

Shareholder Q&A: Proposed Continuation Tender Offer

1. What has IEM announced?

On 16 January 2026, the Board announced a proposed Continuation Tender Offer, which would allow eligible shareholders to sell up to 100% of their shares in the Company at close to Net Asset Value (NAV) per share. Shareholders who wish to remain invested in the Company can do so. The Continuation Tender Offer is subject to approval by shareholders at a General Meeting to be held on 23 February 2026 and is also conditional on Saba, the Company's largest shareholder with a 20.7% interest, tendering all, or materially all, of its shares in the Company.

2. Why is the Board making this proposal?

The Board has decided to proceed with the Continuation Tender Offer because it believes that Saba does not share the Company's long-term objectives and is concerned that Saba's intention, which Saba has not dissuaded the Board of in its engagements with them, is potentially to take control of the strategic direction of the Company and/or as large a proportion of the Company's assets as possible.

In May last year, the overwhelming majority of shareholders (89.6%) voted in favour of IEM's continuation, and the Board remains unwavering in its conviction regarding the long-term growth prospects of environmental markets. It believes a recent reset at IEM has placed the Company in a strong position to deliver both financial returns and environmental impact for shareholders. However the Board also believes that realising the benefits of this renewed focus requires stability and time – conditions that are incompatible with the ongoing destabilising presence of Saba.

The Continuation Tender Offer gives Saba and other shareholders with a short-term investment horizon the opportunity to exit the Company, leaving it in a stronger, more stable position and giving remaining Shareholders the opportunity to remain invested in the Company and benefit from the long-term growth prospects of an environmental markets strategy, once Saba's destabilising influence has been removed.

3. What recent changes were made to strengthen the Company?

The Board has overseen a number of decisive changes at IEM, including sharpening the portfolio's focus on high-conviction ideas, enhancing risk management and executing a substantial share buyback programme, all of which have contributed to a significantly narrower discount to NAV. The overwhelming support for the Company in the recent continuation vote, with 89.6% of votes cast being in favour, further underscores Shareholders' confidence in the Company's direction.

4. Has the Board spoken with Saba?

The Board has sought to engage constructively with Saba, but remains concerned that Saba's intentions may be to take control of the Company's direction or assets, which could undermine the long-term sustainable investment mandate that existing shareholders chose. The Board believes that stability and time are required to realise the benefits of the Company's renewed focus—conditions incompatible with Saba's ongoing presence.

5. What are my choices as a shareholder in the Continuation Tender Offer?

The Continuation Tender Offer can only proceed if at least 75% of votes cast at the General Meeting are in favour of the special resolution to enable the Tender Offer to take place and if Saba tenders all, or materially all, of its shares in the Company. The Board therefore urges Shareholders to vote in favour of the Resolution, regardless of whether they intend to tender shares.

The Continuation Offer will give Saba and other shareholders with a short-term investment horizon the opportunity to exit Company and gives those Shareholders who choose to remain invested in the Company the opportunity to benefit from the long-term growth prospects of an environmental markets strategy.

All of the Directors intend to vote in favour of the Resolution and none of the Directors intend to tender their own Shares under the Continuation Tender Offer. The Board remains fully committed to the Company's long-term vision.

6. What if the Continuation Tender Offer does not proceed?

If Saba does not support the Tender Offer or does not tender its shares, the Board will propose a second tender offer (the Exit Tender Offer), requiring only a simple majority (over 50%) to pass and not conditional on Saba's participation.

If Saba does not participate in the Exit Tender, it is likely to become the controlling shareholder, with the ability to change the Company's investment objective or strategy. The Board does not think this would be in the interest of shareholders.

7. What action do I need to take?

The Continuation Tender Offer process involves two different Shareholder actions. Shareholders must approve the Continuation Tender Offer by passing the Resolution at the General Meeting (by at least 75 per cent of votes in favour) and separately, any Shareholder wishing to sell some or all of their Shares for cash under the Continuation Tender Offer mechanism must tender such Shares using the forms in the Offering Circular published on 26 January 2026. The Offering Circular can be found here: <https://www.iemplc.co.uk/documents/>

All shareholders are encouraged to vote in favour of the Resolution to approve the Continuation Tender Offer, regardless of whether they intend to tender shares. The published Circular includes more detail on how to complete the relevant forms.

If shareholders hold shares via a platform or share plan provider such as Hargreaves or AJ Bell, they should contact their provider directly to make arrangements as their deadlines may be earlier.

8. By when do I need to register my vote?

Detail on specific deadlines can be found in the Offering Circular published on 26 January 2026. The General Meeting will take place at 11am on 23 February and the latest time and date to vote on the Resolution via proxy forms is 11am on 19 February. The deadline for the submission of Tender Forms is 1pm on 26 February.

Shareholders should note that earlier voting and Continuation Tender Offer deadlines are likely for shareholders that hold their shares through investor platforms, and could be as early as 16 February 2026.

9. What is the Board's recommendation?

The Board's priority is to protect shareholders as a whole and to ensure that those who invested in IEM for its unique, long-term environmental markets strategy have the opportunity to continue to do so. It therefore unanimously recommends shareholders vote in favour of the Resolution at the General Meeting.

The Board makes no recommendation regarding whether shareholders should tender their shares - this depends on their individual circumstances and investment priorities, however none of the Directors intend to tender their own shares, demonstrating their confidence in the Company's future.

10. Where can I find more information or advice?

Shareholders should review the Offering Circular published on 26 January 2026 and consult their stockbroker, solicitor, accountant, or other independent financial adviser if they are unsure.