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Generation Investment Management LLP

Members' report and consolidated financial statements

31 December 2022

Partnership registration number: OC307600

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Contents

Mission and core values of the firm

Mission

We seek transformational change to drive to a net zero, prosperous, equitable, healthy and safe society by:

- Delivering superior, risk-adjusted investment results utilizing a "systems view" to integrate sustainability and environmental, social and governance factors into our investment framework.
- Sharing our experience and voice to promote sustainable and ESG investment.

Our core values

- We expect the highest ethical standards in our work and in our personal lives.
- Teamwork underpins our one-firm culture.
- Inclusion and diversity, in the broadest sense, help drive our success.
- Each of the individuals with whom we work is entitled to respect and dignity.
- We aim for excellence in all that we do.
- We are committed to rigorous research, curiosity and continuous learning.

How we work

- We recognise complacency, hubris and loss of reputation to be the greatest risks to our business.
- We seek long-term client partnerships by ensuring our interests are fully aligned with those of our clients and delivering differentiated investment insight and exceptional client service.
- We seek to attract, develop and retain the best professionals with whom we share a commitment to our Mission and Core Values within a passionate investment culture.
- We are an independent, broadly owned and managed private partnership. We encourage all our colleagues to think and act like owners. We are committed to remaining a boutique investment firm.
- We recognise and accept our responsibility to the communities in which we live and work, and to the world community. We are mindful of ways to help our colleagues fulfil their personal responsibilities, and we actively encourage philanthropic engagement.
- We strive to promote a more sustainable form of capitalism through engagement with our clients, portfolio companies and the broader financial markets. The Generation Foundation is an important element of this work.

Members and professional advisors

The Members who served Generation Investment Management LLP ("Generation", "Partnership", "limited liability partnership" or "LLP") during the year and up to the date of signing the financial statements were as follows:

Designated members and professional advisors

Designated members:	D W Blood * A M Marshall * A C Sullivan
Other members:	L Anderson * G A L Bennett J D Bemstein M K Bray P Coates D Deme K F Diestel (Appointed 10 April 2023) B P Dineen D Easton M Ferguson * E Gilmore * A J Given A A Gore * P Harris T Hodges M A Huang P R Jain V Jain R J Kent (Appointed 17 April 2023) N Kukrika C M le Duc F M Lugangira M K McBrinn H A Mehn M C Mills A M Mobbs R Narayanan M R Nogales * L M Preston * R Rajeswaran S Rao (Resigned 27 March 2023) L Rigo E N Rosenthal J M Tuffield A C Woolf
Registered office and business address:	20 Air Street London W1B 5AN
Independent auditors:	KPMG LLP Chartered Accountants and Statutory Auditors 15 Canada Square London E14 5GL

* Member of the Management Committee of LLP members as at 31 December 2022

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Senior Partner letter

In April, Generation starts its twentieth year. We will celebrate our twentieth anniversary at our Global Client Conference in London on 19-20 March 2024.

With urgency, we expect to use the coming year to reflect on our next decade and consider how we can best do our part to contribute to a net-zero, prosperous, equitable, healthy and safe society.

Our founding principles are set in stone:

- We aspire to be outstanding investors.
- We are a pure-play sustainable investment manager – it is all we do, and all we will ever do.
- We share our experience and voice to advocate for the adoption of sustainable investing.
- We seek long-term client relationships by ensuring our interests are fully aligned with those of our clients.
- We are an independent, broadly owned and managed private partnership of values-aligned professionals.

We begin our letter with our thoughts on the current state of sustainable investing and follow with an update on the firm.

1. CURRENT STATE OF SUSTAINABLE INVESTING

Several encouraging developments over the past year have buoyed our hopes that the world is, at long last, getting serious about the net-zero and just transitions. In August of last year, the United States Senate passed the Inflation Reduction Act, and it was signed into law within days. The IRA is the largest step the United States has taken to tackle greenhouse-gas emissions, and it has already provoked increased ambition from the European Union, setting off a worldwide race to the top that will speed the growth of renewable energy and other clean technologies. By 2030, if fully implemented, the new law will help cut American emissions as much as 42 percent from their 2005 peak, roughly in line with the goals of the Paris Agreement.[1] And it is of particular significance that the IRA has a focus on providing funding for environmental justice issues to the benefit of local communities. This is one of the most dramatic and important developments in the history of the climate crisis.

Moreover, voters in Australia chose a new government that is committed to meaningful action on reducing greenhouse gas (GHG) emissions. And voters in Brazil elected a new President who promised to halt the destruction of the Amazon rainforest.

Yet other developments over this past year give us cause for worry. For example, many nations are continuing to provide massive subsidies for the expansion of fossil fuel development. And in the asset management sphere, sustainable investing, which includes examining prospective holdings through the lens of environmental, social and governance factors, has come under political attack in the United States, with some governors and state attorneys general crusading against what they call "woke capitalism."

This politically motivated backlash has been accompanied by a wave of scrutiny looking at sustainable investing through a critical lens. We welcome scrutiny; the marketplace is rife with greenwashing, or misleading claims. Indeed, some who describe themselves as "ESG investors" have simply engaged in a superficial box-checking exercise instead of a holistic approach that fully integrates sustainability factors into every part of the investment process.

But the criticisms lack hard evidence that investing for sustainability is a failed concept. We must bear in mind what sustainable investing has achieved to date. When Generation started down this road 19 years ago, few other investors were considering sustainability factors. Rare was the corporation that had set targets to reduce its emissions of greenhouse gases, aspired to increase the diversity of its senior leadership team or considered its impact on nature. And many people in the financial markets believed that taking sustainability factors into account in investment decisions was inconsistent with fiduciary duty.

Today, thousands of corporations have set ambitious targets to cut their emissions and improve their diversity, and are pursuing those ambitions with zeal. They have done so under encouragement from investment professionals who have made consideration of sustainability factors a routine part of their work. And it has become abundantly clear that excluding sustainability issues is a dereliction of fiduciary duty.

[1] Jenkins, J.D., Mayfield, E.N., Farbes, J., Jones, R., Patankar, N., Xu, Q., Schivley, G., "Preliminary Report: The Climate and Energy Impacts of the Inflation Reduction Act of 2022 ," REPEAT Project, Princeton, NJ, August 2022. DOI: 10.5281/zenodo.7106218. https://repeatproject.org/docs/REPEAT_IRA_Prelminary_Report_2022-09-21.pdf

Senior Partner letter (continued)

We are well aware that the work we and other investors are doing will not be enough, by itself, to deliver a net-zero and just world. In aggregate, global action on climate remains far short of what is required to stay below a global temperature rise of 1.5°C, the aspirational goal of the Paris Agreement. Indeed, it is now obvious that we are collectively failing on achieving every single one of the 17 UN Sustainable Development Goals – especially Climate and Poverty/Inequality.[2] While markets need to evolve in order to have genuine real-world impact, we must be clear that sustainable investing cannot change the world on its own. Such investing is necessary but far from sufficient to deliver the world we need. Investors cannot play the role that governments must play.

Yet when capitalism is focused on the long term and paired with policy that promotes positive environmental and social outcomes, it is the most powerful vehicle to enable a sustainable world for all. This means we need policy from government that creates the rules and incentives for a sustainable economy. We also need governments to step in where markets simply cannot succeed.

That is why there is an urgent need to adopt a model of economic growth that requires businesses to address the full costs of their activities, including greenhouse gas emissions and depletion of natural resources.

Expand what capital markets value

In our Senior Partner Letter 2022 we proposed three pillars of action for the investment community to accelerate the transformational change we need to limit global temperature rise to 1.5°C and ensure a just transition. What has occurred to us lately is that the most important step is to expand what capital markets value.[3]

It is becoming clear we will not attain a sustainable economy unless the stewards of capital consciously allocate the funds to help create it. Thinking in asset classes or financial risk parameters is not enough. The good news is a shift is underway. Investment managers have launched innovative strategies designed specifically to deliver sustainability outcomes and asset owners who recognise the change needed in capital allocation are backing them.

Policy makers clearly see the need for a change in capital allocation. Sustainable Finance Disclosure Regulation (SFDR) is nothing if not a vehicle to help asset owners understand the extent to which they are allocating capital to a sustainable economy, nudge them towards it and ensure that asset managers are unable to greenwash the extent to which their strategies are aligned with a sustainable future.

When seeking to identify best practices, we as an industry and our clients must hold ourselves to account and compare our performance, not just on risk-adjusted returns but also impacts. Developing comparable data sets on impact and measurement and reporting norms should be the highest priority for sustainable investors. This includes the impact of our portfolio companies over time, as well as the contribution that we as investors make to improve those impacts.

2. OUR FIRM:

Developing our Senior Leadership Team

We have said many times that this decade is the most important in our careers. Generation is well placed to fulfil our dual mission of delivering strong risk-adjusted investment results for our clients and promoting sustainable investing. Moreover, we expect to play a critical role in the net-zero and just transitions. As we consider the balance of the decade, it is also important to begin to plan for the next generation of our firm's leadership. In the spirit of the long-term development of our senior leadership team, we have asked Clara Barby, Tom Hodges and Nick Kukrika to join the Management Committee as of 1 January 2023. [4]

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[2] Climate Action 13, Nature (Sustainable use of ecosystems 14/15), and Inequality 10. Progress Chart on SDGs https://unstats.un.org/sdgs/report/2022/Progress-Chart-2022.pdf

[3] Oliver Wendell Holmes Jr was said to greet friends after a long absence with "what has occurred to you lately?"

[4] Subject to Financial Conduct Authority approval the Management Committee membership as at 1 January 2023 is Al Gore, David Blood, Lisa Anderson, Clara Barby, Mark Ferguson, Esther Gilmore, Tom Hodges, Nick Kukrika, Miguel Nogales and Lila Preston; with Alex Marshall of counsel.

Senior Partner letter (continued)

The committee is the senior governing body of the firm and we will benefit from their insights. We expect the committee to evolve further in the coming years.

