

Company Registration No. 07740692

Mirova UK Limited
(formerly Mirova Natural Capital Limited)

Annual Report and Audited Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021



Mirova UK Limited (formerly Mirova Natural Capital Limited)

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Mirova UK Limited (formerly Mirova Natural Capital Limited)

COMPANY INFORMATION

BOARD OF DIRECTORS

Raphael Lance
Anne-Laurence Roucher
Vincent Evariste Jean-Louis Gradt
Gautier Paul Louis Queru (Appointed 03 December 2021)
Karen Massicot (Appointed 27 May 2020, resigned 1 September 2021)
Philippe Zaouati (Appointed 13 March 2018, resigned 29 October 2021)

Registered Number: 07740692

Registered Office

18 St. Swithin's Lane
London
EC4N 8AD

Independent Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Mirova UK Limited (formerly Mirova Natural Capital Limited)

STRATEGIC REPORT

The Directors present their strategic report on the affairs of Mirova UK Limited (formerly Mirova Natural Capital Limited) (the "Company") and its subsidiaries (collectively, the "Group") together with the audited annual company and consolidated financial statements for the year ended 31 December 2021.

INCORPORATION

The Company was incorporated in England and Wales on 15 August 2011 as a private company limited by shares and has its registered address at 18 St. Swithin's Lane, London, EC4N 8AD.

CHANGE OF NAME

The Company changed its name from Mirova Natural Capital Limited to Mirova UK Limited on 30 November 2021.

PRINCIPAL ACTIVITIES

The main activity of the Company is to act as an investment advisor to environmental funds. The Company advises on investment in real assets in the natural capital arena, notably carbon capture and sustainable uses of the world's oceans. This is becoming an increasing focus of the global economy as decarbonisation and preservation of the natural environment move increasingly towards the centre stage in global economic models.

REVIEW OF BUSINESS

2021 has again presented challenges due to the continuing effect of the COVID pandemic, particularly in Amazonia where Mirova UK Limited focuses much of its advisory activities. The pandemic has continued to delay investment activity. Governments' infection control measures have severely restricted travel to the region but this abated somewhat in the fourth quarter of the year. The business has overcome this through the use of technology and has remained resilient.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Company and its subsidiaries are managed by the Directors at each entity level. The significant risks to the Company are:

i) *Operational risk*

The Company has continued to operate throughout the pandemic; its IT systems have been upgraded to a group supported environment that is both more robust and more secure. Staff have continued to be able to work from home seamlessly and there has been no need for staff to have been furloughed as a result of the global pandemic.

ii) *Market risk*

The funds which the Company advises are closed ended and illiquid long-term funds that are open to professional investors only, and which are not sensitive to short term market fluctuations. Thus, the risk of loss to investors is low.

iii) *Credit risk*

The Company maintains close and regular contact with the projects for which it advises funds to invest. Risk analysis is conducted on a quarterly basis and, where necessary, corrective action is taken to mitigate this risk.

iv) *Liquidity risk*

The Company regularly reviews its cash position to ensure that it has sufficient resources to meet its liabilities as they fall due. Furthermore, the Company may, if required, call upon the resources of its parent company, Mirova S.A..

v) *Legal and regulatory non-compliance risk*

The Company employs a compliance officer and has access to group general counsel and compliance specialists via an inter-company outsourcing agreement. Compliance with laws and regulations is also assessed regularly via a third-party specialist firm.

Mirova UK Limited (formerly Mirova Natural Capital Limited)

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

The Company's financial risk management objectives and policies are set out in note 7(b).

DIVIDENDS

As at 31 December 2021, no dividend payment (2020: £nil) had been made to the Company's shareholders and no shares had been repurchased.

FUTURE DEVELOPMENTS

The Althelia Climate Fund, a closed ended illiquid fund will close in 2022. Further investment in new carbon based impact solutions will be transferred to Mirova UK Limited's parent company, Mirova SA in France, which will use the services of the UK advisory team. This business is expected to grow in the coming years following the increased urgency being attached to decarbonising the global economy.

KEY PERFORMANCE INDICATORS

Some of the key indicators are the ability of the Group to be well capitalised, to be solvent and to be able to meet its current obligations as they fall due as measured below.

Key performance indicators for the Group are:

	2021	2020
	£	£
Total assets value of the Group	6,337,533	4,078,649
Net assets/(liability) value of the Group	1,858,586	(1,289,172)
Net current assets/(liabilities) of the Group	1,873,733	(1,742,941)
Operating loss	(741,146)	(11,566,744)

As at the year ended 31 December 2021 the Group was in a net assets position.

STRATEGIC REPORT (CONTINUED)

STATEMENT BY THE DIRECTORS RELATING TO THEIR STATUTORY DUTIES UNDER SECTION 172(1) OF THE COMPANIES ACT 2006

The Directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Interests of the Group's employees;
- Need to foster the Group's business relationships with suppliers, customers and others;
- Impact of the Group's operations on the community and the environment;
- Desirability of the Group maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the Group.

The Directors' regard to these matters is embedded in their decision-making process, through the Group's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The Group's business strategy is focused on achieving success for the Group in the long-term. In setting this strategy, the Board takes into account the impact of relevant factors and stakeholder interests on the Group's performance. The Board also identifies principal risks facing the business and sets risk management objectives.

The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Group's employees and embedded in the Group's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

The Board recognises that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- A director training programme to further their understanding of their duties and obligations under applicable law and regulation;
- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Group's business areas, its risk and control functions, support teams and committees of the Board; and
- Agenda planning for Board and Committee meetings to provide sufficient time for the consideration and discussion of key matters.

Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Group.

The Board regularly discusses issues concerning employees, clients, suppliers, community and environment, regulators and its shareholder, which it considers in its discussions and in its decision-making process.

STRATEGIC REPORT (CONTINUED)


STATEMENT BY THE DIRECTORS RELATING TO THEIR STATUTORY DUTIES UNDER SECTION 172(1) OF THE COMPANIES ACT 2006 - (CONTINUED)

Stakeholders (continued)

The below summarises the key stakeholders and how we engage with each:

Stakeholder	Engagement
Employees	Our employees contribute to a positive working culture and healthy working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business.
Clients	Clients are at the centre of our business. Our client service and sales teams build lasting relationships with current and potential clients to understand their objectives and requirements. We are in regular contact with clients in order to meet their defined reporting and service requirements. This includes attending monthly and quarterly update calls, face to face meetings (quarterly/bi-annually/annually) depending on clients' preferences.
Suppliers	As a global business, we work with a wide range of suppliers both in the UK and globally. We remain committed to being fair and transparent in our dealings with all of our suppliers. The Group has systems and processes in place to ensure suppliers are paid in a timely manner.
Regulators	We work with our regulators and the government in an open and proactive manner to help develop regulations that meet the needs of all our stakeholders. The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards and good governance expected of a regulated business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector.
Community and Environment	The Board's approach to social responsibility, diversity and the community is of high importance. Corporate social responsibility principles are part of our culture and decision-making process. We take a consultative approach focused on building long-term relationships and solving business problems.
Shareholders	The Board also seeks to behave in a responsible manner towards our one shareholder. The Board communicates information relevant to its shareholder, such as its financial reporting.

Signed for and on behalf of the Board


Vincent Gradt (Apr 27, 2022 15:38 GMT+1)

Director Vincent Gradt

Date: Apr 27, 2022 2022

Mirova UK Limited (formerly Mirova Natural Capital Limited)

REPORT OF THE DIRECTORS

The Directors of Mirova UK Limited (formerly Mirova Natural Capital Limited) (the "Company") present their audited annual company and consolidated financial statements for the year ended 31 December 2021.

FUTURE DEVELOPMENTS

The future developments of the Company are presented in the Strategic Report on page 4.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year and at the date of approval of these financial statements are noted on page 2.

