

Impax Asset Management Limited

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This brochure provides information about the qualifications and business practices of Impax Asset Management Limited. If you have any questions about the contents of this brochure, please contact us at +44 (0) 207 434 1122, or by email to reception@impaxam.com. The information in this brochure has not been approved or verified by the United Kingdom Financial Services Authority or by the United States Securities and Exchange Commission or any other state securities authority.

Impax Asset Management Limited is a registered investment adviser, please note that registration does not imply a certain level or training.

Material Changes

There have not been any material changes in the information disclosed in this brochure since the previous disclosure.

Impax Asset Management Limited

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1. Advisory Business

Impax Asset Management Limited is a UK investment management company authorised and regulated by the Financial Services Authority in the UK and a SEC registered investment adviser. The company provides investment management services in environmental and resource scarcity markets, including alternative energy, water, waste and related sectors. The company started operations in 1998 and is wholly owned and is the principal operating subsidiary of Impax Asset Management Group plc which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

The company offers discretionary and advisory investment management services specialising in investment in global environmental markets to professional clients and institutional investors in accordance with the requirements of client specific investment management agreements. At the end of November 2011 the company had Assets under Management of \$2,888m including \$2,792m under discretionary management (listed equity and private equity).

2. Fees and Compensation

The firm does not operate a basic fee schedule for investment supervisory services, fees are negotiated between the firm and the client prior to the client agreement being signed. Fees are charged either monthly or quarterly in arrears and calculated by reference to the average or month end net asset values and invoiced to the client. The firm does not charge clients in advance.

Compensation and termination arrangements apply in accordance with client agreements.

Funds that are managed by the firm will also pay normal transaction and brokerage charges incurred in the management of the fund. Clients will also have to pay the costs and charges of the custodian and administrator appointed by the client in respect of the investments.

The firm and staff do not receive any compensation from the sale or purchase of any investments on behalf of the client.

3. Performance-Based Fees and Side-by-Side Management

The firm does not charge performance based fees for long only listed equity funds. The firm is permitted to charge a performance related fee in respect of the 2 private equity funds managed, these funds do not invest in listed equities and there is no overlap in the investments in these funds and the listed equity funds. There is a separate investment team who are responsible for the private equity funds and they operate independently with appropriate confidentiality restrictions. It is considered unlikely that there will be significant conflicts of interest between the strategies, any

potential conflict would be managed in accordance with the detailed policy on the management of conflicts.

4. Types of Client

The firm provides investment management and advisory services to professional and institutional clients, this includes pooled investment vehicles, pension plans and other institutional clients. The firm does not provide services to private clients and individuals.

5. Methods of Analysis, Investment Strategies and Risk of Loss

The Impax Asset Management Limited investment style is “Growth at Reasonable Price” (“GARP”) and investing in companies operating in growth markets, with compelling business models based on proven technology, strong management quality and at attractive valuations.

The Impax listed equity investment process is endorsed by leading investment consultants and is centred on bottom-up stock picking based on four broad steps:

- a) Universe creation & development: 1400 stocks from across the global environmental markets sectors.
- b) Development of themes: Themes can relate to (a) developments in environmental sub sectors (such as legislation and developments in the value chain) and (b) macro drivers and how they affect the environmental sector (such as interest rates etc). The development of themes allows us to create comparative valuation sheets by sub-sector and derive the “A” list.
- c) Idea generation & analysis: The second stage of the research is carried out in more detail with an emphasis on fundamental analysis, though quantitative analysis (particularly valuation) is included. Securities are selected for the portfolio through a detailed process in which stocks are subjected to a detailed level of due diligence and analysis with a ten-step approach
- d) Portfolio construction: The investment team holds a meeting to discuss the company in more detail, decide whether or not to invest in the company, and agree on a target price and a stock strategy.

The investment team works on a collegiate basis with a daily review of macroeconomics, environmental themes and legislation, and a weekly investment committee at which candidates for the ‘A’ list are discussed.

The firm ensures all portfolios are well diversified both geographically and across the environmental sub sectors, and have a strict buy and sell discipline and a buy and hold strategy.