In addition, we are pleased to announce that Brian Dineen and Puja Jain are assuming new leadership roles in our Global Equity team as co-heads of the research process. We are also pleased to announce Tom as the co-head of the Long-term Equity strategy.

Impact Initiatives

As a small firm we must focus, motivate and collaborate with others. We pursued the below impact initiatives in the past year:

The Sustainability Trends Report: Drawing on numerous sources, we published our sixth annual STR in 2022 and hope it will become the 'go-to' resource for those seeking information on sustainability developments. Our aim is to aggregate and share insights that governments, businesses and investors can use to ensure a net-zero, prosperous, equitable, healthy and safe society.

Sustainability Insights: We launched our Insights series in 2019 to share lessons drawn from our investment work in the form of publicly available research papers. In 2022, we published seven papers covering the following topics: Fossil Fuels, the Economy and Instability; a three part series on the question 'Is a Sustainable World an Inflationary World?'; China's Progress Towards a Net-Zero Future; The Harmonisation of Sustainability Standards for Investors; and Deforestation.

Measuring portfolio alignment: Throughout 2022, Generation led the workstream within the Glasgow Financial Alliance for Net Zero (GFANZ) on how to measure the alignment of financial portfolios with the goals of the Paris Agreement. The workstream report published on the eve of COP27 builds on the work of the Portfolio Alignment Team that Generation led in 2020-2021 and seeks to drive enhancement, convergence and adoption of portfolio alignment measurement by GFANZ members.

Investor engagement: Generation became a founding signatory to the Finance Sector Deforestation Action (FSDA) group at COP26 in Glasgow. Over the course of 2022 Generation worked with other founding investor signatories to develop a set of investor expectations to guide companies in their efforts to combat the problem of deforestation. Tackling deforestation related to risky agricultural commodities represents a key opportunity and imperative for the financial sector toward meeting net-zero commitments. This will remain a priority for Generation over the coming years.

The work on deforestation complements existing engagement work on sustainability issues across all our strategies, which focuses particularly on climate change and diversity. Indeed, in the Global Equity strategy, we have started to operate a policy generally to vote against the re-election of chairs of companies that are not participating in the Science Based Targets initiative.

Climate TRACE: Climate TRACE is a non-profit coalition of artificial intelligence (AI) based tech companies, non-government organisations and universities that are harnessing satellite imagery and other forms of remote sensing, artificial intelligence and collective data science expertise to track human-caused GHG emissions with unprecedented detail and speed. Climate TRACE's emissions inventory is the world's first comprehensive accounting of GHG emissions based primarily on direct, independent observation. In 2021 the members of Generation have provided significant funding for Climate TRACE. At COP27 the Climate TRACE coalition released the most detailed facility-level global inventory of greenhouse gas emissions to date. The nearly 80,000 individual sites -- including specific power plants, steel mills, urban road networks, and oil and gas fields -- represent the top known sources of emissions in their respective sectors, including power generation, oil and gas production and refining, shipping, aviation, mining, waste, agriculture, road transportation, and the production of steel, cement, and aluminium. This new information -- sourced independently and primarily based on direct observations of activity rather than self-reported data -- provides the detail and timeliness needed to inform and accelerate decarbonization decisions worldwide.

Generation Foundation

Since its founding alongside Generation in 2004, the Generation Foundation has conducted research and made grants to accelerate the transition to a more sustainable economic system. The Foundation made approximately £10 million in new strategic grants in 2022 under the dual pillars of its strategy: climate and fairness. New work included a multi-year partnership with the World Benchmarking Alliance to build a gender benchmark that includes metrics on the care economy; and a partnership with InfluenceMap to make public where lobbying by industry groups is stalling climate action and innovation.

Senior Partner letter (continued)

The Foundation continued its work on 'A Legal Framework for Impact', its multi-year project on fiduciary duties. In 2021 the project commissioned Freshfields to produce a report of the same name, which found that most mainstream investors are legally accountable for the risk, return and impact of their investments. However, most investors were not yet aware of the extent of those duties. The project is focused now on dual goals of supporting investors to comply with their obligations and promoting policy reform to overcome real and perceived barriers to sustainable investment in key jurisdictions.

TO CONCLUDE

We are often asked: are we optimistic about the future? Rather than choose between optimism and pessimism, we prefer to say we are determined. We are determined to create the sustainable future we want, and to ask hard questions of others and ourselves about how the financial system (as actors in it) can address the urgency of the net-zero and just transitions.

In our 2021 Senior Partner Letter we committed to work with others on five societal goals. Two years on, we are as committed as ever to advocating for a global price on carbon and the other objectives. We also recognise that we must be clear on what our aspirations are for society, how we are contributing and what we seek to achieve within the financial system. We will share with you additional thinking on our aspirations in the coming year.

As we start our twentieth year we are committed to sharpen our focus on the financial system in which we operate and the rules that lead us toward a sustainable future. We are especially committed to providing specific and illustrative examples of sustainable companies. Finally, we will explore with more precision how to consider impact within a traditional risk and return framework. We welcome your thoughts on these important questions and will share our thinking with you at our Global Client Conference.

David Blood, Senior Partner, on behalf of the members and employees of Generation Investment Management, Just Climate and the Generation Foundation

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Members' report

The members have pleasure in presenting their report and the audited consolidated financial statements of Generation Investment Management LLP and its subsidiaries (together the "Group") for the year ended 31 December 2022.

Business review and principal activities

Generation Investment Management LLP is an independent, private, owner-managed limited liability partnership.

The group is dedicated to the principles of long-term investing, integrated sustainability research and client alignment. Its principal activity is the provision of investment management services to institutional clients and other sophisticated investors.

The Partnership is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA"). Although the Partnership is not registered with the U.S. Securities and Exchange Commission ("SEC") as a Registered Investment Advisor, it files reports as an Exempt Reporting Adviser. The Partnership's subsidiary, Generation Investment Management US LLP ('US LLP'), is registered with the SEC as a Registered Investment Advisor.

Designated members

The following Designated members held office during the year:

- D W Blood
- A M Marshall
- A C Sullivan

Group structure

The US-based individual members of Generation Investment Management LLP are direct partners in Generation Investment Management US LLP in addition to being members of Generation Investment Management LLP. These individuals hold varying amounts of partnership capital in the US LLP and are entitled to allocations of profits from this partnership.

As a result of this, the interests of these members in the US LLP are considered to form a non-controlling interest in the group results as reflected in these financial statements. The impacts of this include a separate disclosure regarding the allocation of group profits deriving from the US LLP in the Consolidated Statements of Comprehensive Income; and the allocation of Equity interests in the group Statement of Financial Position. See Note 17 for further details.

Going concern

The financial statements have been prepared on a going concern basis. The members consider this appropriate because cash flow forecasts covering a period of 12 months from the date of approval of these financial statements, utilising reasonably possible downside assumptions in relation to net asset flows, market performance and costs, indicate that the group will have sufficient funds to meet its liabilities as they fall due and regulatory capital requirements for that period. The members believe that the group is well placed to manage its business risks successfully.

Results for the year and allocation to members

The group's total consolidated profit for the year was £165.1m (2021: £431.7m) of this, the profit for the year available for discretionary division to members of Generation Investment Management LLP was £143.2m (2021: £387.1m). The remaining profit for the year of £21.9m (2021: £44.6m) was available for discretionary division between the members of the partnership who have a direct partnership interest in the US LLP. The lower profit in 2022 was due to a reduction of performance fees earned during the year in the Global Equity funds.

The total net assets of the group as at 31 December 2022 were £100.1m (2021: net assets of £186.1m). From this, £97.4m (2021: £179.6m) was attributable to the members for the partnership whilst £2.7m (2021: £6.5m) was attributable to the non-controlling interest as held by the individual direct members in US LLP. This non-controlling interest in the assets represents the total capital contributions made by these partners into the US LLP together with their share of unallocated profits of that entity.

Members report (continued)

Governance

David Blood (Senior Partner) together with the other members of the Management Committee are responsible for the supervision of the firm with regards to its actions in meeting its mission and values. The Senior Partner has specific responsibility for ensuring the firm has an effective organisational structure which is consistent with its goals and objectives. In conjunction with the Management Committee he is tasked with developing the firm's strategic direction and protecting its culture and values.

The Management Committee is Generation's senior governing body. Its primary responsibility is to prepare and execute on the firm's business plans. Other key functions include monitoring the performance of the Senior Partner, ensuring the adequacy of the firm's risk management arrangements, agreeing the remuneration arrangements of the staff and members, and conducting oversight of the investment committees of Generation's investment strategies. All the members of the Management Committee have been designated as Senior Managers under the FCA's Senior Manager and Certification Regime and have been allocated specific individual responsibilities for which they are fully accountable to the FCA. The Management Committee is supported by a committee structure as follows:

- The Operating Committee (which serves as the oversight group to business heads, who handle daily workflows and manage risk events).
- The Remuneration Committee (which implements the Remuneration Policy approved by the Management Committee).
- The Risk Oversight Group ("ROG") (instructed by the Management Committee to provide focused support and governance on risk matters).
- The Conflicts Committee (which serves to review any conflicts arising in the ongoing business of Generation and to report this to the Management Committee)

In particular, the Management Committee delegates the day to day execution of operational matters to the Operating Committee, including items that are flagged at the Risk Oversight Group as requiring attention. Amongst others, Generation's heads of Legal and Compliance, Control, Trading, Personnel, Technology and Finance sit on the Operating Committee alongside the firm's Chief Operating Officer.

The Operating Committee is accountable to the Management Committee for the oversight of the operational functions of the corporate management business units of the firm, and organizes the day-to-day activities carried out by each of these units within the firm. In general terms, the committee is tasked to monitor the performance and risk of each business unit, formulate long-term strategy and make unbiased policy decisions, and it is also accountable to the Management Committee for execution of firmwide strategy in the operational functions of Generation, as set out in the charter.

