



# Sustainability-Linked Bond Framework

January 2022



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## 1. Introduction

ICG provides flexible capital solutions to help companies develop and grow. We are a global alternative asset manager with over 30 years of history, managing \$69bn of assets and investing across the capital structure. We operate across four asset classes: Structured and Private Equity, Private Debt, Real Assets and Credit.

We develop long-term relationships with our business partners to deliver value for shareholders, clients and employees, and use our position of influence to benefit the environment and society. We are committed to being a net-zero asset manager across our operations and relevant investments by 2040.



<sup>1</sup> As of 30 September 2021

## ICG’s approach to Sustainability

Our approach to sustainability focusses on three strategic areas:

- Systematically integrate environmental, social and governance (ESG) considerations into all investment activities;
- Communicate transparently with stakeholders; and,
- Ensure corporate behaviour models strong ESG practice.

Please refer to ICG’s latest Sustainability and People Report<sup>1</sup> for further information.

## Integrating ESG into our Investment Strategies

As an asset manager and an institutional investor, ICG recognizes that Environmental, Social and Governance (‘ESG’) issues can be an important driver of investment value, and a source of

<sup>1</sup> <https://www.icgam.com/society/environmental-social-and-governance/sustainability-and-people-report-2022>

investment risk. ICG believes that by identifying and assessing ESG issues as part of our investment process, and by ensuring that these issues are properly managed over the lifetime of our investments, ICG can help to create more successful and sustainable businesses over the long-term and generate enhanced value for our clients. We also believe that, through encouraging responsible and sustainable business practices in our investment strategies and in the companies in which we invest, we can both enhance our investment performance and contribute to building a more stable, sustainable society and a more inclusive global economy.

ICG's ESG priorities (outlined hereafter) reflect our key ESG areas of focus and illustrate some of the material ESG topics that may be considered during our ESG due diligence and monitoring process. This is used as a tool when engaging directly with portfolio companies where we have significant influence, and is also used to define our firm-level ESG priorities.



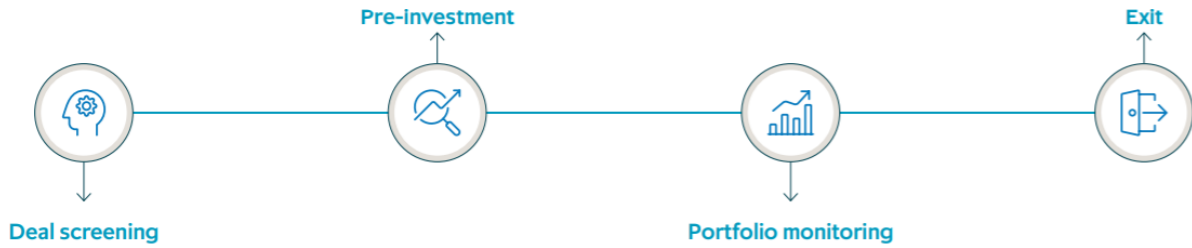
ICG has a long-standing commitment to Responsible Investing (RI) supported by active contribution to key industry initiatives. The RI timeline below illustrates our journey and the progress we have made so far.

Since 2013, ICG has been a signatory to the United Nations-sponsored Principles for Responsible Investment<sup>2</sup> (PRI) and is committed to the PRI's six principles. In 2020, we became a founding signatory and active member of the UK network of the Initiative Climate International (iCI), a group of investors that collectively commit to action on climate change. As a signatory, ICG commits to reducing the carbon emission intensity of private equity-backed companies and securing sustainable investment performance by recognizing and incorporating the materiality of climate risk. ICG has also joined the Global Impact Investment Network (GIIN).

<sup>2</sup> <https://www.unpri.org/>



Our [Responsible Investing Policy](#) provides the overarching charter for our approach to responsible investment and covers 100% of the Group's assets under management. For each investment strategy, we analyse ESG issues at every stage of the investment process from screening, through due diligence, closing and monitoring to eventual exit. Each ICG investment strategy implements the relevant ESG considerations, depending on the nature of the strategy and the level of influence over and access to management.



