# Resilience in a challenging year

**Lord Davies of Abersoch, Chairman**
During the uncertainty of the Covid-19 pandemic, good corporate governance has provided direction to the Group and enabled it to adapt to a new way of working

## Dear Shareholders

Your Board continues to maintain high standards of corporate governance to ensure we operate in the interests of all our stakeholders. Upholding of these standards is vital as our business continues to grow and develop.

The work of the Board during the year is set out in detail overleaf. The challenges and the effects of the Covid-19 pandemic have inevitably been a key part of the Board's agenda during the year, and we were proactive in adjusting our governance arrangements to deal with these matters and ensure appropriate oversight.
In the early part of the financial year, and in light of the fast-evolving situation across the globe, the Board increased its schedule of regular and ad hoc engagement. Meetings became virtual and focused on material developments, with the Board and the Risk Committee receiving detailed reports in respect of the Group's operational performance and the steps being taken to ensure that risks were being appropriately identified and managed, and assurance that the audit of the Group could be completed in an effective and timely manner. The Board and management worked closely through unprecedented times, sought detailed external advice and maintained regular communication. Our subsequent review concluded that this cohesion helped the Group rise to the challenge of an extraordinary year.

At the onset of the pandemic, there were some questions about whether ESG would take a back seat as the world faced immediate danger. I am pleased to see that the opposite has happened, and that ESG has become ever more prominent in how businesses think about what they do and why they do it. Your Board believes that the Group should be a responsible participant in society and seeks to direct our strategy in the light of this. ESG considerations are a crucial part of the Board agenda, and during the year we have received detailed reports from the Responsible Investment Officer, and have had external governance and ESG specialists present to the Board. We have recently appointed Stephen Welton as the NED responsible for ESG matters; he will liaise with management on a regular basis and ESG matters will be formally reviewed by the Board regularly.

I believe we are fortunate that our Board has a diverse membership of gender, ethnicity and background, and this contributes to broad and wide-ranging discussions and solutions. I am focused on maintaining and enhancing this diversity, as well as ensuring long-term succession planning. During the year we appointed two new Non-Executive Directors: Rosemary Leith, who joined on 1 February 2021, and Matthew Lester, who joined on 1 April 2021. We also appointed Antje Hensel-Roth to the Executive Committee as Chief People and External Affairs Officer. All three appointments bring significant experience to the Board from a range of backgrounds, and I am delighted to have their contributions to our deliberations.

Throughout the year, the Board and its Committees carefully considered the requirements of the revised Corporate Governance Code. We complied with those requirements for the year ending 31 March 2021. We also recognise the importance of our wider stakeholders in delivering our strategy and business sustainability. We are conscious of our responsibilities and duties to our stakeholders as part of our duty under section 172 of the Companies Act 2006. The impacts of our decisions on different stakeholder groups are uppermost in our minds when discussing issues at Board meetings.

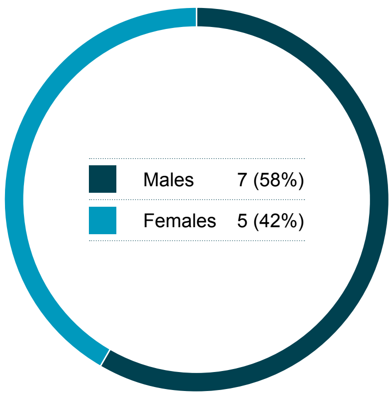
As I said in my introductory letter to this Annual Report, I believe that society faces substantial economic and social challenges in the years ahead. ICG has a history of over 30 years and it is the Board's duty to look not only to the financial year ending 31 March 2022, but to the years beyond and to ensure that your Group is positioned to succeed and thrive. Purpose and culture, which drive the value we create for our stakeholders, and which are underpinned and reinforced by effective corporate governance, are at the heart of that long-term focus and will remain a vital part of the Board's agenda.

On a personal level, I am grateful for the support we have had from our stakeholders throughout the year, and look forward to continuing our constructive dialogue.