Although ultimately responsible and accountable, the Management Committee has delegated the oversight of the firm's risk management arrangements to the ROG. The ROG, which is chaired by a Non-Executive Officer, is a senior governance body with the responsibility for ensuring there are suitable and adequate internal financial controls and risk management systems in place (including those required by the Alternative Investment Fund Managers Directive) and ensuring that Generation performs an assessment and evaluation of the risks facing the firm and the control procedures to manage these risks. The Management Committee has instructed the ROG to provide focused support, oversight, and governance on all risk matters.

Where the ROG identifies material matters in respect of its responsibilities and duties, and considers action or improvement is needed, it makes such recommendations as appropriate to the Management Committee. During 2022, the ROG met on seven occasions.

Generation has an internal risk function which reports to the ROG and has responsibility to ensure the firm's systems and controls are regularly reviewed to determine whether such arrangements remain effective and appropriate in respect to the risks faced by the firm. In addition, compliance monitoring programmes are conducted by independent compliance consultants, who report to the ROG.

The members of Generation instruct the preparation of an annual Report on Internal Controls in accordance with guidelines from the International Auditing and Assurance Standards Board (ISAE 3402) and the Institute of Chartered Accountants of England and Wales (AAF 01/20). The report sets out our key control objectives and the processes and procedures deployed in achieving them. We are pleased to note that the 2022 report contained a positive opinion on the appropriateness and operation of our key controls. The Report is made available to Generation's clients upon request.

Members report (continued)

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks. These are explored in more detail in Note 16 of the financial statements. In accordance with the rules of the Financial Conduct Authority, the group has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at www.generationim.com/disclaimer-and-regulatory-information/.

Risk management is an inherent part of Generation's business activities. The group's risk management framework and governance structure is designed to provide comprehensive controls and ongoing management of its principal risks.

We continue to monitor a range of risk factors brought about by the evolving legal and regulatory environment. As notified in respect of the 2021 Financial Year, Generation has taken steps to ensure that its regulatory footprint is adapted to the new economic relationship between the UK and the European Union. This is based on a combination of temporary permissions regimes, national private placement rules, a tied agent relationship with AHP Capital Management GmbH to facilitate marketing of the funds in Europe by a wholly owned Generation German GmbH subsidiary under AHP's regulatory umbrella and reverse solicitation. Such a hybrid process is more complex to administer and places the firm at greater risk of evolving regulatory practice as many such permissions are at the discretion of the relevant national regulator and not an entitlement as was the case prior to the UK exiting the European Union. We remain of the view that the group is well placed to continue its business undisrupted and we do not anticipate significant financial impacts to the group.

As Generation acts as an investment advisor to funds within the European Union that are subject to the Alternative Investment Fund Manager's Directive, the group continues to structure its affairs in a manner designed to ensure compliance with European Union legislation that is relevant to its client funds. In particular, material work is ongoing to ensure that such client funds can demonstrate operational compliance with the Sustainable Finance Disclosure Regulation ("SFDR"). Generation has since its inception sought to factor sustainability into its investment decisions and during 2022 it ensured its existing processes were fully aligned with the requirements of SFDR.

The group incorporated monitoring Coronavirus (COVID-19) as part of the general Health & Safety programme. We continue to learn from the challenges faced during the start of this decade and seek to adapt our operational resilience as we focus on the everchanging working environment that we operate in.

Information security and cybersecurity risk management remain two of the firm's key operational risk areas of focus. We are vigilant and continue to keep abreast of the latest risks, while taking measures to mitigate them. We are working with our main technology service provider and other external specialists to ensure our systems are constantly monitored for any potential attacks and plans are in place to effectively manage any potential breaches.

Policy with respect to members' distributions and the subscription and repayments of members' capital

Allocation of profits can be made at the discretion of the Management Committee, taking into account a range of factors including the anticipated liquidity requirements of the LLP and the relevant member shares.

Distributions may be paid net of a tax retention which is released to members to pay tax as required. The balance of tax retained from members is shown within amounts due to members in the reconciliation of members' interests. A member may at any time, and with the agreement of the Management Committee, make a further contribution to the LLP by way of equity or debt.

Capitalisation

During 2022, the overall level of members' capital remained unchanged. The current level of capital is considered to be sufficient to meet business and regulatory requirements.

Members report (continued)

Employee incentive benefit plan (EIBP)

The group promotes the alignment of employee interests with those of its clients. The group operates an Employee Incentive Benefit Plan ("EIBP") to further this alignment as detailed in Note 10. Generally, and subject to the EIBP Rules, the awards vest after three years and after five years the investments may be realised and cash payments made based upon the current redemption value of those investments. In respect of the majority of these awards, Generation has made contributions to an Employee Benefit Trust. This trust currently holds assets valued at £6.2m (2021: £8.5m) with the group having made an offsetting provision of £4.3m (2021: £6.0m) in respect of the deferred remuneration due to employees and members. For other scheme awards (Note 12) the group holds current assets on its statement of financial position valued at £1.9m (2021: £1.2m) with a provision of £0.9m (2021: £0.8m) in respect of the deferred remuneration due to employees and members (Note 14).

FCA remuneration code disclosures

In accordance with the rules of the Financial Conduct Authority, the members comply with the FCA Remuneration Code disclosures. This information is available at www.generationim.com.

People

At Generation, we strive to attract, retain and develop the best professionals and foster a healthy, team-oriented, diverse culture that enables us to deliver the best possible results for our clients.

We are committed to hiring, developing and retaining the people who share our vision for a more sustainable economy. Our people are a testament to this commitment. Teamwork underpins our one-firm culture. We consider all individuals we work with at Generation are entitled to respect and dignity.

As of 31 December 2022, 133 people worked at Generation from 27 nationalities, speaking 31 languages combined. Overall 51% of our total workforce is female, including 36% of members and 38% of the Management Committee.

Our equity, diversity and inclusion work is a priority of our Management Committee supported by 21 EDI Champions across the firm. We remain focused on equity and fairness across all our people related processes, including recruitment, remuneration and career progression.

We continue to prioritise sustaining a rigorous compliance environment and responding to the requirements of our regulators.

Members report (continued)

Environmental footprint of our business

Our commitment to net zero by 2040 or sooner

Generation has committed to align the investment portfolios the Firm manages and our operational emissions with net zero greenhouse gas (GHG) emissions by 2040 or sooner, in line with the goals of the Paris Agreement on climate change. We are founder signatories of the Net Zero Asset Managers initiative. Our Net Zero Asset Managers initiative commitment is based on achieving 100% Science Based Target ("SBT") coverage across all our assets under management by 2030.

Reporting period

This report includes all operations that fall under the group for the calendar year 2022, providing 2021 as comparative year.

Measurement methodology

As required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SI 2018/1155'), Generation Investment Management LLP uses the Streamlined Energy and Carbon Reporting ("SECR") framework to report CO2 and Energy consumption for the group. The Firm engaged Carbonxgen to measure the relevant energy and emissions data and calculate the resulting GHG emission totals across Scopes 1, 2 and 3 for the year ended December 2022.

- Energy consumption data for gas used at the properties has been gathered in the form of estimated annual consumption provided by Generation's landlord; electricity, district cooling, and district heating energy data has been gathered by a half-hourly meter
- Business air and rail travel mileage, business courier and taxi journeys mileage has been provided for each trip completed by Generation's members and employees;
- Water consumption has been gathered in the form of half hourly data where available for the London office and estimated landlord data for the San Francisco office. Waste disposal data was provided in the form of waste management reports for the London office and estimated landlord data for the San Francisco office;
- Hotel stay data was provided by travel agents including the location of the hotel and duration of visit;
- Employee commuting and home working data was collected in the form of an employee questionnaire;
- The total energy data associated with each data source has been collated to calculate the total energy usage where applicable; and
- The data collected has been converted to GHG emissions by applying the appropriate 2022 UK Government GHG Conversion Factors for Company Reporting, in line with the GHG Protocol Corporate Standard methodology.
- The selected metric for the emissions intensity ratio is headcount of the group (including fixed term contracts and Generation Foundation employees). Carbon emissions have been reported for each category per person.

Scope 3

Generation's carbon reporting methodology is aligned to the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) standard. "The Scope 3 Evaluator" tool developed by the GHG Protocol allows organisations to estimate emissions based on financial expenditure but is not accurate. Given the size of these emissions (as per Table 1 next page), the group has engaged with Carbon Intelligence, part of Accenture, to work closely with suppliers to obtain more accurate data. This will help to identify reduction opportunities, increase collaboration with suppliers and make progress towards our net zero pledge.

Energy and Carbon analysis of 2022

It is noted that Generation's overall 2022 GHG emissions are significantly higher than the emissions produced in 2021. There are three main reasons for this variance between the two years:

1. Inclusion of Scope 3 categories, as stated above, given the size of these emissions, the group is committed in improving the accuracy and understanding of the data.
2. Generation hosted the bi-annual client conference in San Francisco in person (the last conference held in 2020 was virtual) which impacted business travel emissions.

Members report (continued)

3. The impact the global COVID-19 pandemic had on the 2021 emissions: in 2022 Generation staff returned to the office under a hybrid approach of at least 3 days in the office. Also, the overall headcount of the group increased (refer to Note 7) as part of its commitment to new initiatives such as Just Climate.