Exclusion list	Due diligence	Engagement	Divestment
<ul style="list-style-type: none"> <li>Arms and munitions</li> <li>Tobacco</li> <li>Forced and child labour</li> <li>Coal, oil and gas</li> </ul>	<ul style="list-style-type: none"> <li>ESG due diligence findings included in all investment proposals</li> <li>Climate risk screening</li> </ul>	<ul style="list-style-type: none"> <li>Annual ESG survey completed by portfolio companies</li> <li>Investment teams engage regularly with portfolio companies/GPs</li> </ul>	<ul style="list-style-type: none"> <li>Preparation for exit and visibility for potential buyers</li> </ul>
<b>All strategies</b> <ul style="list-style-type: none"> <li>ESG Screening checklist</li> <li>Sector and industry ESG risk identifiers aligned with SASB: <ul style="list-style-type: none"> <li>Climate risk</li> <li>Bribery and corruption</li> <li>Reputational risk</li> <li>Corporate governance</li> </ul> </li> </ul>	<b>Strategies with greater influence in the capital structure</b> <ul style="list-style-type: none"> <li>Third-party expert ESG due diligence typically conducted as standard</li> </ul>	<b>Strategies with greater influence in the capital structure</b> <ul style="list-style-type: none"> <li>Raise issues to portfolio company boards</li> <li>Establish bespoke ESG KPIs for portfolio companies</li> <li>Implementation of ESG action plans and targets for portfolio company boards</li> <li>Establish climate change and energy-focused KPIs and targets</li> <li>Carbon footprinting of portfolio companies</li> </ul>	<b>Strategies with greater influence in the capital structure</b> <ul style="list-style-type: none"> <li>Conduct sell-side ESG due diligence prior to exit to include climate risk assessment and review of performance</li> </ul>
<b>ESG Tools</b> <ul style="list-style-type: none"> <li>RepRisk screening and monitor</li> </ul>	<ul style="list-style-type: none"> <li>Climate risk assessment incorporated as standard where external ESG due diligence is conducted</li> </ul>	<ul style="list-style-type: none"> <li>Establish climate change and energy-focused KPIs and targets</li> <li>Carbon footprinting of assets</li> </ul>	

In situations where ICG does have significant influence and access to management, there are a number of other ways we help portfolio companies focus on ESG issues, including:

- We discuss with management or controlling private equity sponsors the ESG issues that are relevant to the business or that may be relevant in the future;
- We ask investee companies to disclose to us how they manage ESG issues on a day-to-day basis, and how they take account of ESG issues in their business planning and strategy;
- We monitor ESG risks through our Annual ESG Survey and react to findings;
- We add ESG to the agenda of board meetings on a regular basis; and,
- We collaborate with management to set company specific ESG targets and KPIs, which we monitor and track annually.

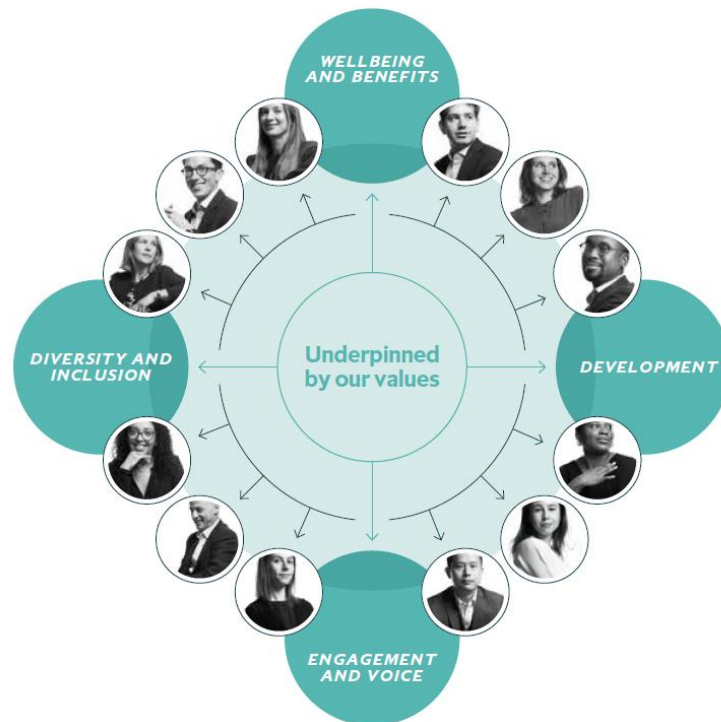
## Corporate ESG practices

### People and culture

Our people are the most important strategic driver of our success as a business. They are involved in every stage of what we do, and our company requires their skills, expertise and experience. Our long-

term success depends on our ability to attract, retain and develop the best talent and on ensuring that we provide the optimum support at every step of their journey with us.