GOING CONCERN

The Directors have made enquiries and having considered the current economic climate at the time of approving these financial statements, as well as the expected continuing financial support that the Group will receive from its shareholder, Mirova S.A., for the coming year, they have a reasonable expectation that the Company and the Group have access to adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

POLITICAL DONATIONS

The Group and Company made no political donations during the year (2020: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties are considered in the Strategic Report.

EVENTS AFTER THE REPORTING DATE

Management has decided to sell the investment in the Althelia Biodiversity Fund Brazil and its 100% Brazilian subsidiary, Mirova Natural Capital Consultoria e Assessoria Limitada, following a strategic review of business. The sale is expected to be concluded in September 2022."

There have been no other significant events affecting the Company or the Group since the year end.

INDEPENDENT AUDITORS

The Board recommends that the incumbent auditors, Mazars LLP are reappointed for a future term. Mazars LLP have expressed their willingness to continue in the office as the Group's appointed auditors and a resolution to reappoint them will be proposed at the forthcoming board meeting.

Each of the Directors at the date of the signing report confirms that, so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware. Each Director has taken all reasonable steps that he or she ought to have taken as a director in order to make him or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

REPORT OF THE DIRECTORS (CONTINUED)


DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Report of the Directors confirm that:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Relevant audit information is defined as information needed by the Group's and Company's auditors in connection with preparing their report.

Signed for and on behalf of the Board



Vincent Gradt (Apr 27, 2022 15:38 GMT+1)

Director Vincent Gradt

Date: Apr 27, 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

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

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


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

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Signed for and on behalf of the Board



Vincent Gradt (Apr 27, 2022 15:38 GMT+1)

Director Vincent Gradt

Date: Apr 27, 2022 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIROVA UK LIMITED

Opinion

We have audited the financial statements of Mirova UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Changes in Equity, Consolidated and Company 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 UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIROVA UK LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIROVA UK LIMITED (CONTINUED)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK regulatory principles, such as those governed by the Financial Conduct Authority, employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

Mirova UK Limited (formerly Mirova Natural Capital Limited)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIROVA UK LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting inappropriate journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the occurrence and cutoff assertions), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

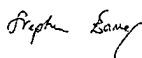
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Stephen Eames
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London, E1W 1DD

Date: Apr 27, 2022

Mirova UK Limited (formerly Mirova Natural Capital Limited)


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Assets			
Other intangible assets	13	-	496,241
Property, plant and equipment	14	72,160	301,096
Other financial assets	15	487,386	244,516
Non-current assets		559,546	1,041,853
Trade and other receivables	16	810,957	413,659
Prepayments		7,338	69,430
Cash and cash equivalents	17	4,959,692	2,553,707
Current assets		5,777,987	3,036,796
Total assets		6,337,533	4,078,649
Equity			
Share capital	18	16,438,851	12,810,851
Translation reserve		197,682	17,722
Accumulated losses		(14,777,947)	(14,117,745)
Total shareholder's fund/(deficit)		1,858,586	(1,289,172)
Liabilities			
Loans and borrowings	19	574,693	470,398
Long-term lease liabilities	21	-	23,400
Deferred tax liabilities	12	-	94,286
Non-current liabilities		574,693	588,084
Trade and other payables	20	3,880,854	4,522,594
Short-term lease liabilities	21	23,400	257,143
Current liabilities		3,904,254	4,779,737
Total liabilities		4,478,947	5,367,821
Total liabilities and equity		6,337,533	4,078,649

Company Registration No. 07740692 (England and Wales)

The consolidated financial statements on pages 14 to 51 were approved and authorised by the Directors of the Group on ~~Apr 27, 2022~~ 2022 and were signed on its behalf by:


 Vincent Gradt (Apr 27, 2022 15:38 GMT+1)

Director Vincent Gradt

The notes on pages 21 to 51 form an integral part of these consolidated financial statements.

Mirova UK Limited (formerly Mirova Natural Capital Limited)


COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Assets			
Property, plant and equipment	14	72,075	300,978
Other financial assets	15	520,202	1,106,027
Non-current assets		<u>592,277</u>	<u>1,407,005</u>
Trade and other receivables	16	1,317,754	868,019
Prepayments		7,337	57,946
Cash and cash equivalents	17	4,632,855	2,443,361
Current assets		<u>5,957,946</u>	<u>3,369,326</u>
Total assets		<u>6,550,223</u>	<u>4,776,331</u>
Equity			
Share capital	18	16,438,851	12,810,851
Accumulated losses		(14,238,231)	(13,218,555)
Total shareholder's fund/(deficit)		<u>2,200,620</u>	<u>(407,704)</u>
Liabilities			
Loans and borrowings	19	574,693	470,398
Long-term lease liabilities	21	-	23,400
Non-current liabilities		<u>574,693</u>	<u>493,798</u>
Trade and other payables	20	3,751,510	4,433,094
Short-term lease liabilities	21	23,400	257,143
Current liabilities		<u>3,774,910</u>	<u>4,690,237</u>
Total liabilities		<u>4,349,603</u>	<u>5,184,035</u>
Total liabilities and equity		<u>6,550,223</u>	<u>4,776,331</u>

Company Registration No. 07740692 (England and Wales)

The financial statements on pages 14 to 51 were approved and authorised by the Directors of the Company on ~~Apr 27, 2022~~..... 2022 and were signed on its behalf by:


 Vincent Gradt (Apr 27, 2022 15:38 GMT+1)

Director Vincent Gradt

The notes on pages 21 to 51 form an integral part of these consolidated financial statements.

Mirova UK Limited (formerly Mirova Natural Capital Limited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Revenue	8	4,796,057	5,558,093
Gross profit		4,796,057	5,558,093
Administrative expenses	9	(5,624,167)	(7,622,392)
Gain/(Loss) on revaluation of investment	15	86,964	(60,679)
Impairment of goodwill		-	(9,441,766)
Operating loss		(741,146)	(11,566,744)
Net foreign exchange loss		(1,261)	(80,758)
Finance costs		(12,475)	(26,449)
Finance income		394	2,217
Net finance costs	10	(13,342)	(104,990)
Loss on ordinary activities before taxation		(754,488)	(11,671,734)
Tax credit	12	94,286	219,612
Tax expense	12	-	(15,527)
Loss for the financial year		(660,202)	(11,467,649)
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>			
Currency translation differences		179,960	2,287
Other comprehensive income for the year		179,960	2,287
Total comprehensive loss for the year		(480,242)	(11,465,362)

The notes on pages 21 to 51 form an integral part of these consolidated financial statements.

Mirova UK Limited (formerly Mirova Natural Capital Limited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Translation Reserve £	Accumulated Losses £	Total equity £
Balance as at 1 January 2020	12,810,851	15,435	(2,650,096)	10,176,190
Total comprehensive (loss) / income for the year				
Loss for the year	-	-	(11,467,649)	(11,467,649)
Other comprehensive income for the year	-	2,287	-	2,287
Balance as at 31 December 2020	12,810,851	17,722	(14,117,745)	(1,289,172)
Balance as at 1 January 2021	12,810,851	17,722	(14,117,745)	(1,289,172)
Total comprehensive (loss) / income for the year				
Issue of share capital	3,628,000	-	-	3,628,000
Loss for the year	-	-	(660,202)	(660,202)
Other comprehensive income for the year	-	179,960	-	179,960
Balance as at 31 December 2021	16,438,851	197,682	(14,777,947)	1,858,586

The notes on pages 21 to 51 form an integral part of these consolidated financial statements.