The main risks faced under the Impax investment strategy are

- a) Corporate price performance
- b) Corporate credit risk
- c) National economic and market risk

- d) National legislation risk for the sector
- e) Sector risk

The firm monitors risk on an ongoing basis through:

- a) Value at Risk (to show overall portfolio sensitivity as maximum expected loss over a one day period in 1 in 100 possible outcomes (99%));
- b) Breakdown of risk over sector, geography, style (growth/value, mid/large/small) and stock specific risks and individual stock marginal contribution to risk. Active weightings relative to environmental benchmarks are calculated at least once per week. Parameters that are calculated include stock weightings, sector/subsector weightings and region/country weightings.
- c) Tracking error;
- d) Volatility;
- e) Correlations and
- f) Sector, sub-sector and security concentrations in portfolios.

The portfolio is reviewed in light of these figures as well as the current macro and thematic overlays. This data provides the managers with the framework to analyse the actual risk and positioning, and the underlying factors generating the risk.

Investments are diversified across the 21 sub-sectors of the environmental markets universe (as defined by FTSE & Impax). Maximum and minimum sector allocations are not set as investment decisions are made on a bottom-up basis, which is then supplemented with a macro overlay. However, the portfolios are always well diversified both geographically and across key environmental subsectors.

The Fund does not formally benchmark but performance and risk is monitored against the MSCI World, MSCI World Small Cap and FTSE ET50 indices.

The private equity investment strategy is based on investment into projects across Europe utilising proven technology with experienced management teams in wind and solar energy projects. The projects are typically in the late stage of construction and moving into the implementation stage with long term energy supply contracts.

The strategy carries risks of

- National legislation changes
- Sector risks
- Operational performance risk
- Price risk

The team monitors risk through detailed oversight of the operations of the projects and representation on the governing bodies together with the use of industry experts to assess and monitor performance. As with all private equity funds the funds carry a high level of risk and are not suitable for retail investors.

6. Disciplinary Information

Impax Asset Management Limited and staff have not been involved in any

- a) Criminal or Civil action in a domestic, foreign or military court
- b) Administrative proceeding before the UK Financial services authority, SEC, any other federal regulatory agency, any state regulatory agency or any other foreign financial regulatory authority.
- c) A self-regulatory organisation proceeding

7. Other Financial Industry Activities and Affiliations

Impax Asset Management Limited and staff members are not registered and do not have applications pending registration as a broker-dealer or as a representative of a broker-dealer.

Impax Asset Management Limited and staff members are not registered and do not have applications pending registration as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person to any of these entities.

Arrangements that are material to the Impax Asset Management Limited advisory business with a related person who are other investment advisors are as follows

- a) Impax Asset Management Group plc (“Impax”), 100% parent of IAM, has helped to seed funds managed by Impax Asset Management Limited
 - 1) Impax became a limited partner in Impax New Energy Investors LP, a fund investing in projects in the renewable energy. Impax has committed to invest up to Euro 3.75m in the fund.
 - 2) Impax became a limited partner in Impax New Energy Investors II LP, a fund investing in projects in the renewable energy and related sectors. Impax has committed to invest an initial Euro 4m.

These investments are fully disclosed in the accounts of Impax.

- b) Impax Asset Management Limited acts as the general partner to both Impax New Energy Investors LP and Impax New Energy Investors II LP.
- c) Impax Asset Management (US) LLC is a 100% subsidiary of IAM and its sole activity is to represent IAM for which it will receive a fee, no conflict of interest is considered to exist in respect of the arrangement.
- d) Impax Asset Management (Hong Kong) Ltd. is a 100% subsidiary of Impax approved by the Securities and Futures Commission in Hong Kong provides investment services to IAM and funds managed by IAM. IAM will pay a fee

for these services. No conflict of interest is considered to exist in respect of the arrangement.

Impax Asset Management Limited does not select or recommend other investment advisers for clients and does not receive any compensation from other investment advisers except where that adviser is a client of the firm.

8. Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

As a registered investment adviser with the SEC, Impax Asset Management Limited is required to maintain a Code of Ethics. The firm has established and maintains a standard of business conduct consistent with the firm's fiduciary obligation to its clients. All employees of the firm are required to comply with applicable US Federal Securities Laws.