Our efforts focus on four areas:



### Diversity and Inclusion

Our global Diversity & Inclusion (D&I) strategy seeks to enhance diversity and foster an inclusive environment in which each individual is motivated to fulfil their potential and contribute to our business goals. We see these efforts as instrumental to enhancing our brand as an employer, boosting inclusivity and attracting and retaining top tier talent. Our D&I strategy is focused on three areas:

1. Being an employer of choice;
2. Enhancing inclusivity; and,
3. Building a diverse pool of future talent.

For further details see our dedicated [webpage](#).

### Supporting employee development

We provide our people with varied training and learning opportunities. This includes on-the-job learning to develop key skills, knowledge and experiences; social learning, through formal and informal mentoring, coaching and internal and external networks. We also support more formal learning, with our people completing qualifications, training, workshops and seminars.

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We have a number of programmes in place at various levels of the organisation. These include: Successful Promotion Programme; Executive Coaching; Women's Development Programme; Leading for Impact, and a programme to develop management capability.

Our Learning Management System provides structured training, information and support to progress employees' expertise and skills. As part of this, our employees have access to the LinkedIn online learning platform with nearly 9,000 courses.

### Wellbeing and benefits

Our Wellbeing strategy focuses on the physical, mental and financial wellbeing and adapts to ensure that our people feel supported wherever they are based. In 2021 we launched a Wellbeing Survey to obtain feedback to help shape the programme for the months ahead. Wellbeing Champions were introduced globally to support our people by championing and promoting health and wellness campaigns and initiatives in every office.

Our Global Benefits Framework, known as ICG Benefits, is centered across 3 key attributes:

1. Wellbeing: Supporting our employees' mental, physical and financial wellbeing as well as lifestyle needs;
2. Inclusivity: Fit for purpose and competitive, no matter who or where our employees are; and
3. Longevity: Long term and sustainable in design, not just for today but for the future.

### Engagement and voice

Effective two-way communication with our employees is essential to build and maintain engagement. Our employee engagement informs us about where we are doing well and where further development should be considered and applied. We run a group-wide employee engagement survey every two years, taking on board nuanced feedback on how we can improve even further on communicating effectively and enabling individual performance.

ICG is committed to promoting a 'speak up' culture where staff feel they can raise concerns without fear of retaliation and in the knowledge that the matters they report will be taken seriously. Our Speak Up policy outlines how staff may report a concern through both internal channels (including to a Non-Executive Director) and external routes. All employees globally have access to a 24/7 anonymous and confidential service for making a report, operated by an independent third-party, EthicsPoint, whose contact details are available on the ICG intranet.



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## Corporate governance and business ethics

ICG is committed to implementing robust controls and high standards of business ethics across all our operations and investments. We operate a framework of internal policies and procedures related to:

- Risk Management
- Cybersecurity
- Anti-bribery and corruption
- Anti-money laundering
- Confidentiality of information
- Conflicts of interest
- Antitrust and competitive behaviour
- Human rights and modern slavery
- Tax
- Supplier management

## Communicating transparently with stakeholders

The ICG Board considers the following stakeholder groups as being key to our business, and we seek to understand their interests and expectations, which are then factored into our decisions. We do this through various methods, including direct engagement, participation in industry initiatives and consultations, and reporting.



For more details on the topics of importance to our stakeholders, our engagement process and the outcomes of our engagement, see p.24-27 of the ICG [Annual Report and Accounts 2021](#).

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ICG has been publishing an annual Sustainability Report (previously ESG Report) since 2013. ICG's latest Sustainability and People Report is available on our website<sup>3</sup>. We participate annually in the PRI Assessment and are pleased to have achieved the highest, 'A+' score in the Strategy & Governance and Private Equity Module, and an 'A' score in the Fixed Income module (our latest report can be accessed publicly on the PRI website<sup>4</sup>).