Table 1: energy consumption and related carbon emissions

		2022			2021		
Scope	Emissions Source	Energy (kWh)	Emissions (tCO_2e)	Intensity Ratio (tCO_2e /person)	Energy (kWh)	Emissions (tCO_2e)	Intensity Ratio (tCO_2e / person)
Scope 1 (Direct)	Natural gas consumed in offices	59.56	10.87	0.07	32.79	6.01	0.05
Scope 2 (In-Direct)	Electricity, heating & cooling consumed in offices	551.48	104.71	0.7	646.23	129.03	1.02
Scope 3 (Upstream)	Business Travel	2,774.36	687.67	4.58	336.99	115.19	0.91
Scope 3 (Upstream)	Hotel Stay	-	8.4	0.06	-	0.74	0.00
Scope 3 (Upstream)	Client Conference travel		1,122.97	7.49			
Scope 3 (Upstream)	Water Consumption	-	0.12	0.00	-	0.17	0.00
Scope 3 (Upstream)	Waste Disposal	-	0.2	0.00	-	0.06	0.00
Scope 3 (Upstream)	Van couriers and taxis	-	12.43	0.08	-	5.80	0.05
Scope 3 (Upstream)	Employee commuting	-	46.39	0.31	-	10.60	0.08
Scope 3 (Upstream)	Employee home working	-	41.48	0.28	-	65.47	0.52
Total (data-based only)		3,385.40	2,035.24	13.57	1,016.01	333.07	2.63
Scope 3	Purchased goods and services (finance based)	-	7,554.22	50.36	-	7,736.00	61.39
Total (data-based + financials based)		3,385.40	9,589.46	63.93	1,016.01	8,069.07	64.02

66% of the total Scope 1 & 2 global emissions shown above for the group related to our London Office (2021: 73%)

Activities in 2022

The Firm is committed to improving disclosures around our emissions and to demonstrating initiatives to reduce our environmental impacts. Examples are:

- With higher staffing levels resuming in our London office, sourcing decisions to prioritize local ESG-vetted suppliers have been taken in order to reduce logistics wherever possible. For example, food and grocery deliveries have been reduced by setting up an account with a neighbouring grocery store.
- Increased recycling streams in the office to include regular IT, hardware and electricals; coffee cups and lids; as well as usually unrecyclable food and toiletry packaging.
- In 2022, carbon emissions targets (including Scope 3) were allocated to each business unit alongside financial budgets. This will continue as part of business as usual.
- Continued the discussions with the building management in London to replace the BMS (building management system) to improve utilities data monitoring.
- Implemented swipe cards for printing to reduce paper wastage, track printing usage, encourage lower use and monitor paper requirements.
- Adopted a virtual stewardship policy to encourage staff to adhere to best practices in relation to resources, behaviours and energy saving when working remotely.

Members report (continued)

- The Environmental Steering Committee continues to meet regularly to discuss, design and promote awareness of environmental opportunities at the firm, drive energy efficiencies and review elements of the Environmental Management System to support ISO14001. In 2022 the committee was responsible for finding the right partner to support Scope 3 supplier engagement and reporting to assist the firm in mapping our operational path to net zero.
- In December 2022, Generation took part in an energy saving initiative with the London office landlord whereby heating and cooling levels were switched to absolute minimum levels over the holiday period, saving the equivalent amount of energy that would heat 9 homes for a year.

Carbon compensation

As a firm, while we work to reduce our operational emissions on a science-based pathway, we compensate for the currently unavoidable carbon emissions of our business activities on an annual basis using offsetting. Whilst we appreciate that carbon credits do not provide a solution to addressing carbon emissions, they contribute to mitigate our overall environmental impact.

We base the measurement of and compensation for the firm's carbon footprint across Scopes 1, 2 and 3. We consult with third parties to apply the most widely accepted GHG emissions factors to measure our travel, energy use and household data. Historically, we have purchased carbon credits from a single project leading African-based forest carbon offset development company with meaningful community and other co-benefits. This year we aim to refresh our understanding of best practice, along with our approach to purchasing carbon credits. We envisage a portfolio approach to include nature-based and permanent carbon removals and avoidance credits.

Our offices

Generation has designed its offices to minimise the environmental impact of its operations. Both offices are located centrally and are well served by public transport facilities. In London, our office at 20 Air Street achieved the Excellent rating by BREEAM (Building Research Establishment Environmental Assessment Method). Similarly, our San Francisco office is located in a building that has been re-certified as Platinum for the Leadership in Energy and Environmental Design (LEED) standard which applies to the operational efficiency of existing builds. Finally, Generation has retained its B Corporation certification with a B Impact Score of 96.5. The B Corporation status indicates that a company has been verified to meet high standards of social and environmental performance, transparency and accountability.

The building management companies that oversee Generation's offices are served by green energy through mechanisms such as power purchase agreements and green tariffs. The contracts in place cover 100% of the quantity of energy used by Generation. We recognise that differences between the timing of the renewable power generation and the timing of our energy consumption make claims to be using '100% renewable energy' problematic and support further work to create more robust standards, and mechanisms, for the elimination of Scope 2 emissions.

Thanks to additional submeters in our office facilities, we can better measure our energy and water usage. Our lighting system responds to daylight levels, and automatically switches off after a period of inactivity.

Suppliers, training and monitoring:

We assess our suppliers against an onboarding framework, which includes questions relating to their ESG practices, and have been working with consultants to improve our data on supply chain emissions, as well as our understanding of the maturity of our suppliers' approaches to the reduction of carbon emissions. For physical supplies, we aim to contract with local providers where possible, or those that already service our building with the aim of reducing travel and consolidating deliveries.

As part of the induction for new joiners, we communicate the efforts the firm makes to minimise the environmental impacts of its operations: e.g. recycling options and energy savings best practice decisions individuals can make on a daily basis.

Members report (continued)

Statement of members' responsibilities

The members are responsible for preparing this report, the Streamlined Energy and Carbon Reporting ("SECR") report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members 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 limited liability partnership and its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- asses the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless the members intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time, the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

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

The Designated members confirm that the above requirements have been met in preparing the financial statements.

Statement of disclosure of information to auditors

The Designated members have taken all the steps they ought to have taken as Designated members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information. As so far as the Designated members are aware, there is no relevant audit information of which the LLP's auditors are unaware.

Independent auditor

A resolution concerning the reappointment of KPMG LLP was proposed and approved at the Members' meeting on 17 April 2023.

Registered office:

20 Air Street, London W1B 5AN

Signed on behalf of the members:

C. Sullivan

A C Sullivan
Designated member

Approved by the Members on 17 April 2023

generation_

Independent auditors' report to the members of Generation Investment Management LLP

Report on the audit of the financial statements

Opinion

We have audited the group and partnership's financial statements of Generation Investment Management LLP ("the LLP") for the year ended 31st December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Partnership Statement of Financial Position, the Reconciliation of Members' Interests, the Consolidated Statement of Cash Flows and the related notes, including the accounting policies in Note 3.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the partnership as at 31st December 2022 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom ("UK") accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the partnership or to cease their operations, and as they have concluded that the group's and the partnership's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the members' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and partnership's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and partnership's ability to continue as a going concern for the going concern period.

Independent auditors' report to the members of Generation Investment Management LLP (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the partnership will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of members, the Risk Oversight Group, and inspection of policy documentation as to the LLP's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Management Committee and Risk and Oversight Group minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the group and partnership management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are segregation of duties involved with third party service organisations.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals with descriptions containing high risk wording.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the members and other management (as required by auditing standards), and from inspection of the LLP's regulatory and legal correspondence and discussed with the members and other management the policies and procedures regarding compliance with laws and regulations.

As the LLP is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the LLP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related LLP legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditors' report to the members of Generation Investment Management LLP (continued)

Secondly, the LLP is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of LLP legislation and financial services legislation recognizing the financial and regulated nature of the LLP's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the members and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The members are responsible for the other information, which comprises the members' report and the energy and carbon report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP's individual financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent auditors' report to the members of Generation Investment Management LLP (continued)

Members' responsibilities

As explained more fully in their statement set out on page 16, the members are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and the LLP'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 they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

M. Humphrey.

Matthew Humphrey
(Senior Statutory Auditor)

For and on behalf of KPMG LLP, statutory auditor
Chartered accountants
15 Canada Square
London
E14 5GL

18 April 2023

Consolidated income statement

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Turnover	4	244,777	530,983
Administrative expenses		(74,370)	(77,588)
Operating profit	5	170,407	453,395
Interest receivable		1,156	177
Gain on investments and derivatives		21	1,504
Profit on ordinary activities before taxation		171,584	455,076
Tax on profit on ordinary activities	6	(6,445)	(23,388)
Profit for the financial year available for discretionary division among members		165,139	431,688

Profit for the financial year attributable to:		
Owners of the parent	143,240	387,128
Non-controlling interests	21,899	44,560
	165,139	431,688

Consolidated statement of comprehensive income

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit for the financial year available for discretionary division among members	165,139	431,688
Translation gain on consolidation of foreign subsidiaries	1,048	3,581
Total Comprehensive Income	166,187	435,269

Total comprehensive income for the financial year attributable to:		
Owners of the parent	144,288	390,709
Non-controlling interests	21,899	44,560
	166,187	435,269

All of the activities of the group are classed as continuing.

The notes on pages 27 - 43 form part of these financial statements.

Consolidated statement of financial position

	Note	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Fixed assets			
Tangible assets	8	6,016	7,363
Investments	9	1,567	1,612
		7,583	8,975
Current assets			
Employee Incentive Benefit Plan Net Assets	10	1,856	2,513
Debtors	11	52,061	100,824
Investments	12	43,850	67,973
Cash at bank		10,741	27,659
		108,508	198,969
Creditors: amounts falling due within one year	13	(15,061)	(21,049)
Net current assets		93,447	177,920
Total assets less current liabilities		101,030	186,895
Provisions for liabilities	14	(916)	(840)
Net assets attributable to members		100,114	186,055
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		26,147	26,147
Other amounts due to members		22,282	93,383
		48,429	119,530
Members' other interests			
Foreign exchange translation reserves		1,346	298
Members' other interests		47,623	59,727
		48,969	60,025
Non-controlling interests		2,716	6,500
		51,685	66,525
		100,114	186,055
Total members' interests			
Amounts due to members		48,429	119,530
Members' other interests		48,969	60,025
		97,398	179,555
Non-controlling interests		2,716	6,500
		100,114	186,055

The financial statements were approved by all members and signed on their behalf by the Designated members on 18 April 2023.

D W Blood (Designated member)

A C Sullivan (Designated member)

The notes on pages 27 - 43 form part of these financial statements.