The firm has an affirmative statutory obligation to establish, maintain and enforce written policies and procedures reasonably designed to prevent Access Persons (as defined) from misusing material, non-public information and breaching their fiduciary obligations to its clients.

No Access Person shall, directly or indirectly:

- a) employ any device, scheme or artifice to defraud a client;
- b) make to such client any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements made to such client, in light of the circumstances under which they are made, not misleading;
- c) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon such client; or
- d) engage in any manipulative practice with respect to such client.

The Code of Ethics contains procedures for Personal Account Dealing by employees (see below).

The Code of Ethics notes that the firm manages and advises a range of listed and private equity funds investing in the environmental and resource scarcity sector, and that the activities of the investment team are wholly within this sector ("the Impax Universe"). A copy of the Code is available to any client or prospective client on request.

Impax Asset Management Limited has a Conflict of Interest Policy which applies to any conflicts of interest that may give rise to a material risk of damage to the interests of any existing or potential client. The firm conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and a client of the firm, and between one client and another.

In identifying conflicts of interest, the firm considers the factual circumstances and will take into account, inter alia, whether the firm is likely to

- a) make a financial gain, or avoid a financial loss, at the expense of the client or clients or
- b) has an interest in the outcome of a service provided to the client, or the outcome of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome or,
- c) has a financial or other incentive to favour the interest of one client or group of clients over the interests of another client or group of clients, or
- d) carries on the same business as the client; and /or
- e) receives, or will receive, from a person other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

The firm's policy is to take all reasonable steps to maintain and operate effective organisational, procedural and administrative arrangements to identify and manage conflicts. The firm has in place procedures that address the identification and management of actual and potential conflicts of interest that may arise in the course of the firm's business. The firm is required to manage any conflict of interest which arises promptly and fairly.

The procedures for Personal Account Dealing provide for IAM employees to deal as follows:

- a) If it is a small cap stock within the Impax Universe, with restricted liquidity, then Personal Account dealing by employees is not permitted
- b) If it is a large cap liquid stock within the Impax Universe, then Personal Account dealing by employees is permitted subject to pre-clearance and reporting requirements.
- c) If it is an investment in a fund managed by Impax Asset Management Limited, then Personal Account dealing by employees is permitted subject to pre-clearance and reporting requirements.
- d) If the stock is not within the Impax Universe, then Personal Account dealing is permitted subject to reporting requirements.

IAM is required to provide each employee with a copy of the Code of Ethics and any amendments and each employee must submit a written acknowledgement of the receipt of the Code of Ethics and any amendments.

9. Brokerage Practices

The limitations on the authority of Impax Asset Management Limited relating to investment and brokerage discretion are outlined in client agreements and related documentation. This may include matters such as investment criteria, target weightings, investment and borrowing restrictions, and lists of recognised markets.

When selecting the broker or dealer to be used and consenting to the commission rate payable, the firm takes into account price and a number of factors, including but not limited to:

- a) cost or commissions of execution
- b) speed
- c) the current liquidity for the relevant security (which may affect the ability to execute an order)
- d) the size and nature of the order
- e) the potential market impact of the transaction
- f) the quality of order execution

- g) execution capability
- h) responsibility and solvency of the counterparty
- i) responsiveness of the broker or venue and
- j) the quality and efficiency of the settlement process post execution.

The firm will determine the relative importance of the execution factors by using its industry experience, expertise and judgement in light of available market information with the primary aim of prompt, fair and expeditious execution of trades. This applies to all types of securities dealt.

Impax Asset Management Limited has Commission Sharing Agreements (CSA) with brokers to pay for certain third party research and advisory services which support the management of investment portfolios for clients. In accordance with the rules of the UK Financial Services Authority, CSA can only be used to pay for services that benefit the Clients of an investment management firm. Under these agreements, the firm instructs execution brokers to pay part of the transaction commissions to a segregated bank account which is used to pay third party research and advisory service providers.