The Group supports the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) and have been incorporating our response to the recommendations into our annual financial filings since 2019. ICG also measures, secures independent verification of, and publishes its Scope 1 and 2 greenhouse gas emissions annually. We also participate on an annual basis in the CDP Climate Change assessment programme, which provides a framework encouraging companies to measure, manage and disclose their greenhouse gas emissions with the ultimate aim of enabling their reduction. We were pleased to receive an 'A-' score for our disclosure in 2020.

In 2020, ICG was also reconfirmed as a constituent of the FTSE4Good index, which is designed to measure the performance of companies demonstrating strong ESG practices and is useful not only as a benchmarking tool but also for reference and research purposes.

## ESG risk management

ESG risks cover a broad agenda that has the potential to impact the Group. ESG risks are evolving from emerging risks to foundational factors that must be considered by the Group across our core risk areas. The Group has a long-standing commitment to ESG and our approach, aided by regulatory initiatives, continues to advance. Integrating ESG risk factors into our Risk Management Framework is necessary for an improved understanding of the context in which the Group operates and a greater ability to respond to the needs of our clients and the wider community. In particular, given the long-term and persistent nature of climate risk, we are committed to aligning our reporting and disclosures with the TCFD recommendations. However, ESG expectations and standards are still evolving. The necessary convergence of regulations and standards may present implementation challenges for the Group's business strategies, processes and internal governance requiring enhanced experience in regulatory transition to ensure seamless adherence and minimal disruption to operations.

Funds managed by the Group invest in a range of asset classes, which differ in size, geographical location and industry sector. We monitor and manage these assets depending on the fund's investment horizon, risk profile and asset concentration. We analyze ESG issues, including climate change, at each stage of the investment process from screening, through due diligence, closing, monitoring and eventual exit.

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<sup>3</sup> <https://www.icgam.com/society/environmental-social-and-governance/sustainability-and-people-report-2022>

<sup>4</sup> <https://www.unpri.org/>

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Each investment strategy implements the ESG considerations relevant to it, which depend on the nature of the strategy and the level of access to, and influence over, portfolio company management.

As a Group, our own operations are not exposed to material environmental risks since our global footprint operates from leased offices. We have a comprehensive risk governance framework and compliance processes and procedures to ensure that all risks, including ESG risks, are monitored and managed and that the Group is fully compliant with all applicable environmental legislation.

Climate change poses a significant threat not only to the global economy but to society as a whole, and this presents both risks and opportunities for investments over the short and long term. As such, we recognize that the financial impacts from climate-related issues are most likely to materialize through our investment decisions. As set out in the Risk Management section of our 2021 Annual Report<sup>5</sup>, we have developed processes to support us in understanding where climate-related risk may be realized, and to support our engagement with investees. We recognize that the low-carbon economy transition represents a potential investment opportunity, and that transitioning to a more sustainable economy will require innovative strategies. We have considered climate-related opportunities in the development of new strategies, including when developing our new Sale and Leaseback and Infrastructure Equity investment strategies.

## **ICG's commitment to net-zero and validated Science-Based Target**

We recognise that we can help combat climate change through the financial products we bring to market, the investment decisions we take, and the focused engagement with our portfolio companies and peers in our industry. That is why we announced<sup>6</sup> on 8 November 2021 our commitment to reach net zero greenhouse gas emissions across all operations and investments by 2040. This is in line with global efforts to limit warming to 1.5°C by 2050, or sooner. Furthermore, our net-zero commitment is supported by two ambitious emissions reduction targets by 2030, which have been approved and validated by the Science-Based Targets initiative (SBTi)<sup>7</sup>.

Climate risk poses a significant threat to a wide range of sectors and, by extension, to the financial services industry and financial stability. We recognise this, and over the past couple of years we have re-doubled our efforts to focus on understanding, assessing and addressing climate risk across our investment strategies. As part of these efforts, we have bolstered the integration of climate change considerations into our RI approach at each stage of the investment process.