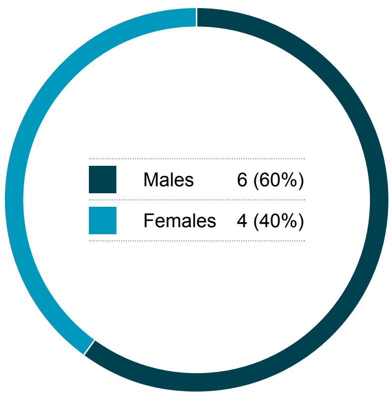
**Lord Davies of Abersoch**
Chairman

8 June 2021

## 2021: Board diversity by gender




## 2020: Board diversity by gender




Details of Director skills are set out on page 86.

# The Board's Year

The work of the Board during the year was conducted through ten formal meetings increased from the usual six due to the circumstances of the Covid-19 pandemic and regular informal engagement with executive management. The activity at formal meetings was reflective of a number of themes.

### Strategy, new products and markets

At each meeting, the Board received a detailed update from executive management in respect of the overall markets and the macroeconomic situation, progress by the Group in respect of fundraising, business development, deployment and realisations. The effect of the Covid-19 pandemic on the Group's portfolio and investment pipeline was a particular area of focus and was discussed in detail at each meeting; in addition, a series of ad hoc meetings were held between April and June 2020 to ensure that the Board was kept up to date on the impact of the pandemic on these matters. These ad hoc meetings also sought views from external advisers to ensure that the stakeholder perceptions of the Group were being considered. The Board also received four detailed presentations from portfolio managers during the year in respect of the performance of and outlook for key investment strategies; this was part of the ongoing oversight programme of investment areas and was not solely related to the pandemic. The presentations included detailed reviews of established business areas such as the Senior Debt Partners strategy and Capital Markets Investments, as well as consideration of new areas such as US Private Equity and Life Sciences.

### Financial performance, outlook and capital

Progress against the Group's Board-approved budget and the market-consensus view of our financials was a topic on each Board agenda, and was discussed in detail by the CFOO in his formal updates to each meeting. The budget for the financial year ended 31 March 2022 was also reviewed and challenged by the Board during the year, and ultimately approved after discussion. The Board was also responsible for reviewing the recommendations of the Audit Committee as to reporting financial results at full year and half year, and as to final and interim dividends, and approving these after appropriate challenge. The balance sheet capital position was also kept under review during the year in a series of presentations by the CFOO and the Group's Treasurer, culminating in a process whereby the Group's facility agreement was renewed with a new panel of banks (including a metric whereby the applicable interest rate can be reduced if the Group meets certain agreed ESG targets).

### Operations, risk management and systems

The Board continued to demonstrate a strong oversight of the Group's operating platform during the year, receiving regular updates on how the corporate functions of the Group are adapting to support the continued growth of the business. The Board regularly discussed the importance of scalability as the Group continues to grow over the long term, and received detailed reports on the investments made in the Group's operational capacity, technology and resources, and the enhancements effected across a number of areas. The Board also reviewed and approved key compliance policies, and oversaw the transition planning for both the Company's move of head office and a bespoke return-to-work plan prepared to take account of Covid-19 restrictions.

## Management and leadership

The Board values a culture of transparency and challenge, and as such placed considerable emphasis on considering the external board evaluation conducted during the first half of 2020. The outcome of that evaluation was discussed in full at the start of the year with actions being set, with a follow-up discussion being held six months later to discuss progress against those actions and a further internally-led assessment being reported on by the Chairman at the end of the financial year. The Board also recognises the importance of long-term succession planning, and conducted focused discussions in the year in respect of such for NEDs as well as a number of members of senior management.

## Stakeholders and shareholders

A continual theme in the Board's discussions during the year was the increasing importance of the Group considering its obligations to stakeholders, the environment and society as a whole. This culminated in the appointment of Stephen Welton as the NED with responsibility for ESG matters; he will work with executive management of the Group and the Board will receive formal presentations on ESG matters twice a year, building on the presentation already received during the year from the Head of Responsible Investment.