Mirova UK Limited (formerly Mirova Natural Capital Limited)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Accumulated Losses £	Total equity £
Balance as at 1 January 2020	12,810,851	(823,693)	11,987,158
Loss for the year	-	(12,351,403)	(12,351,403)
Other comprehensive loss for the year	-	(43,459)	(43,459)
Balance as at 31 December 2020	<u>12,810,851</u>	<u>(13,218,555)</u>	<u>(407,704)</u>
Balance as at 1 January 2021	12,810,851	(13,218,555)	(407,704)
Issue of share capital	3,628,000	-	3,628,000
Loss for the year	-	(1,021,509)	(1,021,509)
Other comprehensive income for the year	-	1,833	1,833
Balance as at 31 December 2021	<u>16,438,851</u>	<u>(14,238,231)</u>	<u>2,200,620</u>

The notes on pages 21 to 51 form an integral part of these consolidated financial statements.

Mirova UK Limited (formerly Mirova Natural Capital Limited)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Operating activities			
Loss for the year		(660,202)	(11,467,649)
Adjustment for:			
Tax	12	(94,286)	(204,085)
Interest receivable and similar income	10	(394)	(8,993)
Interest payable and similar charges	10	12,475	33,068
Amortisation of intangible assets	13	496,241	992,480
Impairment of goodwill		-	9,441,766
Depreciation of tangible assets	14	19,195	6,566
Depreciation of right of use assets	14	261,761	21,813
Other expenses - change in FVTPL	15	(86,964)	60,679
(Increase)/decrease in prepayments		(3,329)	1,254
(Increase)/decrease in trade and other receivables		(425,409)	3,730,369
Increase/(decrease) in trade and other payables		434,057	(331,633)
Net cash flows (used in)/generated from in operating activities		(46,855)	2,275,635
Investing activities			
Purchases of financial assets	15	(155,906)	(151,343)
Purchases of tangible assets	14	(52,020)	(3,329)
Interest received		394	8,994
Net cash flows used in investing activities		(207,532)	(145,678)
Financing activities			
Issue of ordinary share capital	18	2,226,613	-
Repayment of shareholder loan		-	(63,054)
Receipt of shareholder loan		572,000	-
Loan repayment		-	(197,616)
Payment of lease liabilities	21	(259,200)	(25,200)
Interest paid	10	(12,475)	(32,712)
Net cash flows generated from/(used in) financing activities		2,526,938	(318,582)
Net increase in cash and cash equivalents		2,272,551	1,811,375
Cash and cash equivalents at beginning of year		2,553,707	675,928
Exchange gain on cash and cash equivalents		133,434	66,404
Cash and cash equivalents at the end of year		4,959,692	2,553,707

The notes on pages 21 to 51 form an integral part of these consolidated financial statements.

Mirova UK Limited (formerly Mirova Natural Capital Limited)

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Operating activities			
Loss for the year		(1,021,509)	(12,351,403)
Adjustment for:			
Tax		-	(31,041)
Interest receivable and similar income		(6,190)	(8,993)
Interest payable and similar charges		12,475	26,411
Depreciation of tangible assets		19,162	6,543
Depreciation of right of use assets	14	261,761	21,813
Other expenses - change in FVTPL	15	(86,964)	60,679
Impairment of investments in subsidiaries	15	839,523	11,167,933
(Increase)/decrease in prepayments		(3,323)	1,279
(Increase)/decrease in trade and other receivables		(326,433)	1,973,517
Increase in trade and other payables		301,389	1,420,035
Net cash flows (used in)/generated from operating activities		(10,108)	2,286,773
Investing activities			
Purchases of financial assets		(166,734)	(151,343)
Purchases of tangible assets	14	(52,020)	(3,188)
Interest received		6,190	8,994
Net cash flows used in investing activities		(212,564)	(145,537)
Financing activities			
Issue of ordinary share capital	18	2,226,613	-
Receipt of shareholder loan		572,000	-
Repayment of shareholders' loan		-	(63,054)
Loan to related party		(93,127)	-
Loan repayment		-	(203,001)
Payment of lease liabilities	21	(259,200)	(25,200)
Interest paid	10	(12,475)	(26,057)
Net cash flows generated from/(used in) financing activities		2,433,811	(317,312)
Net increase in cash and cash equivalents		2,211,138	1,823,924
Cash and cash equivalents at beginning of year		2,443,361	616,868
Exchange (loss)/gain on cash and cash equivalents		(21,644)	2,569
Cash and cash equivalents at the end of year		4,632,855	2,443,361

The notes on pages 21 to 51 form an integral part of these consolidated financial statements.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Mirova UK Limited (formerly Mirova Natural Capital Limited) (the "Company"), and its subsidiaries (together, the "Group"), is a private company, limited by shares and incorporated on 15 August 2011 in England & Wales under registration number 07740692. The Company is domiciled in the United Kingdom.

The Company's registered office is 18 St. Swithin's Lane, London, EC4N 8AD.

The Company is authorised by the Financial Conduct Authority, under Alternative Investment Fund Managers Directive ("AIFMD"), as a Collective Portfolio Management Investment ("CPMI") firm.

As at the reporting date, the shareholders of the Company with their respective percentage of voting shareholdings are set out below:

Name of entity	Percentage of ownership	Country of incorporation
Mirova S.A.	100%	France

As at the reporting date, the Company has the following subsidiaries:

Name of entities	Also known	Percentage of the ownership	Country of incorporation
Althelia Climate Fund GP S.à r.l.	ACF GP	100%	Luxembourg
Sustainable Ocean Fund GP S.à r.l.	SOF GP	100%	Luxembourg
Mirova Natural Capital Brazil Consultoria E Assessoria Ltda	MNC Brazil	100%	Brazil
Mirova Blue GP S.à r.l.	Mirova Blue	100%	Luxembourg

These consolidated financial statements have been prepared for the year to 31 December 2021.

2. BASIS OF ACCOUNTING

a. Statement of compliance

These financial statements have been prepared in accordance with international accounting standards, in conformity with the requirements of the Companies Act 2006, applicable to Companies reporting under International Financial Reporting Standards ("IFRS").

b. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The preparation of these consolidated financial statements in conformity with IFRS requires the use of accounting estimates and exercise of judgement by the management while applying the Group's accounting policies. These estimates are based on the management's best knowledge of the events which existed at the Consolidated Statement of Financial Position date; however, the actual results may differ from these estimates.

The financial statements are presented in Sterling (£).

In preparing the Company financial statements together with the Group financial statements, the Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present individual statement of comprehensive income and related notes as part of these approved financial statements.

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently in these consolidated financial statements unless otherwise indicated.

a. Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in the consolidated Statement of Comprehensive Income (SOI). Any interests retained in the former subsidiary is measured at fair value when control is lost.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. Foreign Currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognised in the consolidated SOI.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into GBP at exchange rates at the reporting date. The income and expenses of foreign operations are translated into GBP at the exchange rates at the dates of transactions.

Foreign currency differences are recognised in Other Comprehensive Income (OCI) and accumulated in the translation reserve.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Revenue

Rendering of services

As per IFRS 15, revenue is measured based on the consideration in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Types of services

Management fees are charged quarterly in advance to clients based on the Investment Advisory Agreements. Revenue is recognised over time as the services are provided and is mainly based as a percentage of aggregate commitments or invested capital for the period.

Consultancy and advisory fees are invoiced upfront or partially upfront based on customer contracts. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on the deliverables performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on the cost-to-cost method. The related costs are recognised in the consolidated SOCI when they are incurred. Advances received are included in contract liabilities.