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<sup>5</sup> <https://www.icgam.com/shareholders/annual-report-2021>

<sup>6</sup> [www.icgam.com/newsroom/2021/08-11-2021](http://www.icgam.com/newsroom/2021/08-11-2021)

<sup>7</sup> <https://sciencebasedtargets.org/news/six-private-equity-firms-representing-133-bn-aum-combat-climate-change-with-ambitious-science-based-targets>

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This began in 2019, when we started a climate scenario analysis of the existing portfolio across all key strategies, working closely with an expert consultant. This involved an initial high-level screening of over 700 holdings to identify those with higher exposure to climate-related risks in accordance with the TCFD guidance. This culminated in a scenario analysis exercise for 35 portfolio companies based on 20 scenario indicators, and a heatmap to highlight the exposure of each company to:

- a) Physical risks, including drought and water stress, cyclone impacts, extreme temperature, flooding and wildfires (up to 2050); and,
- b) Transition risk, at intervals of every 5 years from 2020 to 2040.

The findings of the analysis have significantly contributed to the development of our comprehensive Climate Risk Assessment Tool (see below) and helped us to revise our Climate Policy and extend our Exclusion List, to include coal, oil and gas. It also gave us a good opportunity engage with portfolio companies where we had access to management, by sharing the assessment results and discussing potential next steps.

For each potential investment opportunity, we assess its exposure to material climate-related risks through a proprietary Climate Risk Assessment tool by incorporating industry sub-sector, transition and physical risk parameters. The tool utilises various data sources, including TCFD, SASB, ThinkHazard, Climate Change Performance Index and the World Bank Carbon Pricing Dashboard. Each investment opportunity receives a climate risk rating. For opportunities identified as having a higher exposure to climate related risks, additional analysis must be completed, and where applicable climate risk assessment is incorporated as standard in external ESG due diligence. Given the potentially significant impact of climate risk on prospective investments, the findings of the assessment are carefully considered by the Investment Committee before making an investment decision.

Post-investment, we continue to monitor the exposure of each investment to climate risks and opportunities and, where relevant, we include climate risk as part of our sell-side ESG due diligence process. Engagement with portfolio companies on climate risks and opportunities is a vital part of our ESG integration approach, especially in strategies in which we have the ability to influence climate policy through our investment and engagement activities. In such cases, we have been working with management teams to:

- Ensure effective oversight of climate risks and opportunities;
- Assess greenhouse gas (GHG) emissions;
- Promote energy efficiency measures and the development of onsite renewable energy and transition to low carbon solutions, such as electric vehicle fleets; and,
- Set climate change and/or energy efficiency targets in line with the goals of the Paris Agreement.

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In 2020, we undertook a carbon footprint analysis of two of our funds: Europe Fund VII and the Infrastructure Equity Fund. These ‘financed emissions’ have been incorporated into our overall emissions reporting, which already included our organizational greenhouse gas emissions.

In addition to our own efforts, we believe industry collaboration is vital. The launch of the UK network of the Initiative Climate International (iCI) – a collective commitment to quantify and reduce the carbon emissions of private equity-backed companies – was strongly supported from inception by ICG. In partnership with a handful of our peers in the private equity industry and the PRI (Principles for Responsible Investment) Association, we successfully launched this initiative in July 2020. As a member of the UK operational committee, ICG works with others to set the iCI UK agenda, which include key priorities such as supporting the establishment of science-based targets (SBTs) and improved carbon reporting. ICG is an active member of several iCI working groups, including carbon footprinting, regulatory, and the science-based targets working group. The latter is actively engaging with the Science-Based Targets initiative (SBTi) to develop specific guidance to support the private debt and equity industry to set SBTs. SBTs are a vital tool in efforts to decarbonise investment portfolios and support the transition to a low-carbon economy.

We have made a strong progress over the last couple of years. We were part of a group of six private equity firms to have their 1.5°C science-based targets validated by the SBTi as part of an industry working group, and as such we aim to lead the decarbonization effort within the sector by shifting our engagement strategies to prioritize sustainability and low-emissions practices. We are prepared to do our part while we continue to deliver on our ambitious growth plans.

**Our approved and validated SBTs are:**

- Ensure 100% of relevant investments<sup>8</sup> have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026; and,
- Reduce ICG’s direct (Scope 1 and 2) emissions by 80% by 2030, from a 2020 base year.

We will systematically monitor progress and will report annually against our targets in our Annual Report and on our website. Over the coming years, relevant investments in more recently-launched strategies will also be included in the targets. ICG’s enhanced Sustainability and People Report<sup>9</sup>, published in January 2022, contains further details of our net-zero commitments and how they will be implemented.