Partnership statement of financial position

	Note	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Fixed assets			
Tangible assets	8	4,356	5,533
Investments	9	3,755	3,673
		8,111	9,206
Current assets			
Employee Incentive Benefit Plan Net Assets	10	1,856	2,513
Debtors	11	46,250	85,746
Investments	12	36,330	66,879
Cash at bank		3,745	24,492
		88,181	179,630
Creditors: amounts falling due within one year	13	(11,154)	(17,743)
Net current assets		77,027	161,887
Total assets less current liabilities		85,138	171,093
Provisions for liabilities	14	(207)	(156)
Net assets attributable to members		84,931	170,937
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		26,147	26,147
Other amounts due to members		22,282	93,383
		48,429	119,530
Members' other interests			
Other reserves		36,502	51,407
		36,502	51,407
		84,931	170,937
Total members' interests			
Amounts due to members		48,429	119,530
Members' other interests		36,502	51,407
		84,931	170,937

As permitted by Section 408 Companies Act 2006 (as modified for application to LLPs) the LLP is exempt from presenting its own Income Statement. The profit of the LLP for the financial year amounted to £140.4m (2021: £385.7m). The financial statements were approved by all members and signed on their behalf by the Designated members on 18 April 2023.

D W Blood (Designated member)

A C Sullivan (Designated member)

The notes on pages 27 - 43 form part of these financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Operating profit		170,407	453,395
Depreciation	8	2,057	1,885
Decrease in debtors	11	54,505	8,833
(Decrease)/increase in creditors	13	(5,720)	5,277
Unrealised currency translation gains		841	3,392
Increase/(decrease) in provisions	14	76	(370)
Net cash from operating activities		222,166	472,412
Tax paid		(10,471)	(18,210)
Net cash inflow from operating activities		211,695	454,202
Cash flow from investing activities			
Disposal of tangible fixed assets	8	26	-
Purchase of tangible fixed assets	8	(528)	(1,150)
Purchase of Investments	9,10,12	(1,874)	(3,395)
Proceeds from the disposal of current investments	10,12	118	4,217
Interest received		1,156	177
Net cash outflow from investing activities		(1,102)	(151)
Cash flow from financing activities			
Proceeds from capital introduced by members		1,568	5,051
Capital repaid to members		(1,568)	-
Distributions paid to members		(226,445)	(370,322)
Distributions paid to non-controlling interests		(25,683)	(48,918)
Net cash outflow from financing activities		(252,128)	(414,189)
Net (decrease)/increase in cash and cash equivalents		(41,535)	39,862
Cash and cash equivalents at start of year		94,315	54,281
Effects of currency translation on cash and cash equivalents		(143)	172
Cash and cash equivalents at end of year		52,637	94,315

Reconciliation of cash at bank to cash and cash equivalents:

	Note	31 December 2022 £'000	31 December 2021 £'000
Cash at bank		10,741	27,659
Short-term deposits (included in current asset investments)	12	41,896	66,656
Cash and cash equivalents		52,637	94,315

The notes on pages 27 - 43 form part of these financial statements.

Reconciliation of members' interest

The Group

	Foreign exchange translation reserve £'000	Other reserves £'000	Members' capital £'000	Other amounts £'000	Non-controlling interests £'000	Total £'000
Members' interests as at 1 January 2021	(3,283)	97,422	21,096	38,882	10,858	164,975
Profit for the financial year available for discretionary division among members	-	387,128	-	-	44,560	431,688
Other comprehensive expense	3,581	-	-	-	-	3,581
Interests after profit for the year	298	484,550	21,096	38,882	55,418	600,244
Capital introduced	-	-	5,820		-	5,820
Capital released	-	-	(769)		-	(769)
Profit allocation	-	(424,823)	-	424,823	-	-
Distributions	-	-	-	(370,322)	(48,918)	(419,240)
Members' interests as at 31 December 2021 and 1 January 2022	298	59,727	26,147	93,383	6,500	186,055
Profit for the financial year available for discretionary division among members	-	143,240	-	-	21,899	165,139
Other comprehensive income	1,048	-	-	-	-	1,048
Interests after profit for the year	1,346	202,967	26,147	93,383	28,399	352,242
Capital introduced	-	-	1,568	-	-	1,568
Capital released	-	-	(1,568)	-	-	(1,568)
Profit allocation	-	(155,344)	-	155,344	-	-
Distributions	-	-	-	(226,445)	(25,683)	(252,128)
Members' interests at 31 December 2022	1,346	47,623	26,147	22,282	2,716	100,114

The notes on pages 27 - 43 form part of these financial statements.

Reconciliation of members' interest

The LLP

	Other reserves £'000	Members' capital £'000	Amounts due to members £'000	Total members' interests £'000
Members' interests as at 1 January 2021	90,520	21,096	38,882	150,498
Profit for the financial year available for discretionary division among members	385,710	-	-	385,710
Members' interest after profit for the year	476,230	21,096	38,882	536,208
Capital introduced	-	5,820	-	5,820
Capital released	-	(769)	-	(769)
Profit allocation	(424,823)	-	424,823	-
Distributions		-	(370,322)	(370,322)
Members' interests as at 31 December 2021 and 1 January 2022	51,407	26,147	93,383	170,937
Profit for the financial year available for discretionary division among members	140,439	-	-	140,439
Members' interest after profit for the year	191,846	26,147	93,383	311,376
Capital introduced	-	1,568	-	1,568
Capital released	-	(1,568)	-	(1,568)
Profit allocation	(155,344)	-	155,344	-
Distributions	-	-	(226,445)	(226,445)
Members' interests at 31 December 2022	36,502	26,147	22,282	84,931

The notes on pages 27 - 43 form part of these financial statements.

Notes to the consolidated financial statements

1. General information

Generation Investment Management LLP, registered number OC307600, has prepared financial statements covering the group and the Partnership's results for the year ended 31 December 2022.

Generation is a limited liability partnership incorporated and domiciled in England. The address of the LLP's registered office is presented on page 4 of these financial statements.

The principal activities of the LLP are disclosed in the Members' Report.

2. Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 Section 1A ("FRS 102") and the Companies Act 2006 as applied to Limited Liability Partnerships unless specified otherwise. The financial statements have also been prepared in conformity with the Limited Liability Partnerships Statement of Recommended Practice (SORP) issued by the Consultative Committee of Accountancy Bodies for periods commencing on or after 1 January 2022.

The LLP has taken advantage of the exemption 408 of the Companies Act from presenting its individual income statement.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

These consolidated financial statements are prepared on the going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through the consolidated income statement.

The consolidated financial statements are presented in pounds sterling which is also the functional currency of the LLP. Monetary amounts in these financial statements are rounded to the nearest thousand pounds sterling unless otherwise stated.

3.2 Exemptions for qualifying entities under FRS 102

The LLP has taken advantage of the FRS 102 Paragraph 1.12(b) not to present a Statement of Cash Flows. A Consolidated Statement of Cash Flows is included in these financial statements.

The group has taken advantage of the exemptions from the requirement under Section 33 "Related Party Disclosures" to disclose the detailed compensation for key management personnel.

3.3 Going concern

The group has adequate financial resources and as a consequence, the members believe that the group is well placed to manage its business risks successfully. Moreover, the members have a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, the group continues to adopt the going concern basis in preparing the consolidated financial statements.

3.4 Consolidation

The consolidated financial statements incorporate the financial statements of the LLP and its subsidiary undertakings. All significant inter-company accounts and transactions have been eliminated upon consolidation. A subsidiary is an entity that is controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Group undertakings manage a number of Special Purpose Entities ("SPE's") as the general partner, advisor or administrator. The General Partners are assigned the power to govern the financial and operating policies of the Fund Limited Partnerships in the limited partnerships agreements. The rights and obligations of the General Partners over the Fund Limited Partnerships are

Notes to the consolidated financial statements (continued)

3. Accounting policies (continued)

exercised in a fiduciary capacity on behalf of other investors in the funds. This does not constitute control. The Fund Limited Partnerships are therefore not to be consolidated into the group accounts.

GIM Willow (Scotland) LP falls within the definition of subsidiary undertakings under FRS 102 and requires consolidation. This is due to GIM Willow GP LLP (the "GP") having direct control over the activities of this partnership due to contractual rights vested through the Limited Partnership Agreement. A full consolidation of this limited partnership has not been undertaken as the members consider the financial statements would not give a true and fair view if the limited partnership's assets, liabilities, income and expenses were fully consolidated, since the GP's interest in the limited partnership is restricted to a General Partner share as per clause 9.2 of the GIM Willow (Scotland) LP LPA. Therefore a proportional consolidation basis has been adopted by applying a true and fair over-ride. Given the de minimis level of partnership interest held by the GP, this results in a 0% holding being applied to each line item in the consolidation and therefore produces no impact on the financial statements.

Falcon General Partner LLC is a 50% joint venture and consolidated accordingly using the equity method.

In addition, the LLP controls 100% of The Generation Foundation. However, due to The Generation Foundation's charitable status, the LLP has severe long-term restrictions which substantially hinder the exercise of the rights of the parent over the assets. As such, The Generation Foundation has been excluded from consolidation into the group.

3.5 Non-controlling interests

Some members of the LLP hold capital directly in Generation Investment Management US LLP, a subsidiary within the group. This capital is not attributable to the LLP's interest in the subsidiary and therefore constitutes a non-controlling interest. The annual profits allocated to each member with direct interest in Generation Investment Management US LLP are allocated using a similar policy as applicable to members of the LLP and consequently is not directly proportional to the amount of capital held. Non-controlling interests are measured as the net capital held plus profit allocated during the year less any distributions paid.

3.6 Critical accounting estimates and judgements

The preparation of consolidated financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The members do not consider there to be any estimates, but critical judgement is used when determining which entities to consolidate as explained in Note 3.4.

3.7 Foreign currencies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which it operates.

The assets and liabilities of foreign subsidiary operations are translated into pounds sterling at the rate of exchange ruling at the reporting date and their income statement and cash flows are translated at the average rate for the year. Any exchange differences are dealt with in the consolidated statement of comprehensive income.

At the entity level, monetary assets and liabilities in foreign currencies are translated into pounds sterling at the rates of exchange as at the statement of financial position date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into pounds sterling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

3.8 Segmental reporting

All of the group's activities relate to the business of investment management. In the opinion of the members, the group operates in two principal geographical segments (UK and USA) and one business segment.