Costs recharges are invoiced to clients in arrears on an incurred basis and revenue thereon is recognised to the extent that they are recoverable.

d. Administrative expenses

Administrative expenses are accounted for on an accruals basis. Administrative expenses comprise normal business administration expenditure for bookkeeping and other administrative filings. These costs are expensed immediately as incurred.

e. Employee benefits

i. Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

The obligations are presented as current liabilities in the Company & Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

ii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

f. Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

h. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated SOCI.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Property, plant and equipment (continued)

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in consolidated SOCI.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Furniture and equipment: 5 years
- Plant and machinery: 5 years
- Right of use: 14 months

Depreciation methods, useful lives and residuals values are reviewed at each reporting date and adjusted if appropriate.

i. Intangible assets

i. Recognition and measurement

Other intangible asset, which comprises of a contract for management fees receivables acquired by the Group and having a finite useful lives, is measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Amortisation

Amortisation is calculated to write off the cost of intangible asset less its estimated residual values using the straight-line method over its estimated useful life, and is generally recognised in profit or loss.

The estimated useful life of the intangible asset is 3.75 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Amortisation is included in administrative expenses.

j. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

k. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and Company becomes a party to the contractual provisions of the instrument.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Financial instruments (continued)

i. Recognition and initial measurement (continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group and Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group and Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group and Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group and Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets - Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group and Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group and Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses and expected credit losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Financial instruments (continued)

iii. Derecognition

Financial assets

The Group and Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and Company enters into transactions whereby it transfers assets recognised in its Company and consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

l. Share Capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

m. Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Impairment (continued)

i. Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Impairment (continued)

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease, i.e. whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term within operating leases and then the application of IFRS16 for the lease agreement commencing from December 2020 until the end of January 2022.

Group as lessee

(i) At initial recognition

The Group acting as a lessee recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payment made at or before the commencement date (less any incentives received), any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is measured at the present value of the lease payments that are not paid at the date of the consolidated Statement of Financial Position. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. These are used to maximise operational flexibility in terms of managing the properties used in the Group's operating activity.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Leases (continued)

(ii) Subsequent measurement

Right of use assets linked to owner occupied properties are measured applying the cost model relevant to that specific class of property, plant and equipment as described in note 1(h)(i).

The lease liability is measured as follows:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease payments due within the next 12 month are recognised within current liabilities and those due after 12 months are recognised as non current liabilities.

o. Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

p. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Going concern

The Directors have made enquiries and having considered the current economic climate at the time of approving these financial statements, as well as the expected continuing financial support that the Group will receive from its shareholder, Mirova SA, for the coming year, they have a reasonable expectation that the Company and the Group have access to adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

r. Investment in subsidiaries undertaking by the Company

Investments in subsidiaries by the Company are shown at cost less impairment.

The Group determines at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and their carrying value and recognises the amount in the Consolidated Statement of Comprehensive Income.

4. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards adopted by the Group

The following standards and amendments have been applied by the Group for the financial year beginning on 1 January 2021:

- COVID-19-Related Rent Concessions (early adopted) - Amendment to IFRS 16.

The adoption of the new standards and other amendments listed above did not have any impact on the amounts recognised in prior or current periods, and are not expected to significantly affect future periods.

ii. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to safeguard their ability to continue as a going concern, to sustain future development of the business and to maintain an optimal capital structure. Management monitors the capital structure by reviewing and adjusting the issue of new shares, debt levels and deciding on dividend distribution, if any.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the consolidated statement of financial position) less cash and cash equivalents. Equity comprises share capital, translation reserve and accumulated losses.

The Group's net debt to equity ratio is as follows.

	2021	2020
	£	£
Total liabilities	4,478,947	5,367,821
less: Cash and cash equivalents	(4,959,692)	(2,553,707)
Net (equity) / debt	(480,745)	2,814,114
Total equity	1,858,586	(1,289,172)
Net debt to equity ratio	(0.26)	(2.18)

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year is included in the following notes:

- Note 15 - valuation of investments including subsidiaries.

7. FINANCIAL INSTRUMENTS

a. Accounting classifications and fair values

The tables below and on the following page show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

Group

Carrying amount and fair values - 2020				
		Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities
	Note	£	£	£
Financial assets measured at fair value				
Equity securities (Fair Value Level 3)	15	244,516	-	-
Financial assets not measured at fair value				
Trade and other receivables	16	-	413,659	-
Cash and cash equivalents	17	-	2,553,707	-
Financial liabilities not measured at fair value				
Loans	19	-	-	(470,398)
Lease liabilities		-	-	(280,543)
Trade and other payables	20	-	-	(4,522,594)
31 December 2020		244,516	2,967,366	(5,273,535)

Carrying amount and fair values - 2021				
	Note	Mandatorily at FVTPL - others £	Financial assets at amortised cost £	Other financial liabilities £
Financial assets measured at fair value				
Equity securities (Fair Value Level 3)	15	487,386	-	-
Financial assets not measured at fair value				
Trade and other receivables	16	-	810,957	-
Cash and cash equivalents	17	-	4,959,692	-
Financial liabilities not measured at fair value				
Loans	19	-	-	(574,693)
Lease liabilities	21	-	-	(23,400)
Trade and other payables	20	-	-	(3,880,854)
31 December 2021		487,386	5,770,649	(4,478,947)

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS (CONTINUED)

a. Accounting classifications and fair values (continued)

Company

Carrying amount and fair values - 2020				
	Note	Mandatorily at FVTPL - others £	Financial assets at amortised cost £	Other financial liabilities £
Financial assets measured at fair value				
Equity securities (Fair Value Level 3)	15	244,516	-	-
Financial assets not measured at fair value				
Trade and other receivables	16	-	868,019	-
Cash and cash equivalents	17	-	2,443,361	-
Financial liabilities not measured at fair value				
Investments in subsidiaries	15	861,511		
Loans	19	-	-	(470,398)
Lease liabilities		-	-	(280,543)
Trade and other payables	20	-	-	(4,433,094)
31 December 2020		1,106,027	3,311,380	(5,184,035)
Carrying amount and fair values - 2021				
	Note	Mandatorily at FVTPL - others £	Financial assets at amortised cost £	Other financial liabilities £
Financial assets measured at fair value				
Equity securities (Fair Value Level 3)	15	487,386	-	-
Financial assets not measured at fair value				
Trade and other receivables	16	-	1,317,754	-
Cash and cash equivalents	17	-	4,632,855	-
Financial liabilities not measured at fair value				
Investments in subsidiaries	15	32,816		
Loans	19	-	-	(574,693)
Lease liabilities	21	-	-	(23,400)
Trade and other payables	20	-	-	(3,751,510)
31 December 2021		520,202	5,950,609	(4,349,603)

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management

The Group has exposure to market risk, credit risk and foreign currency risks arising from financial instruments. The Group's risk management is carried out by the Directors of the Company and each of the Company's subsidiaries. The risk management policies employed by the Company and each of its subsidiaries to manage these risks are discussed below.

i. Market Risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group has decided to abide by a policy of low risk tolerance. Consequently, the Group does not have positions on or off balance sheet that might be affected by fair value risk relating to foreign exchange rates, interest rates and equity prices.

1. Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro (EUR) and Pound Sterling (GBP). The currencies in which these transactions are primarily denominated are EUR, GBP and US dollars (USD).