The Board also sought external views during the year. The results of a Shareholder Perception Survey conducted by Teneo were presented to the Board for information, which noted in particular the increasing importance of ESG considerations amongst the shareholders, and the Board was provided with a presentation by Robey Warshaw, a corporate finance and advisory business, concerning the Company's general performance, engagement with shareholders and corporate messaging. Input was also received from Sacha Sadan, former Director of Corporate Governance of LGIM, on areas of shareholder focus (including but not limited to ESG matters). The Board also regularly received input from shareholders, with the Head of Investor Relations providing updates to each regular meeting and the Company Secretary providing a summary of governance-related input received from shareholders at the time of the Group's AGM. During the year, the Board also oversaw the appointment process in respect of the Group's corporate brokers to provide insight into shareholder matters, leading to the appointment of Citi and the reappointment of Numis.

### Culture and values

The Board continued to provide important oversight and leadership in respect of the Group's culture and values. During the year, the Board conducted a formal review of the Group's progress in relation to diversity and inclusiveness. The ongoing work of the recently refreshed Diversity and Inclusiveness Champions group was reported on, and the Board provided their insight from experience in other sectors or companies. The Board was also regularly updated on the Group's philanthropy programme and the deployment of the charitable budget, with Andrew Sykes continuing his historic input as the NED who had led the Charity Working Group since its establishment in 2019. Amy Schioldager, in her role as the designated NED for employee engagement, also provided reports on her engagement activities with employees and her reflections on the culture of the Group.

### Employee-related matters

Both the circumstances of the Covid-19 pandemic and the ongoing desire to recruit and develop the best talent meant that employee matters continued to be a top priority for the Board during the year. Each Board meeting received a full update from the Chief People and External Affairs Officer about all relevant matters in respect of our workforce. While this included regular updates on matters such as training and development, workforce diversity and succession planning, a key area throughout the year related to workforce wellbeing, with the Board being continually updated on this area and offering insight on how the Group could continue to best support its employees during an extended period of remote working.

### Recurring matters

The Board also reviewed and/or approved a number of other standing matters, including reviewing the Terms of Reference of the Board and its Committees, compliance with Terms of Reference on an ongoing basis, the recommendation for re-election of all Directors, the renewal of the Group's insurance policies, the Notice of Annual General Meeting, outside interests of Directors, reviewing fees of all NEDs (excluding the Chairman) and checking the shareholdings of senior executive employees are in line with the internal shareholding policy.

# Broad and diverse experience

Lord Davies of Abersoch

Benoît Durteste

Vijay Bharadia

Antje Hensel-Roth

Rosemary Leith

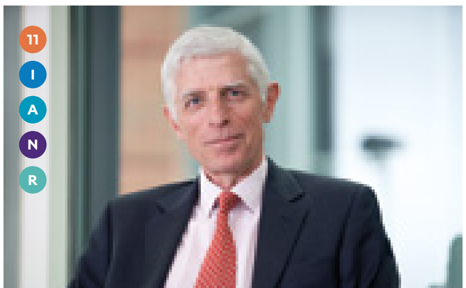
Matthew Lester

Virginia Holmes

Michael 'Rusty' Nelligan

Kathryn Purves

Amy Schioldager



Andrew Sykes

Stephen Welton

### Board Committees

| | |
|---|---|
| A Audit | R Remuneration |
| I Independent | Ri Risk |
| N Nominations and Governance | Committee Chair |

## 1 Lord Davies of Abersoch

### Chairman

Joined Board: 2019 (Chairman since 2019)

Lord Davies has extensive experience as an Executive and a Non-Executive Director in the financial services sector. In addition, he has wide-ranging governance experience, having served on the boards of a number of significant companies, charities and other bodies across various jurisdictions as well as having been the Minister for Trade, Investment and Small Business for the UK Government.

### Other Directorships

Corsair Capital LLC, LetterOne SA, World Rugby Executive Committee Member, Lawn Tennis Association Ltd and Glyndebourne Productions Limited.