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<sup>8</sup> Relevant investments include all investments within Structured and Private Equity and Real Assets Equity, where ICG has sufficient influence.

<sup>9</sup> <https://www.icgam.com/society/environmental-social-and-governance/sustainability-and-people-report-2022>

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## Rationale for issuance

Since 2020, we have started integrating our sustainability priorities and addressing global environmental and social challenges in our financing solutions with the establishment of three ESG-linked facilities.

Through establishment of this Framework to facilitate the issuance of Sustainability-Linked Bonds (SLBs), we are continuing this journey, with the aim to further use the power of our company to help respond to global environmental and social challenges.

We hope the establishment of this Framework and opportunity to issue Sustainability-Linked Bonds will inspire other companies in our sector to do the same.

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## 2. Alignment with the Sustainability-Linked Bond Principles 2020

The Sustainability-Linked Bond Principles<sup>10</sup> (SLBP), as administered by the International Capital Market Association (ICMA), are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market, by clarifying the recommended approach for issuance of an SLB. Our Sustainability-Linked Bond Framework is aligned with the five core components of the SLBP:



1. Selection of Key Performance Indicator (KPI)
2. Calibration of Sustainability Performance Target (SPT)
3. Sustainability-Linked Bond Characteristics
4. Reporting
5. Verification

Sustainability-Linked Bonds are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives. In that sense, issuers are thereby committing explicitly (including in bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline, that are relevant, core and material to their overall business. SLBs are forward-looking performance-based instruments. The proceeds of SLBs are intended to be used for general purposes.

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<sup>10</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

## Selection of KPI

<b>Key Performance Indicator (KPI):</b>	ICG's % SBT Coverage that have set a science-based target, validated by the SBTi (measured as a %) <sup>11</sup>
<b>Rationale:</b>	<p>ICG is committed to achieving net zero GHG emissions by 2040. This is in line with global efforts to limit warming to 1.5°C by 2050, or sooner.</p> <p>ICG's ambition is to establish science-based targets in all relevant asset classes (Structured and Private Equity and Real Assets) by 2030 from a 2021 baseline year.</p> <p>ICG's portfolio target covers 100% of strategies where ICG has influence over portfolio companies; by assets under management, as of 30 June 2021.</p>
<b>Baseline Year:</b>	2021
<b>Relevant Methodology and Benchmark Reference:</b>	<p>Science-based Targets initiative (SBTi)<sup>12</sup></p> <p>The calculation of the share of relevant direct investments that have set an SBTi-validated science-based target will be based on those portfolio companies where the ICG investment was made within the two-year period prior to the Sustainability Performance Target Observation Date.<sup>13</sup></p>
<b>Relevant SDGs<sup>14</sup>:</b>	 

<sup>11</sup> % SBT Coverage has the meaning given to in the Private Equity Sector Science-Based Target Guidance (Version 1.0) published by SBTi on 8 November 2021 on its website.

<sup>12</sup> To enable a wide adoption of science-based targets by private equity investors, the Science-Based Targets initiative (SBTi) has released tailored guidance, written in partnership with Anthesis and supported by the UN PRI and signatories of Initiative Climate International: <https://sciencebasedtargets.org/news/six-private-equity-firms-representing-133-bn-aum-combat-climate-change-with-ambitious-science-based-targets>.

<sup>13</sup> In the event that a Relevant Portfolio Company has submitted its GHG Emission Reduction Target to SBTi for approval but has not received a response from SBTi by the Sustainability Performance Target Observation Date, then ICG may at its sole and absolute discretion and acting in good faith, request an Assurance Provider to issue a certification or opinion that the GHG Emission Reduction Target of such Relevant Portfolio Company meets the relevant SBTi Guidance as of the Sustainability Performance Target Observation Date.