Exposure

The Group's and Company's exposure to currency risk as reported to the management of the Group is as follows:

Group

	GBP	EUR	USD	BRL
	£	£	£	£
Property, plant and equipment	300,978	-	-	118
Other Financial Assets	-	7,480	205,344	31,692
Cash and cash equivalents	801,142	166,982	1,586,094	(511)
Trade and other receivables	385,109	28,546	-	4
Prepayments	4,006	59,024.00	-	6,400
Loans and borrowings	(470,398)	-	-	-
Lease liabilities	(280,543)	-	-	-
Trade and other payables	(3,308,480)	(703,252)	(494,528)	(16,334)
31 December 2020	(2,568,186)	(441,220)	1,296,910	21,369

	GBP	EUR	USD	BRL
	£	£	£	£
Property, plant and equipment	72,075	-	-	85
Other financial assets	-	7,420	460,980	18,986
Cash and cash equivalents	2,857,285	661,200	1,352,891	88,316
Trade and other receivables	150,160	653,347	-	7,450
Prepayments	7,338	-	-	-
Loans and borrowings	(574,693)	-	-	-
Short-term lease liabilities	(23,400)	-	-	-
Trade and other payables	(3,105,526)	(210,630)	(529,477)	(35,221)
31 December 2021	(616,761)	1,111,337	1,284,394	79,616

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

i. Market Risk (continued)

1. Currency risk (continued)

Exposure (continued)

Company	GBP £	EUR £	USD £	BRL £
Property, plant and equipment	300,978	-	-	-
Other Financial Assets	-	868,974	205,342.00	31,711
Cash and cash equivalents	800,943	130,850	1,511,568	-
Trade and other receivables	406,967	461,052	-	-
Prepayments	4,006	53,940	-	-
Loans and borrowings	(470,398)	-	-	-
Lease liabilities	(280,543)	-	-	-
Trade and other payables	(3,308,480)	(630,067)	(494,528)	19
31 December 2020	(2,546,527)	884,749	1,222,382	31,692

	GBP £	EUR £	USD £	BRL £
Property, plant and equipment	72,075	-	-	-
Other Financial Assets	-	40,219	460,978	19,005
Cash and cash equivalents	2,857,088	601,485	1,174,282	-
Trade and other receivables	243,287	1,074,467	-	-
Prepayments	7,337	-	-	-
Loans and borrowings	(574,693)	-	-	-
Short-term lease liabilities	(23,400)	-	-	-
Trade and other payables	(3,215,749)	(6,284)	(529,477)	-
31 December 2021	(634,055)	1,709,887	1,105,783	19,005

The following significant exchange rates have been applied.

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
GBP				
EUR 1	0.8697	0.8749	0.8403	0.8990
USD 1	0.7373	0.7450	0.7419	0.7326
BRL 1	0.1672	0.1712	0.1332	0.1411

Sensitivity

As shown in the previous table, the Group is exposed to foreign currency risk through a number of different asset and liability types held in currencies other than GBP. The risk is between GBP and other foreign currencies.

Should the net asset value subject to currency risk be subject to a 10% increase/decrease, the impact on the Statement of Financial Position and Statement of Comprehensive Income would be an increase/decrease in the value of £260,875 (2020: £87,706) for the Group and £296,808 (2020: £213,882) for the Company.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

i. Market Risk (continued)

2. Interest rate risk

The Group is exposed to interest rate risk on loan payables and borrowings.

As the Group's exposure to interest rates is fixed, the Group does not manage its cash flow interest rate risk as it does not deem its other exposures to interest rate risk to be significant.

ii. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on trade receivables arising from contracts with customers recognised in profit or loss during the year were £nil (2020: £nil).

Trade debtors and other receivables

The Group exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default associated with the industry in which customers operate.

More than 90% of the Group's customers are within the Mirova group and none of these customers' balances have been written off or credit-impaired at the reporting date.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable for which no loss allowance is recognised because of collateral.

Exposure to credit risk for trade receivables by type of counterparties:

	2021	2020
	£	£
Fund	25,456	172,573
Corporate	77,099	135,073
Total gross carrying value	102,555	307,646
Loss allowance	-	-
	102,555	307,646

The Group uses an allowance matrix to measure ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - industry and type of services.

There were no credit impaired debt at 31 December 2021 (2020: £nil).

Cash and cash equivalents

The Group held cash and cash equivalents of £4,959,692 at 31 December 2021 (2020: £2,553,707). Of these, £4,383,821 (2020: £1,988,504) are held with banks and financial institution counterparties which are rated A1 to A2 based on Moody's ratings while £575,477 (2020: £575,477) are held with a bank that source funds through what is known as the retail market and hence where a credit rating is not necessary.

No cash and cash equivalents impairment is considered necessary.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Directors monitor cash availability and current liabilities to mitigate and manage liquidity risk.

The table overleaf summarises the maturity profile of the Groups' financial assets and liabilities based on contractual undiscounted payments:

	3 months or less	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years
	£	£	£	£
Other financial assets	244,516	-	-	-
Trade and other receivables	413,659	-	-	-
Cash and cash equivalents	2,553,707	-	-	-
Loans and borrowings	-	-	(470,398)	-
Lease liabilities	(71,147)	(185,996)	(23,400)	-
Trade and other payables	(4,522,594)	-	-	-
2020 carrying amounts	(1,381,859)	(185,996)	(493,798)	-

	3 months or less	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years
	£	£	£	£
Other financial assets	487,386	-	-	-
Trade and other receivables	810,957	-	-	-
Cash and cash equivalents	4,959,692	-	-	-
Loans and borrowings	-	-	(574,693)	-
Lease liabilities	(23,400)	-	-	-
Trade and other payables	(3,880,854)	-	-	-
2021 carrying amounts	2,353,781	-	(574,693)	-

8. REVENUE

The Directors examine the Group's revenue from a product perspective and have identified two main reportable segments of the business:

	2021	2020
	£	£
Group		
Management Fees	3,839,937	4,749,567
Consultancy and Advisory Fees	189,302	665,123
Other	766,818	143,403
	4,796,057	5,558,093

	2021	2020
	£	£
Company		
Management Fees	3,505,840	4,352,680
Consultancy and Advisory Fees	189,302	665,123
Other	766,818	143,403
	4,461,959	5,161,206

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9. ADMINISTRATIVE EXPENSES

Expenses by nature	2021	2020
Group	£	£
Accountancy fees	(192,553)	(192,335)
Consultancy fees	(905,783)	(810,697)
Legal fees	(170,230)	(219,016)
Audit fees	(113,500)	(48,500)
Operating lease payments	-	(433,426)
Business rates	-	(2,561)
Other professional fees	(79,814)	(65,946)
Staff costs	(2,515,460)	(4,017,012)
Bank charges	(7,575)	(5,945)
Office expenses	(206,868)	(175,659)
Travel expenses	(116,797)	(129,377)
Other expenses	(538,390)	(501,059)
Depreciation of tangible assets	(19,195)	(6,566)
Depreciation of right of use assets	(261,761)	(21,813)
Amortisation intangible assets	(496,241)	(992,480)
Total	(5,624,167)	(7,622,392)

The following table shows the remuneration receivable by the Company's auditor.

	2021	2020
	£	£
Auditors' Remuneration		
Fees payable to the Company's auditors and their associates for the audit of the parent company and consolidated financial statements		
Fees payable to the Company's auditors and their associates for other services to the group:		
Audit of the Company's subsidiaries	(110,500)	(48,500)
Audit -related assurance services	-	-
Other assurance services	-	-
Other non-audit services	(3,000)	-
Total auditors' remuneration	(113,500)	(48,500)

10. NET FINANCE COSTS

	2021	2020
Group	£	£
Interest income	394	2,217
Finance income	394	2,217
Financial liabilities measured at amortised cost - interest expense	(12,475)	(26,449)
Net foreign exchange loss	(1,261)	(80,758)
Finance costs	(13,736)	(107,207)
Net finance costs recognised in profit or loss	(13,342)	(104,990)

11. EMPLOYEE BENEFITS

Group

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Directors	1	1
Staff	19	16
Total	20	17

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11. EMPLOYEE BENEFITS (CONTINUED)

Employee benefit expenses	£	£
Wages and salaries	1,819,636	2,926,748
Social security costs	448,470	943,776
Contributions to defined benefit pension funds	141,269	68,723
Other staff costs	106,085	77,765
Total	2,515,460	4,017,012

Directors' remuneration

Directors' compensation for the Group and the Company are disclosed in notes 22(b) and 22(d).