## 2 Benoît Durteste

### Chief Executive Officer and Chief Investment Officer

Joined Board: 2012 (Chief Executive Officer since 2017)

Benoît Durteste has been ICG's Chief Executive Officer and Chief Investment Officer since 2017. He is an experienced investor with a strong understanding of the markets in which the Group operates. During his time on the Board he has been a strong contributor to the Group's strategic development, including leading its European investment business. He contributes a thorough understanding of financial markets and the Group's investment portfolio to Board proceedings. Benoît joined ICG in September 2002 with previous experience at Swiss Re, GE Capital Private Equity and BNPParibas Levfin.

### Other Directorships

ICG Group entities, ICG investee entities and Chairman of the BVCA Alternative Lending Committee.

## 3 Vijay Bharadia

### Chief Finance and Operating Officer

Joined Board: 2019

Vijay Bharadia has extensive experience as a Chief Financial Officer in the alternative asset management sector. He has worked for the past decade as International Chief Financial Officer for Blackstone with responsibility for financial, tax and regulatory reporting across Europe and Asia, as well as holding a wider operational and governance brief. Prior to that, he worked at Bank of America Merrill Lynch in a variety of roles, latterly as Co-Chief Financial Officer for EMEA Equities. Vijay was appointed as ICG's Chief Finance and Operating Officer and joined the Board in 2019.

### Other Directorships

ICG Group entities and Barts Charity.

## 4 Antje Hensel-Roth

### Chief People and External Affairs Officer

Joined Board: 2020

Antje Hensel-Roth has a wealth of experience in human capital management; prior to joining ICG she was Global Co-Head of the Investment Management Practice at Russell Reynolds Associates, during which time she acted as an adviser to the global alternative investment community. Since joining ICG in 2018, she has been a strong contributor to the strategic direction of the Group, and this was recognised with her appointment to the Board in 2020. Antje is responsible for leading our strategic human capital management with a particular focus on business diversification strategies; she also leads on communications and external affairs.

### Other Directorships

None.

## 5 Rosemary Leith

### Non Executive Director

Joined Board: 2021

Rosemary Leith brings to the Board her deep expertise built over the past 25 years in finance, principal investment, start-up creation and growth in Europe and North America. She is currently a Non-Executive Director of HSBC (UK) PLC and YouGov plc. Rosemary is a Trustee of the National Gallery (London) and a Fellow at Harvard University's Berkman Center for Internet & Society. She has extensive experience in the technology and digital fields, including as a co-founding Director of the World Wide Web Foundation, and advises and invests in several technology businesses.

### Other Directorships

HSBC (UK) Bank PLC, YouGov plc and World Wide Web Foundation.

## 6 Matthew Lester

### Non Executive Director

Joined Board: 1 April 2021

Matthew Lester serves as Chairman of Kier Group plc and Chair of the Audit and Risk Committee of Capita plc. Matthew is a senior finance leader with extensive public company experience, having previously served as Group Chief Financial Officer of both Royal Mail plc and ICAP plc. He also previously served as a Non-Executive Director of both Man Group plc and Barclays Bank plc.

### Other Directorships

Kier Group plc and Capita plc

### 7 Virginia Holmes

**Non Executive Director**

Joined Board: 2017

Virginia Holmes brings to the Board an extensive knowledge of the financial services industry, including both investment management and banking. Her executive experience includes serving as Chief Executive of AXA Investment Managers in the UK and more than a decade with the Barclays Bank Group. She is an experienced director of a number of UK PLCs (including serving on remuneration committees), who enhances the corporate governance understanding of the Board and aids it in considering its relationships with stakeholders.

**Other Directorships**

Syncona Ltd, European Opportunities Trust PLC, and USS Investment Management Ltd.