<sup>14</sup> <https://sdgs.un.org/goals>



## Calibration of Sustainability Performance Target (SPT)

**Sustainability Performance Target:** % SBT Coverage of 50% by 31/12/2027

**Sustainability Performance Target Trigger:** Following completion of an independent limited assurance process on KPI data for the relevant period, a failure to meet the specified SPT by 31/12/2027

**Sustainability Performance Target Observation Date:** 31/12/2027

**2021 Baseline:** 0%

### Factors that support the achievement of the target:

ICG has implemented its approach to sustainability to support the achievement of our target and to embark on a pathway to net zero GHG emissions by 2040. This approach focusses on three strategic areas which will be key levers in driving change across our investments:

- ✓ Systematically integrate environmental, social and governance (ESG) considerations into all investment activities
- ✓ Communicate transparently with stakeholders
- ✓ Ensure corporate behavior models strong ESG practice

In the past, we have already demonstrated our commitments through working with our management teams to:

- ✓ Ensure effective oversight of climate risks and opportunities,
- ✓ Assess greenhouse gas (GHG) emissions,
- ✓ Promote energy efficiency measures and the development of onsite renewable energy and transition to low carbon solutions, such as electric vehicle fleets, and
- ✓ Set climate change and/or energy efficiency targets in line with the Goals of the Paris Agreement.

As we look to future-proof our business, ICG is constantly looking to develop its strategy and approach to ESG integration across its investment portfolio. As a first-mover in the industry, and having worked closely with SBTi on the elaboration of the guidance for the PE sector, we intend to maintain our leadership position by ensuring that our portfolio companies (where we have influence) establish appropriate GHG reduction targets.

### Risks to the achievement of the target:

- Failure to successfully engage portfolio company management to secure the required commitments;
- Lack of sufficient resources within portfolio companies to develop and establish targets;
- Lack of SBTi capacity to validate the targets submitted by portfolio companies;<sup>8</sup> and,
- Inability to collect required data and/or secure limited assurance over performance against selected KPI

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## Sustainability-Linked Bond Characteristics

The financial characteristics of any security issued under this Framework, including a description of the selected KPI, SPT and relevant coupon adjustment margin amount, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB).

For any bonds issued under this Framework, there will be potential for a Trigger Event impacting the financial characteristics of the security. The occurrence of a Trigger Event will result in a coupon step-up, accruing from the date specified in the relevant bond documentation. The relevant timing of the potential coupon step-up will also be specified in the bond documentation.

A coupon adjustment such as a coupon step-up shall be triggered if the KPI has not achieved the SPT on the Sustainability Performance Target Observation Date.

The Company will appoint an external verifier (being an assurance firm or auditor) to verify the SPT, and will notify holders of the bonds of the satisfaction of the SPT, or that the Trigger Event has occurred.

Our calculation of the performance against the relevant KPI or SPT may exclude the effects of certain material acquisitions and/or material changes in laws or regulations applicable or relating to our activities, material changes to the relevant SBTi methodology, or impacts relating to any inability of the SBTi organisation to deliver validation of submitted targets as anticipated, in each case to be set forth, as applicable, in further detail in the terms and conditions of each of our Sustainability-Linked Bonds.

## Reporting

Annually, and in the case of any date/period relevant for assessing the trigger of the performance against the SPT, leading to a potential coupon adjustment to our Sustainability-Linked Bond financial characteristics, ICG will publish and keep readily available on our website, a Sustainability-Linked Bond update included within our Sustainability Annual Report including:

- Up-to-date information on the company's performance against the selected KPI, including the baseline where relevant; and,
- Any relevant information enabling investors to monitor the progress of the company against the SPT.

Information provided may also include the following where appropriate and feasible:

- Qualitative or quantitative explanation of the contribution of the main factors contributing to the evolution of the performance against the selected KPI on an annual basis; and,
- Any re-assessments of the KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

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## Verification

Annually, and in the case of any date/period relevant for assessing the performance against the SPT, in considering a potential coupon adjustment to any Sustainability-Linked Bond, ICG will seek independent external verification (limited assurance<sup>15</sup>) on our performance level against the SPT for the selected KPI by a qualified external provider of such independent verification services. The output of the verification process will be made publicly available on our website.

## External Review

A Second Party Opinion (SPO) on this Sustainability-Linked Bond Framework has been provided by Sustainalytics. This Opinion will be made available on our website, and/or via the Sustainalytics website<sup>16</sup>.

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<sup>15</sup> <https://www.icaew.com/technical/audit-and-assurance/assurance/process/scoping/assurance-decision/limited-assurance-vs-reasonable-assurance>

<sup>16</sup> <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects>

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