12. TAX CREDIT

Group

a. Analysis of tax credit for the year

	2021 £	2020 £
Current tax:		
- UK Corporation tax on loss for the year	-	-
- Foreign corporation tax on losses for the year	-	(15,527)
- Adjustment in respect of prior periods	-	31,041
Total current tax	-	15,514

Deferred tax:

- Origination and reversal of timing differences	94,286	188,571
Total deferred tax	94,286	188,571

Tax credit for the year

	94,286	204,085
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b. Reconciliation of the tax credit

	2021 £	2020 £
Loss on ordinary activities before taxation	(754,488)	(11,671,734)
Loss on ordinary activities before taxation multiplied by effective rate in the UK of 19% (2020: 19%)	(143,353)	(2,217,629)
Effects of:		
Loss carried forward	143,353	2,180,186
Deferred tax	94,286	188,571
Expenses not deductible for tax purposes	-	21,917
Adjustment in respect of prior period	-	31,041
Total tax credit	94,286	204,085

c. Deferred tax liabilities

Deferred tax liabilities during the year relate to the intangible assets acquired in the acquisition of ACF GP.

	2021 £	2020 £
Opening balance	94,286	282,857
less: Amortisation	(94,286)	(188,571)
Closing balance	-	94,286

Settled:	2021 £	2020 £
No more than twelve months after the reporting year	-	94,286
	-	94,286

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13. OTHER INTANGIBLE ASSET

ii. Other intangible assets

On 29 September 2017, the Company acquired ACF GP. As part of this business combination, an intangible asset of £3,721,801 was acquired. The intangible asset relates to management fees receivable up to 11 June 2021.

The intangible assets are amortised over the life of the management contract (01 October 2017 to 11 June 2021).

The annual amortisation charge is £496,241 (2020: £992,480). As at the the year end Other Intangible Asset was fully amortized.

Presented in the table on the following page is an analysis of Other Intangible Asset as at 31 December 2021.

	Other intangible asset
Cost	£
At 1 January 2020	3,721,801
At 31 December 2020	3,721,801
Accumulated amortisation	
At 1 January 2020	2,233,080
Charge for the year	992,480
At 31 December 2020	3,225,560
Carrying amounts	
At 31 December 2020	496,241
Cost	£
At 1 January 2021	3,721,801
At 31 December 2021	3,721,801
Accumulated amortisation	
At 1 January 2021	3,225,560
Charge for the year	496,241
At 31 December 2021	3,721,801
Carrying amounts	
At 31 December 2021	-

14. PROPERTY, PLANT AND EQUIPMENT

Group	Right of use asset	Plant and Machinery	Total
Cost	£	£	£
At 1 January 2020	-	64,189	64,189
Additions	305,388	3,329	308,717
At 31 December 2020	305,388	67,518	372,906
Accumulated depreciation			
At 1 January 2020	-	43,431	43,431
Charge for the year	21,813	6,566	28,379
At 31 December 2020	21,813	49,997	71,810
Net book value			
At 31 December 2020	283,575	17,521	301,096

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

	Right of use asset	Plant and Machinery	Total
Cost	£	£	£
At 1 January 2021	305,388	67,518	372,906
Additions	-	52,020	52,020
At 31 December 2021	305,388	119,538	424,926
Accumulated depreciation			
At 1 January 2021	21,813	49,997	71,810
Charge for the year	261,761	19,195	280,956
At 31 December 2021	283,574	69,192	352,766
Net book value			
At 31 December 2021	21,814	50,346	72,160

There were no impairment losses during the year (2020: £nil) for tangible assets.

Company

	Right of use asset	Plant and Machinery	Total
Cost	£	£	£
At 1 January 2020	-	64,189	64,189
Additions	305,388	3,188	308,576
At 31 December 2020	305,388	67,377	372,765
Accumulated depreciation			
At 1 January 2020	-	43,431	43,431
Charge for the year	21,813	6,543	28,356
At 31 December 2020	21,813	49,974	71,787
Net book value			
At 31 December 2020	283,575	17,403	300,978

	Right of use asset	Plant and Machinery	Total
Cost	£	£	£
At 1 January 2021	305,388	67,377	372,765
Additions	-	52,020	52,020
At 31 December 2021	305,388	119,397	424,785
Accumulated depreciation			
At 1 January 2021	21,813	49,974	71,787
Charge for the year	261,761	19,162	280,923
At 31 December 2021	283,574	69,136	352,710
Net book value			
At 31 December 2021	21,814	50,261	72,075

There were no impairment losses on tangibles assets during the year (2020: £nil).

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. OTHER FINANCIAL ASSETS

Group	Equity securities designated at FVTPL 2021 £	Equity securities designated at FVTPL 2020 £
Non-current investments		
At 1 January	244,516	190,272
Additions	155,906	123,700
Transfer	-	(8,777)
Change in Fair Value through Profit or Loss	86,964	(60,679)
At 31 December	487,386	244,516

Company	Investments in subsidiaries 2020 £	Equity securities designated at FVTPL 2020 £	Total 2020 £
Non-current investments			
At 1 January 2020	12,029,444	190,272	12,219,716
Additions	-	123,700	123,700
Transfer	-	(8,777)	(8,777)
Change in Fair Value through Profit or Loss	-	(60,679)	(60,679)
Impairment of investments in subsidiaries	(11,167,933)	-	(11,167,933)
At 31 December 2020	861,511	244,516	1,106,027

	Investments in subsidiaries 2021 £	Equity securities designated at FVTPL 2021 £	Total 2021 £
Non-current investments			
At 1 January 2021	861,511	244,516	1,106,027
Additions	10,828	155,906	166,734
Change in Fair Value through Profit or Loss	-	86,964	86,964
Impairment of investments in subsidiaries	(839,523)	-	(839,523)
At 31 December 2021	32,816	487,386	520,202

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. OTHER FINANCIAL ASSETS (CONTINUED)

Group and Company

i. Equity securities designated at FVTPL

The equity securities have been designated as at FVTPL because they are managed on a fair value basis and their performance is actively managed.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its other financial assets into the three levels prescribed under the accounting standards:

	Level 1 £	Level 2 £	Level 3 £
Equity securities designated at FVTPL At 31 December 2021	-	-	487,386
	-	-	487,386

	Level 1 £	Level 2 £	Level 3 £
Equity securities designated at FVTPL At 31 December 2020	-	-	244,516
	-	-	244,516

An explanation of the different levels are below:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (such as over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on equity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

There were no transfers between levels during the year (2020: none).

a. Valuation techniques and significant unobservable inputs - Level 3

Valuation technique	Significant unobservable inputs	Inter-relationship between significant
Unadjusted net asset value	Performance of investments in projects Recoverability of financing provided	The net asset value would increase (decrease) if performance of projects and recoverability of financing improved (deteriorated)

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. OTHER FINANCIAL ASSETS (CONTINUED)

Group and Company (continued)

i. Equity securities designated at FVTPL (continued)

b. Quantitative information of significant unobservable inputs - Level 3

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (i.a) above for the valuation techniques adopted)

	2021 £	Valuation technique	Significant unobservable inputs
ACF Fund*	73,696	Unadjusted net asset value	Performance of investments in projects.
ASOF Fund**	387,282		
ABF Fund***	18,986		Recoverability of financing provided.
AGRI3 Fund****	7,422		
	<u>487,386</u>		

	2020 £	Valuation technique	Significant unobservable inputs
ACF Fund*	51,396	Unadjusted net asset value	Performance of investments in projects.
ASOF Fund**	153,946		
ABF Fund***	31,692		Recoverability of financing provided.
AGRI3 Fund****	7,482		
	<u>244,516</u>		

*Althelia Climate Fund S.C.A SICAV-SIF

** Althelia Sustainable Ocean Fund S.C.A SICAV-SIF

*** Althelia Biodiversity Fund Brazil Fundo De Investimento Em Participacoes Multiestrategia

**** Stichting AGRI3

c. Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

2021

Input	Sensitivity	Effect on fair value			
		ACF Fund £	ASOF Fund £	ABF Fund £	AGRI3 Fund £
Increase in performance of investments in projects and recoverability of financing provided	+5%	3,685	19,364	949	371
Decrease in performance of investments in projects and recoverability of financing provided	-5%	(3,685)	(19,364)	(949)	(371)

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. OTHER FINANCIAL ASSETS (CONTINUED)

Group and Company (continued)

i. Equity securities designated at FVTPL (continued)

c. Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy (continued)

2020

Input	Sensitivity	Effect on fair value			
		ACF Fund £	ASOF Fund £	ABF Fund £	AGRI3 Fund £
Increase in performance of investments in projects and recoverability of financing provided	+5%	2,570	7,697	1,585	374
Decrease in performance of investments in projects and recoverability of financing provided	-5%	(2,570)	(7,697)	(1,585)	(374)

The funds which the Company advises are closed ended and illiquid long-term funds that are open to professional investors only, and which are not sensitive to short term market fluctuations. Thus, the risk of loss to investors is low, it was therefore deemed to be prudent to use +/- 5% for the sensitivity analysis.