### 8 Michael 'Rusty' Nelligan

**Non Executive Director**

Joined Board: 2016

Rusty Nelligan was a partner with PwC, retiring in 2016. As lead client partner for global companies in financial services and pharmaceutical life sciences, he was responsible for direction, development and delivery of services for independent audits, assurance and advisory projects relating to corporate governance, internal controls, risk management, regulatory compliance, acquisitions and financial reporting. Rusty was employed by PwC in the US from 1974, in Europe from 1994, and is a US Certified Public Accountant. His extensive and current experience of working closely with major international financial and corporate institutions on matters of corporate governance, financial reporting and internal controls has proven a valuable addition to the Board and Company's development in a growth environment.

**Other Directorships**

None.

### 9 Kathryn Purves

**Non Executive Director**

Joined Board: 2014

Kathryn Purves was previously the Chief Executive of IFG Group plc, a wealth management and financial advisory group, leaving this role in 2020 following the sale and de-listing of IFG. Prior to this, her most recent executive role was as the Chief Risk Officer of Partnership Assurance Group plc. Kathryn brings relevant expertise to the Board from her role as a non executive of a number of financial services companies, including as Chair of Saunderson House and Redington. Kathryn's executive experience, particularly in risk management, has proved a valuable resource to the Board and she enhances oversight in a key area for the Group. She also brings valuable investment experience to the Board. Before joining Partnership in 2008, she worked within the private equity industry for 10 years, most recently at Phoenix Equity Partners.

**Other Directorships**

James Hay Partnership, Saunderson House, Aztec Group and Redington.

### 10 Amy Schioldager

**Non Executive Director**

Joined Board: 2018

Amy Schioldager was a senior executive at BlackRock where she was a member of the global executive committee and Head of Beta Strategies. She brings extensive knowledge of international investment markets and a track record of global expansion. She is based in the US; a region that is a key growth area for the Group. She was the Founder of BlackRock's Women's Initiative and Vice Chair of BlackRock's Corporate Governance Committee and brings valuable expertise to the Board in these areas.

**Other Directorships**

American International Group, Inc.

11 **Andrew Sykes**

**Non Executive Director**

Joined Board: 2018

Andrew Sykes has a wealth of financial services and non executive experience. He was previously Chairman of Smith & Williamson Holdings Ltd, and Chairman of SVG Capital plc. Andrew spent 26 years of his executive career at Schroders PLC. He is an experienced director of UK listed companies with a deep knowledge of the financial services sector and of corporate governance requirements, which, together with his background as a senior executive in the asset management sector, has proven to be invaluable in helping oversee the Group's continued growth.

**Other Directorships**

Governor of Winchester College and member of Nuffield College Investment Committee.

12 **Stephen Welton**

**Non Executive Director**

Joined Board: 2017

Stephen Welton has over 25 years' experience in the development capital and private equity industry as well as angel investing. He has been the Founder and Chief Executive of the Business Growth Fund (BGF), the UK's largest growth capital investor, since its launch in 2011 until July 2020, having previously spent over 10 years at CCMP Capital. He started his career in banking and has also worked as the Chairman and Chief Executive Officer of various growth companies. His current Executive Chairman role of BGF and deep investment experience mean that he is well placed to contribute to the Board on matters relating to strategy and business development.

**Other Directorships**

Executive Chairman Business Growth Fund plc (BGF) and a number of subsidiaries and Council Member of the PM's Build Back Better Business Council.

# Corporate governance framework

## Board of Directors

- Comprises the Chairman, Executive and Non-Executive Directors (NEDs)
- Has the authority to conduct the business of the Company in accordance with the Company's constitutional documents
- Runs the Group for the long-term benefit of shareholders and other stakeholders

See pages 62 to 65 for further details

## Executive Directors

- Has day-to-day authority (delegated from the Board) for the management of the Group and its business
- Has general responsibility for:
  - The Group's resources
  - Executing the approved strategy
  - Financial and operational control
  - Managing the business worldwide

See page 109 for further details

### Audit Committee

- Composed of NEDs
- Oversees external and internal audit and the Group's financial reporting and disclosure

**Committee liaises with:**

- CFOO
- Head of Finance
- Head of Investor Relations
- Internal Audit

See page 70 for the report of the Audit Committee

### Risk Committee

- Composed of NEDs
- Oversees the Group's risk management framework and system of internal controls