Impax Asset Management Limited has a Dealing Procedures and Trade Allocation Policy which covers the firm's underlying approach to trading and outlines key aspects of the Trade Allocation Policy. The firm will not enter into transactions with unnecessary frequency having regard to the customer's agreed investment strategy. Clients' trades are executed in the order that orders are received. Portfolio managers are obliged to consider the merits of a proposed stock trade simultaneously for all funds under their control.

The firm does not trade on its own account and therefore does not aggregate its own orders with those of its clients. The firm's policy is to aggregate all client trades where possible, except in circumstances where doing so would disadvantage the client. Trade allocation is determined on a basis that is fair, reasonable and equitable to all clients based on the firm's policies and client investment objectives. In order to ensure fairness in the allocation of trades among the accounts it manages, the firm allocates investment opportunities with consideration to the prime determinants of market exposure, cash availability and industry sector exposure and with regard to the suitability of such investments to each fund.

The firm does not receive client referrals from any broker-dealer nor does it use directed brokerage for clients.

10. Review of Accounts

The investment team monitors all accounts on a daily basis and holds daily investment review meetings and weekly strategy meetings.

Reports to clients on their accounts cover all aspects of the management and performance of the account including performance, transactions, research and

investment outlook. The reports are prepared according to client requirements, different reports are prepared on monthly, quarterly, semi-annual and annual cycles.

11. Client Referrals and Other Compensation

Impax Asset Management Limited does not receive compensation from third parties for providing investment services to clients of the firm or compensate third parties for client referrals.

12. Custody

Impax Asset Management Limited does not hold client money or assets or provide custody services for clients.

13. Investment Discretion

In accordance with the rules of the UK Financial Services Authority Impax Asset Management has a signed investment management agreement for all clients before undertaking any discretionary management services for clients. This agreement is negotiated with each client and clearly states, inter alia,

- a) the services to be provided
- b) the limits on the discretion to be exercised by the firm
- c) specific investment guidelines for that client
- d) reporting requirements
- e) fees payable
- f) termination provisions

The investment guidelines are monitored by pre trade checking in the order management system and daily post trade breach monitoring by the Compliance Department.

14. Voting Client Securities

Impax Asset Management Limited actively uses the AGM proxy voting process for all funds under management. The firm has a voting policy that aims to enhance the long-term value of shareholdings and to foster corporate governance best practices. Corporate governance practices which the firm supports include corporate resolutions

consistent with the ‘one share – one vote – one dividend’ principle, and limitation of excessive protection measures

In general, the firm will vote in accordance with the recommendations provided by our independent research provider based on a ‘best practices’ approach. The firm retains the right to vote differently in situations where it is considered that it would be in shareholders’ best interest to do so.

The firm uses an external proxy voting platform but voting is carried out directly. Voting is executed using the third party platform, by Impax Asset Management Limited based on information provided by issuers and research providers.

15. Financial Information

Impax Asset Management Limited does not solicit any payments from clients in advance. The firm does not have any financial impairment that could the firm’s ability to meet all contractual commitments to clients, and complies with all financial regulations and liquidity requirements of the rules of the UK Financial Services Authority.

16. Requirements for State Registered Advisers

Management Persons and Supervised Persons Education and Business Background

Ian Simm Chief Executive Officer and Director
- year of birth 1966

Ian joined Impax in 1996 and has been a board director since 1997. Initially working as corporate finance adviser in the waste and power sectors, he established Impax Asset Management (IAM) in 1998. In addition to his role as Chief Executive, he is responsible for IAM, with substantial day-to-day exposure to the process of investment in and management of companies in the environmental infrastructure and technologies sector. Prior to Impax, he was a project manager at McKinsey & Company in the Netherlands where he led teams to provide advice to clients in a range of environmentally sensitive industries. He has a first class honours degree in physics from Cambridge and a Masters in Public Administration from Harvard.

Bruce Jenkyn-Jones Director and Managing Director Listed Equities
- year of birth 1965

Bruce joined IAM in 1999, where he worked initially on venture capital investments before developing the listed equity business within the Impax Group. In addition to co-managing Impax Environmental Markets plc, Impax Environmental Markets (Ireland) Fund, ASN Milieu & Waterfonds and Parworld Environmental Opportunities, he is adviser to Alm. Brand Invest Miljo Teknoloji and oversees the Impax ET50 index. Before joining Impax, Bruce worked as a utilities analyst at

Bankers Trust and as an environmental consultant for Environmental Resources Management (ERM). Bruce has an MBA from IESE (Barcelona), an MSc in Environmental Technology from Imperial College and a Degree in Chemistry.