Company only

ii. Investment in subsidiaries

Investments in subsidiaries are recognised at costs less impairment. See the below table for the list of subsidiaries:

Subsidiary name	2021	2020
	£	£
Althelia Climate Fund GP S.à r.l.	11,238	850,761
SOF GP S.à r.l.	10,734	10,734
Mirova Natural Capital Brazil Consultoria E Assessoria Ltda	16	16
Mirova Blue GP S.a.r.l	10,828	-
	<u>32,816</u>	<u>861,511</u>

As at 31 December 2021 it was deemed that the carrying amount of Althelia Climate Fund GP S.à r.l. exceeded its recoverable amount, an impairment of £839,523 (2020: £11,167,933) was therefore recognised.

Impairments were not recognised for the investments in SOF GP S.à r.l and Mirova Natural Capital Brazil Consultoria E Assessoria Ltda. Details of the investments of subsidiaries can be found in note 22.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16. TRADE AND OTHER RECEIVABLES

	2021	2020
	£	£
Group		
Trade debtors	102,555	307,646
Rent deposit	22,680	34,200
Accrued income	326,819	-
Other debtors	358,903	71,813
	<u>810,957</u>	<u>413,659</u>
	2021	2020
	£	£
Company		
Loan to group undertakings	530,415	461,052
Trade debtors	98,535	312,084
Rent deposit	22,680	34,200
Accrued income	322,066	-
Other debtors	344,058	60,683
	<u>1,317,754</u>	<u>868,019</u>

During the year the Company provided a loan of £93,127 to MNC Brazil. The loan is payable on demand and does not charge interest.

Based on the amount and nature of the Trade and Other Receivables, the Group's and Company's exposure to credit and market risk are minimum. Refer to note 7(b)(ii) for the loss allowance.

17. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Group		
Cash at bank and in hand	4,959,692	2,553,707
	<u>4,959,692</u>	<u>2,553,707</u>
	2021	2020
	£	£
Company		
Cash at bank and in hand	4,632,855	2,443,361
	<u>4,632,855</u>	<u>2,443,361</u>

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows are all available on demand; there are no restricted cash amounts.

18. SHARE CAPITAL

	2021	2020
	£	£
Group and Company		
Authorised, allotted and fully paid:		
1,643,885,100 (2020: 1,281,085,100) Ordinary shares of £0.01 each	16,438,851	12,810,851
	<u>16,438,851</u>	<u>12,810,851</u>

During the year the Company allotted an additional 362,800,000 ordinary shares. The consideration paid for the shares consisted of £2,226,613 cash and disbursement of £1,401,387 of shareholder loans by the Parent to the Company.

19. LOANS AND BORROWINGS

	2021	2020
	£	£
Group		
Non-current liabilities		
Shareholders' loan	574,693	470,398
	<u>574,693</u>	<u>470,398</u>

During the year, £470,398 of shareholder loans and accrued interest were converted into equity.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19. LOANS AND BORROWINGS (CONTINUED)

In September 2021, an additional shareholder loan of £572,000 was provided to the Company. The loan bears interest of 1.5% per annum and is repayable 07 September 2029. As at 31 December 2021, the loans outstanding were £572,000 (2020: £461,784) and the accrued interest thereon were £2,693 (2020: £8,614).

	2021	2020
	£	£
Company		
Non-current liabilities		
Amounts owed to group undertakings	574,693	470,398
	<u>574,693</u>	<u>470,398</u>

During the year, £470,398 of shareholder loans and accrued interest were converted into equity.

20. TRADE AND OTHER PAYABLES

	2021	2020
	£	£
Group		
Loans and borrowings*	529,477	1,275,331
Trade payables	74,717	181,904
Other creditors	146,458	9,676
Taxation and social security	260,780	326,083
Accruals and deferred income	2,869,422	2,729,600
	<u>3,880,854</u>	<u>4,522,594</u>

	2021	2020
	£	£
Company		
Loans and borrowings*	529,477	1,275,331
Trade payables	14,015	130,466
Other creditors	7,042	8,368
Taxation and social security	237,288	296,959
Accruals and deferred income	2,963,688	2,721,970
	<u>3,751,510</u>	<u>4,433,094</u>

* In September 2018, the Company received a loan of \$183,085 from Kennedy Financement Luxembourg at a rate of 1 month Euribor +20.5 bps on a rolling basis. During the year, an additional \$262,034 was drawn down from this facility. At 31 December 2021, the loan outstanding was \$699,445 (2020: \$437,411) and the accrued interest was \$14,232 (2020: \$11,981).

During the year shareholder loans of £930,989, including accrued interest were converted into equity.

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21. LEASES

a. Group and Company - Leases as lessee (IFRS 16)

The Group/Company has entered into a property lease until January 2022. The lease has varying terms and renewal rights. On renewal, the terms of the lease are renegotiated.

The Group/Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group/Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term within operating leases and then the application of IFRS16 for the lease agreement commencing from December 2020 until the end of January 2022.

b. Right-of-use assets

The carrying amount of the Group's/Company's right-of-use assets and the movements during the year are disclosed in note 14 to the financial statements. The Group/Company has entered into a property lease until January 2022. The lease is reflected in the consolidated Statement of Financial Position as a right-of-use asset and lease liabilities.

c. Lease liabilities

	2021	2020
	£	£
Current	23,400	257,143
Non current	-	23,400
	<u>23,400</u>	<u>280,543</u>

d. Amounts recognised in profit or loss

	2021	2020
	£	£
Depreciation of right of use assets	261,761	21,813
Lease liabilities interest expense	<u>2,057</u>	<u>355</u>

e. Reconciliation of lease liabilities

	2021	2020
	£	£
As at January 31	280,543	-
New lease	-	305,388
Accretion of interest recognised during the year	2,057	355
Payments	<u>(259,200)</u>	<u>(25,200)</u>
Carrying amount at 31 December	<u>23,400</u>	<u>280,543</u>

f. Amounts recognised in consolidated statement of cash flows

	2021	2020
	£	£
Total cash outflow for leases	<u>259,200</u>	<u>25,200</u>

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22. RELATED PARTIES

a. Subsidiaries

The Company's principal subsidiaries as at 31 December 2021 are set out below:

Name of entity	Address of registered office	Ownership	Principal activities
Althelia Climate Fund GP S.à r.l.	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg	100%	General Partner of funds
SOF GP S.à r.l.	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg	100%	General Partner of funds
Mirova Natural Capital Brazil Consultoria E Assessoria Ltda	Rua Fradique Coutinho, No. 1267, Pinheiros, Andar T, CX Q074, CEP 05416-011, Sao Paulo, Brazil	100%	Provision of financial investments advisory services
Mirova Blue GP S.à r.l.	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg	100%	General Partner of funds

Group

b. Transactions with key management personnel

i. Key management personnel compensation comprised the following

	2021	2020
	£	£
Short term employee benefits	254,724	506,484
Social security costs	31,146	128,264
Defined benefits contributions	11,688	25,697
	<u>297,558</u>	<u>660,445</u>

c. Other related party transactions

	2021		2020	
	Revenue	Balance outstanding from	Revenue	Balance outstanding from
	£	£	£	£
Parent	658,698	47,191	129,850	27,611
Affiliate	28,746	22,113	88,923	88,923
Funds of General Partners	3,579,458	11,814	4,034,889	57,134

During 2021, the Company received a loan of £572,000 from its parent, Mirova SA. The loan bears interest at 1.5% and is repayable on 07 September 2029. At 31 December 2021 the loan outstanding was £572,000 and the accrued interest was £2,693.