**Committee liaises with:**

- Head of Risk
- Global Head of Compliance

See page 79 for the report of the Risk Committee

### Remuneration Committee

- Composed of NEDs
- Determines the Group's Remuneration Policy
- Reviews the remuneration of senior management

**Committee liaises with:**

- CPEAO
- Human Resources
- Company Secretary

See page 87 for the report of the Remuneration Committee

### Nominations and Governance Committee

- Composed of NEDs
- Evaluates the Board's composition, performance and succession planning
- Oversees the Group's culture and diversity and inclusion initiatives
- Considers candidates for Board positions

**Committee liaises with:**

- CPEAO
- Human Resources
- Company Secretary

See page 83 for the report of the Nominations and Governance Committee

## Board roles

### Chairman

- Lord Davies of Abersoch, who is responsible for:
  - Organising the business of the Board
  - Ensuring its effectiveness and setting its agenda
  - Effective communication with the Group's shareholders and other stakeholders

**See page 58 for the Chairman's letter to shareholders**

### Non-Executive Directors

- Virginia Holmes, Rosemary Leith, Matthew Lester, Rusty Nelligan, Kathryn Purves, Amy Schioldager, Andrew Sykes and Stephen Welton act as NEDs of the Company
- All NEDs are independent
- Responsible for providing independent oversight of, and challenge to, the Executive Directors

**See pages 62 to 65 for Directors' profiles**

### Chief Executive Officer (CEO)

- Benoît Durteste, who oversees the Group and is accountable to the Board for the Group's overall performance

### Chief Finance and Operating Officer (CFOO)

- Vijay Bharadia, who leads and manages the Group's financial affairs and the operating platform of the Group

### Chief People and External Affairs Officer (CPEAO)

- Antje Hensel-Roth, who has responsibility for strategic human capital management, communications and external affairs

### Senior Independent Director

- Andrew Sykes, who acts as a sounding board for the Chairman and, where necessary, acts as an intermediary for shareholders or other Directors if they feel issues raised have not been appropriately dealt with by the Chairman

## Key Board support roles

### Company Secretary

- Responsible for advising on legal, governance and listing matters at Board level and across the Group
- Provides advice and support to the Board and its Committees
- Manages the Group's relationships with shareholder bodies
- Each Committee's Secretary provides advice and support within the specialist remit of that Committee; they are responsible for ensuring that the Committee members receive relevant information and that appropriate matters are discussed

### Committee Secretaries

- Nominations and Governance Committee: Company Secretary
- Remuneration Committee: Company Secretary
- Audit Committee: Head of Finance
- Risk Committee: Head of Risk

## Financial year ended 31 March 2021 Board and Committee meeting attendance

| Director | Board | Audit[3] | Risk[3] | Remuneration[3] | Nominations[3] |
|---|---|---|---|---|---|
| Lord Davies of Abersoch | 9/9 | - | - | 5/5 | 3/3 |
| Benoît Durteste | 9/9 | - | - | - | - |
| Vijay Bharadia | 9/9 | - | - | - | - |
| Antje Hensel-Roth[1] | 8/8 | - | - | - | - |
| Virginia Holmes | 9/9 | - | 4/4 | 5/5 | - |
| Rosemary Leith[2] | 1/1 | - | 1/1 | 1/1 | - |
| Rusty Nelligan | 9/9 | 5/5 | 4/4 | - | - |
| Kathryn Purves | 8/9 | 5/5 | 4/4 | - | 3/3 |
| Amy Schioldager | 9/9 | 4/5 | 3/4 | - | - |
| Andrew Sykes | 9/9 | 5/5 | - | 5/5 | 3/3 |
| Stephen Welton | 9/9 | - | - | 5/5 | 3/3 |
| Secretary | 9/9 | - | - | - | - |

1. Antje Hensel-Roth joined the Board on 16 April 2020.
2. Rosemary Leith joined the Board on 1 February 2021.
3. Other Directors attended part or all of some or all meetings at the invitation of the Committee Chair.

