

Juniper Partners Limited
28 Walker Street
Edinburgh
EH3 7HR

AUDITOR

BDO LLP
55 Baker Street
London W1U 7EU





Annual Report & Accounts

For the year ended
31 December 2025



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Annual Report.

IMPAX ENVIRONMENTAL MARKETS PLC

✉ clientservices@iemplc.co.uk

[in](#) Impax Environmental Markets plc

[iemplc.co.uk](https://www.iemplc.co.uk)

IMPAX ASSET MANAGEMENT

✉ clientservices@impaxam.com

[in](#) Impax Asset Management

[impaxam.com](https://www.impaxam.com)