3.9 Turnover

Turnover comprises investment management, administration and performance fees.

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for investment management services rendered, net of any discounts and rebates.

Notes to the consolidated financial statements (continued)

3. Accounting policies (continued)

The turnover shown in the consolidated income statement represents amounts due for investment advisory services recognised on an accruals basis during the year, exclusive of Value Added Tax ("VAT").

Management fees are calculated as a percentage of net fund or client assets managed in accordance with individual management agreements and include all non-performance related fees. These are recognised in the period in which the services are rendered.

The basis on which performance fees for investment advisory services are calculated varies across clients and investment strategies. Performance fees are earned when contractually agreed performance levels are exceeded within specified performance measurement periods. Performance fees are only recognised when a reliable estimate can be made and it is probable that they are receivable.

3.10 Administrative expenses

Administrative expenses relate to staff and other costs incurred by the group in an operating capacity. Expenses are recognised net of VAT on receipt of goods or over the period in which the service is performed.

3.11 Interest receivable

Interest comprises interest on cash and cash equivalents and is accounted for using the effective interest method.

3.12 Pension arrangements

The group does not operate its own pension scheme. The group contributes on behalf of employees to their chosen pension scheme plan. The charge represents the actual amount of the contribution payable to pension schemes in respect of the relevant accounting year.

3.13 Employee Incentive Benefit Plan (EIBP)

The group provides incentives ("awards") for employees in the form of three varying Generation IM Deferred Remuneration Plans ("The Plans"). The Plans are governed by the Plan Rules or the trustees of the Generation Investment Management LLP Employee Benefit Trust ("JTC Trust"). For further details about each plan, see Note 10.

Awards take the form of units or interests within Generation-managed investment funds and are awarded by management in accordance with the plan rules. Awards for members and employees vest after three years from the grant date, with units redeemed after five years and proceeds paid to respective members and employees. The level of incentives awarded are linked to an employee's level of seniority at the grant date.

Investments made into Generation funds directly by the group or the LLP are presented within current asset investments (Note 12).

The investments in the Generation funds and the investments held within the JTC Trust are valued and accounted for in line with Note 3.23.

3.14 Operating leases

Rental costs under operating leases are charged to the income statement on a straight-line basis over the lease term. Benefits of lease incentives in the form of rent-free periods are treated as a reduction in the overall rent expense on the lease and are recognised on a straight line basis over the lease term.

Note 15 provides information regarding the existing leases for the group and the LLP.

Notes to the consolidated financial statements (continued)

3. Accounting policies (continued)

3.15 Taxation

Income tax payable on the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these consolidated financial statements. The LLP is subject to corporate level profit taxes in respect of its operation in Spain and on any profits allocable to New York in the financial year. In addition the group's US operations have elected to pay partnership level taxes in New York and California. These taxes are included within Note 6 in the financial statements.

The consolidated group includes entities which are subject to both local and foreign taxes.

3.16 Tangible fixed assets

Tangible fixed assets are stated at their cost, together with any incidental expenses of acquisition, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and dismantling and restoration costs. Costs associated with maintaining tangible fixed assets are expensed as incurred. Depreciation is charged to administrative expenses in the income statement.

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives as follows:

IT equipment	IT servers and audio/visual equipment depreciate over 5 years. All other IT equipment depreciates over 3 years
Fixtures and fittings	20% or 33 1/3% straight line per annum
Leasehold improvements	Over the length of the lease

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal with any carrying value recognised as a loss in the income statement.

3.17 Provisions for liabilities

Provisions are only recognised when the group has a present legal liability, or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

From time to time as part of the business, the group can be subject to legal proceedings. If the possibility of a financial impact is considered remote by management, then no contingent liability is recognised.

The provisions included in the statement of financial position relate to the EIBP scheme as per Note 3.13.

3.18 Financial instruments

The group has chosen to adopt the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102, in full, in respect of its financial instruments.

3.19 Financial assets

Basic financial assets, including debtors and cash and bank balances are initially recognised at transaction price. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value at the transaction price. Such assets are subsequently carried at fair value and any changes in fair value are recognised in the income statement. Where investments in equity instruments are not publicly traded and whose fair values cannot be measured reliably, they are measured at cost less impairment. The impairment loss is recognised in the income statement.

Notes to the consolidated financial statements (continued)

3. Accounting policies (continued)

3.19 Financial assets (continued)

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset are received, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.20 Financial liabilities

Creditors are financial liabilities initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest method.

The group derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

3.21 Fixed asset investments

Fixed asset investments are financial assets held for continuing use in the business and include investments in Generation funds, shares in subsidiary undertakings, capital contributed by the LLP into associated entities and other investments. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred and the equity interests issued. Subsequently the partnership investments in subsidiary undertakings are valued at cost less impairment.

The investments in Generation funds are complex instruments within the scope of Section 12 of FRS 102 and are held at fair value in accordance with market practice. Any gains or losses on revaluation are taken to the income statement as unrealised. Generation uses the most appropriate method to determine the fair value of unquoted entities and equity related securities. For these investments it is considered that the net asset value of the fund units represents fair value.

3.22 Cash at bank

Cash at bank includes deposits held at-call with banks. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3.23 Current asset investments

Current asset investments are financial assets which include cash equivalents held in money market funds, which are redeemable on demand, and investments as part of the EIBP plan. These are considered to be complex instruments within the scope of Section 12 of FRS 102. These are held at fair value with gains and losses on revaluation taken to the income statement as unrealised. Generation uses the most appropriate method to determine the fair value of unquoted entities and equity related securities. For these investments it is considered that the net asset value of the fund units represents fair value. Marketable securities are classified as held at fair value through profit or loss and are stated at fair value in accordance with market practice.

3.24 Derivative financial investments

The group's activities expose it to the financial risks of changes in foreign exchange rates.

The use of financial derivatives is governed by the group's policies, which provide principles on the use of financial derivatives consistent with the group's risk management strategy.

The group's policy provides for the use of derivative instruments to convert a proportion of its turnover received in dollars into pounds sterling in order to hedge the foreign exchange risk arising.

Notes to the consolidated financial statements (continued)

3. Accounting policies (continued)

3.24 Derivative financial investments (continued)

Derivatives including forward foreign exchange contracts are not basic financial instruments. Derivatives are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. Changes in fair value are recognised in the income statement in finance income or costs as appropriate.

The group does not apply hedge accounting for foreign exchange derivatives.

3.25 Allocation of profits and distributions

The share of a member, or person holding a non-controlling interest, in the group profit or loss for the year is accounted for as an allocation of profits. To the extent that interim or final profit allocations exceed distributions paid then the excess profit is included in the statement of financial position under amounts due to members or within 'Non-controlling interests'. Undistributed member profits and losses are included in "Other reserves" within 'Members' other interests' whereas for non-controlling interests they are included in 'Non-controlling interests'.

Allocation of profits can be made at the discretion of the Management Committee, taking into account a range of factors including the anticipated liquidity requirements of the LLP and the relevant member shares.

Distributions may be paid net of a tax retention which is released to members to pay tax as required. The balance of tax retained from members is shown within amounts due to members.

In the event of the LLP being wound up, no member has agreed with other members that he/she shall contribute in any way to the assets of the LLP in accordance with Section 74 of the Insolvency Act. Additionally, any amounts due to members would rank after amounts due to other creditors.

3.26 Members' capital

When a member retires, the LLP is obligated to pay back their capital provided the LLP has sufficient capital reserves to meet its regulatory obligations.

4. Turnover

The turnover and profit are attributable to the principal activity of the group.

Analysis by geography	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
United Kingdom	134,144	296,616
United States	110,633	234,367
	244,777	530,983

Analysis of turnover by category	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Management fees	224,933	200,273
Performance fees	19,844	330,710
	244,777	530,983

Notes to the consolidated financial statements (continued)

5. Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Staff costs (Note 7)	43,128	42,675
Depreciation of own fixed assets	2,057	1,885
Loss on disposal of fixed assets	26	-
Auditors' remuneration		
Fees payable for the audit of the Partnership	239	185
Fees payable for other assurance services	13	12
Fees payable for non audit services	-	27
Operating lease costs – buildings	2,718	2,655
Foreign exchange (gain)/loss	(2,470)	1,997

Included within KPMG auditors' remuneration for audit services above is £25,000 (2021: £15,000) payable in relation to the audit of Generation IM Sustainable Solutions GP III Limited, and £23,970 (2021: £nil) payable in relation to the audit of Generation IM Sustainable Solutions GP IV Limited (inc. VAT).

6. Tax on profit on ordinary activities

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Current tax		
UK Corporation tax at 19% (2021: 19%)	-	-
Foreign current tax	5,816	22,948
Adjustments in respect of prior year foreign tax	629	440
	6,445	23,388
Deferred tax		
Origination of timing differences:		
UK deferred tax	-	-
Tax on profit on ordinary activities	6,445	23,388

The tax for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%) as members of the Partnership are not subject to UK corporation tax. However, certain subsidiary undertakings are subject to local corporate taxes largely arising on profits for the financial year as shown below.