# Board Development

## Rosemary Leith
Non-Executive Director

**"My induction ensured I could contribute immediately."**

## Antje Hensel-Roth
Chief People & External Affairs Officer (CPEAO)

**"Good governance and stakeholder relationships are critical to the achievement of our strategic objectives. My induction broadened and deepened my knowledge and understanding of this area."**

### Key meetings and knowledge-sharing
Rosemary Leith was appointed to the Board on 1 February 2021 and received a tailored induction programme.

A detailed induction programme for Matthew Lester, who joined the Board on 1 April 2021, was also arranged.

The new NED induction was conducted virtually with in-person meetings arranged as follow ups, and included:

- A Group strategy briefing from the CEO
- An operational matters briefing from the CFOO
- A talent review with the CPEAO
- A board-practices session with the Company Secretary
- Investment strategy briefings from business unit heads
- Detailed sessions with the heads of key corporate teams such as Finance, Compliance, Risk and Investor Relations.

### Key meetings and knowledge-shares
The CPEAO's induction mainly covered public company aspects as she was already very familiar with the Group's business but was assuming her first role as the director of a PLC. Meetings included:

- A workshop with the Company Secretary and the Head of Investor Relations on matters relating to public company regulation and governance
- A workshop with the Head of Investor Relations on matters relating to shareholder relations
- Detailed sessions with the Group's brokers and external legal advisers for their perspective on the Group, its business, its narrative with stakeholders and its obligations as a public company.

## Ongoing training and development

### Business and market environment
During the year, the main focus of development for the Board has been to continue improving their detailed knowledge of the Group's business and the market environment. Business unit heads present developments in their areas, including risks and opportunities for growth, to the Board on a regular basis. Business areas reviewed during the year included Capital Market Investments, the Senior Debt strategy, a proposed North American Private Equity strategy, and other established investment strategies. These sessions give the NEDs a deeper understanding of the Group's business, strategies and markets, and an understanding of team structures to assist with succession planning. They also provide greater opportunity for the NEDs to challenge Executive Directors and senior management.

### Knowledge-sharing
The heads of the Group's control and oversight functions made regular presentations. The Board and its Committees also received technical updates from external advisers, including financial advisers, lawyers and brokers, on matters such as ESG considerations, external market conditions and the stakeholder narrative in respect of the Company.

### Training
A regular training programme has been established. Training ensures the NEDs receive detailed and more operationally-focused presentations about specialist topics relating to the Group's business. In addition, the Group monitors other external training undertaken by the NEDs. The Executive Directors attend Board training and have also undertaken courses on anti-money laundering, anti-bribery and corruption and information security. Each also receives formal and ad hoc updates on statutory and regulatory developments from internal and external parties. The Executive Directors regularly lead business-focused update sessions for all employees on the Group's strategy and markets.

Tailored training processes were held for Rosemary Leith and Matthew Lester.

# Board evaluation exercise

## 2021 internal evaluation recommendations and action

The Board reviews its own performance annually. The assessment covers the effectiveness and performance of the Board as a whole, the Board Committees and an evaluation of each Director. It is led by the Chairman, with support from the Company Secretary, and includes an independent evaluation of the Chairman by the SID.

The exercise conducted in 2021 concluded that the Board and each Committee continue to operate effectively. The assessment found that the culture of the Board is transparent and cohesive, and that all Board members (including the Chairman) continue to operate effectively and contribute well to the debate at the Board. The review noted the impact of the new Chairman and his commitment to providing support, advice and challenge to the CEO and the CFOO; it also concluded that the Board had been able to act effectively and quickly during the Covid-19 pandemic despite the challenges presented by virtual meetings.

The review also concluded that in the prior year it had been necessary (due to both the Group's swift growth and the circumstances of the pandemic) for Board time to be spent on tactical or operational matters. While this had been appropriate in the circumstances, there is a desire from all Board members to re-focus on the Group's strategy and spend more time on this area. As a result, a strategy day has been arranged to allow a full and open debate away from the normal Board agenda and ensure that the Group's strategy for the post-pandemic landscape is considered.