During the year the Company provided a loan of £93,127 to MNC Brazil. The loan is payable on demand and does not charge interest.

Company

d. Transactions with key management personnel

i. Key management personnel compensation comprised the following

	2021	2020
	£	£
Short term employee benefits	254,724	506,484
Social security costs	31,146	128,264
Defined benefits contributions	11,688	25,697
	<u>297,558</u>	<u>660,445</u>

NOTES TO THE COMPANY & CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22. RELATED PARTIES (CONTINUED)

Company (continued)

e. Other related party transactions

	2021		2020	
	Revenue	Balance outstanding from	Revenue	Balance outstanding from
	£	£	£	£
Parent	658,698	47,191	129,850	27,611
Affiliate	28,746	22,113	88,923	88,923
Funds of General Partners	676,490	7,795	1,312,916	39,714

During 2021, the Company received a loan of £572,000 from its parent, Mirova SA. The loan bears interest at 1.5% and is repayable on 07 September 2029. At 31 December 2021 the loan outstanding was £572,000 and the accrued interest was £2,693.

During the year the Company provided a loan of £93,127 to MNC Brazil. The loan is payable on demand and does not charge interest.

23. SUBSEQUENT EVENTS

Management has decided to sell the investment in the Althelia Biodiversity Fund Brazil and its 100% Brazilian subsidiary, Mirova Natural Capital Consultoria e Assessoria Limitada, following a strategic review of business. The sale is expected to be concluded in September 2022.

There have been no other significant events affecting the Company or the Group since the year end.

24. ULTIMATE HOLDING COMPANY

The controlling party and immediate parent of the Group is Mirova S.A. who owns 100% of the voting rights over the Company's operations. The ultimate controlling party is Natixis, the registered office of which is at 30 Avenue Pierre Mendes-France, 75013 Paris, France.

THE FOLLOWING DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

Mirova Natural Capital Limited (the "Firm") Pillar 3 and Remuneration Disclosure 31 December 2021

Pillar 3 Disclosure

The Firm is authorised and regulated by the Financial Conduct Authority (the "FCA"). The Firm is a Full Scope Alternative Investment Fund Manager focused on delivering financial returns that are fully aligned with the conservation of nature and sustainable social development. The Firm is a UK domiciled discretionary investment manager to professional clients and unregulated collective investment schemes. The Firm does not operate a trading book or hold client money or assets. The Firm ("AIFM") is categorised as a Collective Portfolio Management Investment firm by the FCA for capital purposes. The Firm reports on a solo basis. The Firm's Pillar 3 disclosure fulfils the Firm's obligation to disclose to market participants' key information on a firm's capital, risk exposures and risk assessment processes.

We are permitted to omit required disclosures if we believe that the information is immaterial i.e. where that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. Proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

We have made no such omissions.

Risk Management

The Firm's Senior Management determine its business strategy and the level of risk acceptable to the Firm. In conjunction with the Compliance Officer they have designed and implemented a risk management framework that recognises the risks that the business faces and how those risks may be monitored and mitigated and assessed on an ongoing basis. The Firm has in place controls and procedures necessary to manage those risks.

The Firm considers the following as risks to the business:

Market Risk – the Firm does not operate a trading book and therefore the Firm's market risk relates to fluctuations in foreign exchange;

Credit Risk – this relates to the extent the Firm may suffer a financial loss due to failure of one of the Firm's counterparties, the only significant credit risk for the Firm is failure of the clients to pay fees due;

Operational Risk – this is defined by the FCA as 'the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk'; and

Business Risk – the Firm considers this to be any risk arising from changes in the Firm's business and includes risks to earnings posed by falling or volatile income, risks relating to the Firm's business strategy and model and risks arising from the Firm's remuneration policy.

Liquidity Risk – the Firm considers this to be risks arising from loss of significant number of large investors, resulting in loss of management fees, poor investment decisions and an increase in expenses without a corresponding increase in income.

Regulatory Capital

The Firm is a Private Limited Company. Its capital comprises share capital attributable to owners of the Firm.

As at the date of this disclosure the Firm's regulatory capital position is:

Capital Item	£'000
Tier 1 capital	2,351
Total capital resources, net of deductions	2,351

Pillar 1 Capital Requirement

The Firm is subject to quantitative rules-based capital adequacy calculations which set out the minimum capital requirements for the Firm. This is called the Pillar 1 capital requirement.

Pillar 1 capital is the higher of:

1. the base capital requirement of €125,000; and 2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement ("FOR").

In addition the Firm, on account of its classification as a full-scope AIFM, is subject to a parallel "own funds" requirement as follows:

The higher of:

1. the funds under management requirement, subject to a minimum of €125,000; and
2. the own funds based on fixed overheads requirement; Plus whichever is applicable of:

- a. the professional negligence capital requirement; or
- b. the PII capital requirement.

Although the foregoing "own funds" requirement is not a component of the "Three Pillars" regime, it is likely that the Firm's "own funds" requirement will exceed its Pillar 1 requirement.

It is the Firm's experience that its Pillar 1 capital requirement normally consists of the sum of the credit and market risk which is GBP 1,152,000.

The Firm's Fixed Overhead Requirement (FOR) is GBP 1,152,000.

Pillar 2 Capital Requirement

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its Internal Capital Adequacy Assessment Process ("ICAAP").

The Firm's ICAAP assesses the adequacy of its internal capital to support current and future activities. This process includes an assessment of the specific risks to the Firm, the internal controls in place to mitigate those risks and an assessment of whether additional capital mitigates those risks. The Firm also considers a wind down scenario to assess the capital required to cease regulated activities.

When making this calculation, the Firm also takes into account the own funds requirement detailed above, in particular where the own funds exceeds Pillar 1 capital (and the extent to which the Firm is able to use capital instruments to fulfill both requirements).

Having performed the ICAAP, the Firm has concluded that no additional capital is required in excess of its Pillar 1/own funds capital requirement.

Our capital requirements are currently GBP 1,152,000 which is well within the level of regulatory capital of GBP 2,351,000 of which GBP 573,000 is held in a ringfenced bank account.

The Firm's ICAAP is formally reviewed by the Senior Management annually but is reviewed and revised more frequently should there be any material changes to the Firm's business or risk profile.

Remuneration

Given the nature and small size of our business, remuneration for all employees is set by the Senior Management of the Firm. The Firm formally reviews the performance of all employees and based thereon determines each employee overall level of remuneration and the split of that between base salary, bonus, etc. in compliance with the FCA Rules on remuneration.

We may omit required quantitative disclosures in relation to remuneration where we believe that the information could be regarded as prejudicial to our adherence to the EU General Data Protection Regulation ((EU) 2016/679) on the protection on natural persons with regard to the processing of personal data and on the free movement of such data.

Due to the size of the Firm and limited number of "Code Staff", quantitative disclosures in relation to remuneration have not been included.

The Firm is subject to the AIFMD Remuneration Code ("the Code"), has applied proportionality and, pursuant to this application and where relevant, has disapplied various provisions of the Code.