Peter Rossbach Director

- year of birth 1958

Peter has extensive experience in the utility and energy sector, starting with work for the US Department of Energy renewables division in 1990, and later with utility and gas companies in California and Oklahoma. Prior to joining Impax in 2003, he was Senior Investment Officer at AMI Asset Management, investing in private equity, mezzanine finance and subordinated debt across the utility sector. From 1994-1997 he was at the EBRD focussed on energy, utility and telecoms investments in Eastern Europe. From 1989-1994, Vice President of Project Finance at Mitsui Bank, New York, and from 1986 to 1989, was a developer and advisor to over 1GW of renewable energy projects built in the US. Peter received his credit training from Standard & Poor's in 1985-1986 and is a graduate of Harvard College and the Kennedy School at Harvard University.

Charlie Ridge Director and Chief Financial Officer

- year of birth 1964

Charlie has over 20 years technical and management experience with blue chip investment banks. Before joining Impax he was a Managing Director within the Finance Division of Deutsche Bank, most recently serving as UK Asset and Wealth Management CFO, and previously holding various financial and market risk related roles for the Global Markets Division. Before working at Deutsche, Charlie worked at SG Warburg and Ernst & Young as an Auditor.

Hubert Aarts Managing Director Listed Equities

- year of birth 1962

Hubert co-manages the Environmental Leaders and Long-Short strategies, and leads Impax's macro-economic analysis. Hubert joined Impax in January 2007, having started his career in the investment industry in 1990. He has extensive experience investing in Pan-European equities as a portfolio manager at MeesPierson and Merrill Lynch Investment Managers. He joined Impax from Cambrian Capital Partners LLP where he was a partner and portfolio manager of the Curalium fund, and Incremental and Incremental Leveraged hedge funds. Hubert has a Master's degree in Economics and Business Administration from Maastricht University.

Jon Forster Associate Director

- year of birth 1971

Jon has over eleven years of investment experience with SMEs. Following his graduation from Leeds University in Management Studies, he spent four years working on acquisitions at HSBC Investment Bank. Subsequently, he spent two years as a consultant to venture capital investor Alchemy Partners, with particular focus on manufacturing and resource management companies. Since August 2000, he has been employed at IAM, where he has taken a lead role in the PVMTI Investment Fund, and now heads listed equity research.

Simon Gottelier Investment Manager

- year of birth 1975

Simon joined Impax from Veolia (formerly Vivendi) Environment, where he was a Business Analyst in the finance department. His responsibilities included the analysis and modelling of potential investments and financing issues on the part of the Group's water businesses. Simon began his career in Investment Banking in 1998 at NM Rothschild and subsequently moved to Deutsche Bank where he provided strategic, M&A and financing advice to European and US clients across a broad range of industrial sub-sectors. Simon is currently involved in portfolio and sector research for Impax Environmental Markets. He has an Honours Degree in Modern Languages from the University of Bristol.

Michael Knight Chief Compliance Officer

- year of birth 1954

Michael joined Impax in May 2008 as Head of Compliance. He has extensive investment management and compliance experience having worked in financial services for 26 years and with responsibility for compliance issues in asset management since 1987. Latterly Michael worked at Oaktree Capital Management and Galena Asset Management, and prior to that he worked for Dai Ichi Kangyo Bank Investment Management. Michael has a MA from Cambridge University and qualified as a Chartered Accountant with Deloitte and Touche.

Other Information

Impax Asset Management Limited is not actively involved in any other business apart from investment management and advisory business.

Impax Asset Management Limited does not receive performance-based fees for investment management and advisory business except as previously disclosed.

Impax Asset Management Limited and Management Persons and Supervised Persons have not been found liable in an arbitration claim or been found liable for an award under any civil, self regulatory organization or administrative proceeding.

Impax Asset Management Ltd

There are no other relationships or arrangements have with any issuer of securities that should be disclosed.