Notes to the consolidated financial statements (continued)

6. Tax on profit on ordinary activities (continued)

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit on ordinary activities before taxation	171,584	455,076
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	32,601	86,464
Effects of:		
Profits chargeable on members	(27,597)	(64,813)
Impact of overseas tax rate	812	1,297
Adjustments in respect of prior year foreign tax	629	440
Total current tax	6,445	23,388

7. Employees and remuneration

The average monthly number of employees of the group during the financial year amounted to:

	2022	2022	2021	2021
No.	The Group	The LLP	The Group	The LLP
Investment Team	39	24	23	18
Client Relationship Team	9	6	8	5
Operations and administration Team	57	39	48	37
Total number of employees	105	69	79	60

The aggregate staff costs were:

	2022	2022	2021	2021
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
Wages and salaries	35,911	22,920	36,534	27,975
Social security costs	5,113	3,687	4,780	4,053
Benefit costs	1,125	723	605	375
Other pension costs	979	530	756	471
	43,128	27,860	42,675	32,874

Notes to the consolidated financial statements (continued)

8. Tangible assets

The Group

	Leasehold improvements £'000	Fixtures and fittings £'000	IT Equipment £'000	Total £'000
Cost				
At 1 January 2022	5,274	2,487	3,328	11,089
Additions	117	87	324	528
Disposals	-	(40)	(16)	(56)
Foreign exchange translation adjustment	301	39	76	416
At 31 December 2022	5,692	2,573	3,712	11,977
Accumulated depreciation				
At 1 January 2022	(1,635)	(782)	(1,309)	(3,726)
Charge for the year	(755)	(496)	(806)	(2,057)
Disposals	-	13	17	30
Foreign exchange translation adjustment	(135)	(33)	(40)	(208)
At 31 December 2022	(2,525)	(1,298)	(2,138)	(5,961)
Net book value				
At 31 December 2022	3,167	1,275	1,574	6,016
At 31 December 2021	3,639	1,705	2,019	7,363

The LLP

	Leasehold improvements £'000	Fixtures and fittings £'000	IT Equipment £'000	Total £'000
Cost				
At 1 January 2022	2,710	2,155	2,675	7,540
Additions	117	85	250	452
Disposals	-	(40)	-	(40)
At 31 December 2022	2,827	2,200	2,925	7,952
Accumulated depreciation				
At 1 January 2022	(522)	(507)	(978)	(2,007)
Charge for the year	(467)	(433)	(702)	(1,602)
Disposals	-	13	-	13
At 31 December 2022	(989)	(927)	(1,680)	(3,596)
Net book value				
At 31 December 2022	1,838	1,273	1,245	4,356
At 31 December 2021	2,188	1,648	1,697	5,533

Notes to the consolidated financial statements (continued)

9. Investments

Investments in joint venture and other investments

The Group

	2022 £'000	2021 £'000
At 1 January	1,612	60
Additions	-	1,500
(Loss)/gain on investments	(45)	52
At 31 December	1,567	1,612

Investments in subsidiaries, joint venture, and other investments

The LLP

	2022 £'000	2021 £'000
At 1 January	3,673	1,984
Additions	1	1,552
Gain on investments	81	137
At 31 December	3,755	3,673

For further details regarding the LLP's subsidiaries and associates, please refer to Note 17.

10. Employee Incentive Benefit Plan net assets

The group provides incentives ("awards") for employees via the Generation IM Deferred Remuneration Plans ("The Plans"). The Plans are governed by the Plan Rules or the trustees of the Generation Investment Management LLP Employee Benefit Trust ("JTC Trust").

Awards take the form of units or interests within Generation-managed investment funds and are awarded by management in accordance with the plan rules. Awards for members and employees vest after three years from the grant date, with units redeemed after five years and proceeds paid to respective members and employees. The level of incentives awarded are linked to an employee's level of seniority at the grant date.

Generation provides three separate Employee Incentive Benefit Plans:

- Generation IM Global Equity Plan
  - For most UK employees: the LLP has created an Employee Benefit Trust ("JTC Trust") in which those UK employees will be beneficiaries. The group has set aside cash in JTC Trust which in turn has made an investment in units of the Generation IM Global Equity Fund. The assets and liabilities of this scheme have been presented net on the Statement of Financial Position.
  - For certain UK employees, LLP members and US citizen employees: the group has invested directly in the Generation IM Global Equity Funds. Assets and movements are presented within current assets in Note 12. Liabilities and movements are presented in Note 14.

Notes to the consolidated financial statements (continued)

10. Employee Incentive Benefit Plan net assets (continued)

- Generation IM Climate Solutions Plan
  - For certain UK employees, LLP members and US citizen employees: the group has invested directly in the Generation IM Climate Solutions Fund (Cayman), L.P. and Generation IM Climate Solutions Fund (U.S.), L.P. Assets and movements are presented within current assets in Note 12. Liabilities and movements are presented in Note 14.

	2022	2022	2021	2021
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
Investment assets in JTC Trust				
At 1 January	8,534	8,534	8,546	8,546
Additions	395	395	1,705	1,705
Disposals	(1,414)	(1,414)	(3,138)	(3,138)
Unrealised (loss)/gain on investments	(1,339)	(1,339)	1,421	1,421
At 31 December	6,176	6,176	8,534	8,534
Provisions to beneficiaries of investment in JTC Trust				
At 1 January	6,021	6,021	7,079	7,079
Movement in year	(1,701)	(1,701)	(1,058)	(1,058)
At 31 December	4,320	4,320	6,021	6,021
Net assets of Employee Incentive Benefit Plan				
At 31 December	1,856	1,856	2,513	2,513

11. Debtors

	2022	2022	2021	2021
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
Trade debtors	1,353	7,175	9,640	37,112
Other debtors	3,980	6,836	2,187	6,729
Derivative financial instruments	1,716	1,716	-	-
Prepayments	3,483	3,073	2,654	2,427
Accrued income	39,928	26,338	86,063	39,315
VAT receivable	1,307	949	-	-
Foreign tax prepayment	294	163	280	163
	52,061	46,250	100,824	85,746

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Notes to the consolidated financial statements (continued)

12. Current asset investments

Current asset investments comprise investments on behalf of the EIBP (see Note 10), investments in Generation funds as well as money market fund investments, which are cash equivalents redeemable on demand. Assets held by the EIBP are restricted by management in their use by the group and LLP.

The Group

£'000	2022 Generation Funds £'000	2022 EIBP £'000	2022 Money market funds £'000	2022 Total £'000	2021 Generation Funds £'000	2021 EIBP £'000	2021 Money market funds £'000	2021 Total £'000
At 1 January	108	1,209	66,656	67,973	407	1,500	38,557	40,464
Additions	-	1,479	15,815	17,294	-	190	37,007	37,197
Disposals	-	(405)	(40,575)	(40,980)	(358)	(733)	(8,908)	(9,999)
Unrealised (loss)/gain on investments	(6)	(431)	-	(437)	59	252	-	311
At 31 December	102	1,852	41,896	43,850	108	1,209	66,656	67,973

The LLP

	2022 EIBP £'000	2022 Money market funds £'000	2022 Total £'000	2021 EIBP £'000	2021 Money market funds £'000	2021 Total £'000
At 1 January	223	66,656	66,879	735	33,587	34,322
Additions	127	9,949	10,076	23	37,007	37,030
Disposals	-	(40,575)	(40,575)	(600)	(3,938)	(4,538)
Unrealised (loss)/gain on investments	(50)	-	(50)	65	-	65
At 31 December	300	36,030	36,330	223	66,656	66,879

13. Creditors: amounts falling due within one year

	2022 The Group £'000	2022 The LLP £'000	2021 The Group £'000	2021 The LLP £'000
Trade creditors	757	658	1,703	1,433
VAT payable	-	-	2,664	2,740
Tax and social security	10,283	7,713	11,857	10,658
Other creditors	640	17	1,787	167
Accruals and deferred income	3,381	2,766	2,770	2,477
Derivative financial instruments	-	-	268	268
	15,061	11,154	21,049	17,743

Notes to the consolidated financial statements (continued)

14. Provisions for liabilities

	2022	2022	2021	2021
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
At 1 January	840	156	1,210	749
Movement in year	76	51	(370)	(593)
At 31 December	916	207	840	156

Provisions are recognised in relation to the EIBP which Generation runs for its employees. See Note 10 for further details.

15. Commitments under operating leases

As at December 2022 the group and LLP had commitments under non-cancellable operating leases as follows:

	2022	2022	2021	2021
	The Group £'000	The LLP £'000	The Group £'000	The LLP £'000
Not later than 1 year	2,731	1,962	2,664	1,962
Later than 1 year and not later than 5 years	8,442	5,559	10,654	7,848
Later than 5 years	-	-	526	-
	11,173	7,521	13,844	9,810

On 31 October 2011 the LLP entered into an agreement to lease office space in London. The lease expires on 31 October 2026. On 5 March 2017 Generation IM US Facilities LLC entered into an agreement to lease office space in San Francisco, USA. The lease had a commencement date of 2 October 2017 and expiration date of 1 October 2027.

16. Financial risk management

Risk management is an inherent part of Generation's business activities. The group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its principal risks. The group exercises oversight through the ROG.

The group's operations expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk, liquidity risk, operational risk, regulatory risk and capital risk.

16.1 Market risk

16.1.1 Price risk

Price risk is the risk of a change in the value of an investment. Investments in the Funds made by the group for the purposes of the EIBP are held solely as investments to fund payments to employees on the maturity of the EIBP. The group has made no commitment as to the value of the investments at pay out. Such assets are held at fair value through profit or loss.

The group invests surplus cash balances in daily liquidity money market funds with various financial institutions. The group monitors its exposure to market risk by periodically assessing the quality of the underlying investments of each fund. These assets are held at fair value (which is generally at par) through profit or loss. The group does not rely on interest from money market funds for operating purposes.

16.1.2 Interest rate risk

Interest rate risk is the risk of a change in interest rates. The group holds cash at banks and on deposit with banks and other financial institutions. Interest on these balances is based upon fixed rates and floating rates.

Notes to the consolidated financial statements (continued)

16 Financial risk management (continued)

16.1.2 Interest rate risk (continued)

The group monitors its exposure to interest rate movements and may decide to adjust balances between deposits on fixed or floating rates. The group does not rely on interest from banks for operating purposes.

16.1.3 Foreign exchange risk

Foreign exchange risk is the risk that foreign exchange rates move. The group is highly exposed to foreign exchange risk as its liabilities are in pounds sterling whilst management and performance fees are predominately calculated and received in foreign currencies.

The group monitors its exposure to currency risk and seeks to minimise its exposure to fluctuations in exchange rates by hedging against foreign currency exposures using financial derivatives as explained in Note 3.24.

16.2 Credit risk

Credit risk is the risk of counterparties to transactions not settling their debts. Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposure to clients, including outstanding receivables and committed transactions.

The group monitors exposures to all financial institutions. These exposures are subject to review by the ROG.

The group proactively manages the billing process for management and performance fees to ensure invoices are sent out on a timely basis and that the receipt of payment is also timely. The quality of clients and their ability to honour commitments is considered during the client take-on process.

During the year there have been no losses due to the non-payment of receivables previously recognised and the group does not expect any losses from the credit counterparties held as at the statement of financial position date.

16.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Prudent risk management requires the maintenance of sufficient cash balances to ensure the operational expenses of the group can be met. The group monitors rolling forecasts of the liquidity reserves on the basis of expected cash flow.

16.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the group maintains a system of policies and controls designed to provide a well-controlled operational environment, and to monitor and record any control failures. To support this monitoring process, the group prepares a report on the internal controls employed by Generation Investment Management LLP and Generation Investment Management US LLP and appoints a third party to provide assurance over the report under the International Standards of Assurance Engagements 3402 with regards to ICAEW Technical Release AAF 01/20.

16.5 Regulatory risk

Regulatory risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry which are currently subject to significant changes. The group's in-house legal counsel is focused on maintaining the legal and regulatory capabilities required to manage these risk factors including an in-house compliance team and the employment of external compliance consultants.

16.6 Capital risk

Capital risk is the risk of the group not having adequate capital to meet its operational or regulatory requirements. The group's objective when managing capital is to ensure the group meets its regulatory capital requirements and its ability to continue as a going concern.

Notes to the consolidated financial statements (continued)

17. Related party transactions

As at 31 December 2022 the LLP had an interest in the following entities:

Entity	Nature of business	registered office	Percentage of share capital
Generation Investment Management US LLP	Investment manager	USA	75.2% directly *
Generation Investment Management Services LLC	Investment activity	USA	75.2% indirectly *
Generation IM US Facilities LLC	Supplier of office services	USA	75.2% indirectly *
Generation IM Climate Solutions I (Scotland) LLP	General partner	Scotland	99.9% directly
Generation IM Climate Solutions GP Limited	General partner	Cayman	100% directly
Generation IM Climate Solutions II (Scotland) LLP	General partner	Scotland	99.9% directly
Generation IM Climate Solutions II GP Limited	General partner	Cayman	100% directly
New Leaf Investment (Scotland) LLP	General partner	Scotland	99.9% directly
Generation IM Sustainable Solutions GP III Limited	General partner	Guernsey	100% directly
Generation IM Sustainable Solutions Fund III SLP GP Limited	General partner	Guernsey	100% directly
Generation IM Sustainable Solutions GP IV Limited	General partner	Ireland	100% directly
Generation Sustainable Solutions IV SLP GP Limited	General partner	Guernsey	100% directly
GIM Falcon GP Limited	General partner	Guernsey	100% directly
Falcon General Partner LLC	General partner	USA	50% directly
GIM LTE Pelion GP Limited	General partner	Guernsey	100% directly
Generation IM LTE SLP GP Limited	General partner	Guernsey	100% directly
GIM LTE Alder GP Limited	General partner	Guernsey	100% directly
Generation IM LTE GP S.à r.l	General partner	Luxembourg	100% directly
Just Climate LLP	Investment manager	England	99.9% directly**
JC Climate Assets Fund I GP S.à r.l	General partner	Luxembourg	100% indirectly**
Generation Europe GmbH	Investment activity	Germany	100% directly
GIM (Global Equity) Investment GP II Limited	General partner	Cayman	100% directly
GIM Willow GP LLP	General partner	England	99.9% directly
GIM LTE Oak GP Limited	General partner	Guernsey	100% directly
The Generation Foundation	Registered charity	England	100% directly ***

* The LLP owns 75.2% of Generation Investment Management US LLP which in turn owns 100% of Generation Investment Management Services LLC which holds a 0.01% investment in Generation Investment Management US LLP. The US-based individual members of Generation Investment Management LLP are direct partners in Generation Investment Management US LLP in addition to being members of Generation Investment Management LLP. These individuals hold varying amounts of partnership capital in the US LLP and are entitled to allocations of profits from this partnership. As a result of this, the interests of these members in the US LLP are considered to form a non-controlling interest in the group result. These individuals own the remaining 24.8% of the subsidiary.

** The LLP owns 99.9% of Just Climate LLP ("JC LLP")which owns in turn 100% of JC Climate Assets Fund I GP S.à r.l.

*** The LLP controls 100% of The Generation Foundation, however, due to The Generation Foundation's charitable status, the LLP has severe long-term restrictions which substantially hinder the exercise of the rights of the parent over the assets. As such, The Generation Foundation has been excluded from consolidation.

Notes to the consolidated financial statements (continued)

17. Related party transactions (continued)

The group is both the smallest and largest group to consolidate the financial statements of the LLP.

The group has taken advantage of the exemption from the requirement to disclose transactions with related parties that are wholly owned within the group. All members of the LLP are considered to be related parties of the group.

The LLP is appointed as the investment manager of Generation IM Fund PLC, including its sub-funds: Generation IM Global Equity Fund and Generation IM Asia Fund. One group member is director of Generation IM Fund PLC which is a related party.

Generation Investment Management US LLP ("GIM US LLP") is appointed as the investment manager and managing member of Generation IM Global Equity Fund LLC and as the investment manager and General Partner of Generation IM Asia Fund LP. These are both related parties.

The LLP is appointed as the investment manager of Generation IM Climate Solutions Fund, L.P., Generation IM Climate Solutions Fund II, L.P., Generation IM Sustainable Solutions Fund III, L.P., Generation IM Sustainable Solutions Fund IV ILP, GIM (Global Equity) Investment II (US) LP, New Leaf Investment (Scotland) L.P., GIM (Global Equity) Investment II LP, GIM LTE Alder L.P., GIM LTE Oak L.P., Generation IM LTE SLP, L.P., Generation IM Long-term Equity Fund (EUR), SCSp, Generation IM Long-term Equity Fund (USD), SCSp, Generation IM Long-term Equity Fund (EUR II), SCSp, GIM LTE Pelion LP, and GIM Willow (Scotland) LP. As the general partners of these funds are subsidiaries of the LLP, all these entities are related parties.

The LLP is appointed as the AIFM of Just Climate CAF I (A) SCSp and Just Climate CAF I (B) SCSp. Just Climate LLP is appointed as the investment manager of these funds.

The LLP is appointed as the investment advisor of Falcon LP and GIM Marvel (Invest) L.P. These are related parties as the general partners of these funds are subsidiaries of the LLP.

The group has earned income during the year from related parties as follows:

	Total Income for year ended:		Accrued Income as at:	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Generation IM Fund PLC	57,395	164,240	11,535	30,781
Generation IM Global Equity Fund LLC	51,513	122,296	10,434	29,548
Generation IM Sustainable Solutions Fund IV ILP	23,411	-	-	-
Just Climate CAF I (A &B) SCSp	13,858	-	-	-
Generation IM Sustainable Solutions III, L.P.	10,444	10,436	-	-
Generation IM Asia Fund LP	4,171	3,587	1,421	914
Generation IM Climate Solutions Fund II, LP	2,606	2,313	-	-
Falcon General Partner LLC	2,399	2,840	606	680
Generation IM Long-term Equity Funds (EUR, EUR II & USD)	1,969	-	-	-
GIM LTE Pelion LP	1,380	1,083	-	-

The group holds investments of £0.9m (2021: £0.2m) in Generation IM Global Equity Fund, £1.0m (2021: £1.0m) in Generation IM Global Equity Fund LLC and an interest of £45,442 (2021: £29,463) in Generation IM Climate Solutions Fund, L.P. In addition, the group through JTC Employer Solutions Trustee Limited holds investments of £6.2m (2021: £8.5m) in the Generation IM Global Equity Fund. These holdings are in respect of the group's EIBP in respect of certain members and employees (see Notes 10 and 12).

Notes to the consolidated financial statements (continued)

17. Related party transactions (continued)

LLP members hold personal investments in many of the investment funds managed by the group. Some of these investments are managed free of management and performance fees.

The LLP provided investment management services for the year for a consideration of £63.7m (2021: £169.9m) to the US LLP and had a receivables balance of £4.7m (2021: £36.3m) due from the US LLP as at 31 December 2022.

GIM US LLP provided support services to JC LLP for the year for a consideration of £0.3m (2021: £0.4m), and had a receivables balance of £0.3m (2021: £0.4m) due from JC LLP as at 31 December 2022.

At year end the group also had the following receivables and payables with related parties;

		2022		2021
	Amounts owed by related parties £'000	Amounts owed to related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Generation IM Long-term Equity Fund (EUR), SCSp	1,105	-	2,137	-
Generation IM Long-term Equity Fund (USD), SCSp	278	-	787	-
Just Climate CAF I (A & B)	-	-	790	-
Generation IM Sustainable Solutions III, L.P.	32	-	156	-
Generation IM Sustainable Solutions Fund IV ILP	125	-	36	-
Generation IM Climate Solutions SLP II LP	-	-	83	-
New Leaf Investment (Scotland) LP	51	-	-	-
Falcon LP	543	-	29	-
Generation IM Climate Solutions (Scotland) L.P.	43	-	-	-
Generation IM Climate Solutions II (Scotland) L.P.	42	-	-	-

18. Information in relation to members

No.	Year ended 31 December 2022	Year ended 31 December 2021
Average number of members during the year	36	35

	£'000	£'000
Profit for the year attributable to members		
The Group	143,240	387,128
The LLP	140,439	385,710

The 2022 group profit for the year as shown above is attributable to members. There are no other forms of member remuneration such as pensions or share based payments.

The share of 2022 profit as shown above, attributable to the member with the largest entitlement is £21.8m (2021: £84.7m). Of the profit attributable to members, £88.4m (2021: £272.2m) is attributed to members of the LLP's Management Committee. This includes amounts allocated via the LLP and via the non-controlling interest.

19. Subsequent events

There were no events that required an adjustment or disclosure in these consolidated financial statements. Following the end of the year, profit allocations of £43.2m have been made to LLP members.