Other points of refinement or enhancement were noted following the survey, including a desire to ensure greater clarity in the corporate messaging around ESG and an enhancement of the Board's oversight of ESG activities. While a great deal is being done by the Group to address these points, Stephen Welton has been appointed as a designated NED to be responsible for ESG oversight.

## 2020 External Board evaluation and follow-up actions

In early 2020, an independent external review had been conducted by Consilium Board Review, an independent consultancy. This review and its conclusions were described in full in last year's Annual Report

The findings of the exercise have informed the areas of focus (and agendas) for the Board and the Committees during the year. The majority of the points flagged have been successfully resolved:

- The new Chairman has continued to focus on Board development and succession planning, culminating in the appointment of two further NEDs
- The Board has continued to meet key portfolio managers to enhance the Board's detailed knowledge of the investment business
- The Board's calendar and rolling agenda (and those of the Committees) have been reviewed to ensure that appropriate focus and time are given to each item
- The Group's investor relations approach has been refined, and the Board is working very closely with the newly appointed Head of Investor Relations
- The operating platform of the Group has been closely monitored by the Board, with regular updates and presentations
- The new Chairman's role will include further Board development as the Group continues to grow
- The Board continues to focus on the investment strategies, meeting key portfolio managers to enhance the Board's detailed knowledge of the investment business
- The Board considers on an ongoing basis how NEDs and Executive Directors can develop a partnership which allows NEDs to add as much value as possible (as well as continuing to act as balance and a challenge)
- The Board's calendar and rolling agenda (and those of the Committees) are regularly reviewed to ensure that appropriate focus is given to critical matters

# Ensuring oversight

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relative to the integrity of financial reporting and effectiveness of internal controls. We oversee the Group's financial reporting and related elements of its accounting, disclosures, internal controls and regulatory compliance, in addition to the internal and external auditing processes.

## Areas of focus

### Governance

- Committee governance
- Best practice developments
- People and business changes
- Relevant policy review

### Financial reporting

- Content of annual and other periodic financial reporting
- Alternative Performance Measures
- Annual Report presentation: fair, balanced and understandable
- Accounting policies

### Estimates and judgements

- Identification, process, data, assumptions and assurance
- Going concern and viability

### External audit

- Appointment and remuneration of external auditors
- Independence and objectivity
- Audit scope, quality and effectiveness
- Audit firm and leadership rotation and tender process

### Internal controls and internal audit

- Direction of internal audit function
- Financial operations: leadership, effectiveness
- Internal controls over financial reporting
- Material controls underlying overall risk management

### Committee members

- Rusty Nelligan (c)
- Kathryn Purves
- Amy Schioldager
- Andrew Sykes
- Matthew Lester (from 1 April 2021)

## Dear shareholder

I am pleased to present the Committee's report for the year ended 31 March 2021. Separate sections on Committee governance, review of the year, external audit, internal controls and internal audit follow.

A key priority for the Committee is that this Annual Report and Accounts published by the Group is an accurate representation of its position, performance and development, and that it provides a reliable basis for decision making. To achieve this we actively evaluate financial reporting, operations and accounting policies; monitor the system of internal controls established by management, through select observation and inquiry; consider the nature and quality of work and reports issued by assurance providers; and review and approve the results published by the Group.

The quality and integrity of financial reporting are integral to establishing and maintaining trust between the Group and its stakeholders, including investors. We welcome the increase in expectations in this area and closely monitor the guidance issued by the Financial Reporting Council (FRC) and others in developing our reporting. We are closely following the recent consultation on the future of corporate reporting and will continue to consider emerging guidance and practice for our ongoing development.

We are also closely monitoring the consultation on the White Paper issued by the UK Government on audit reform, overseen by the Department for Business, Energy, and Industrial Strategy Select Committee, which contains far-reaching changes to auditing, regulatory oversight of audit committees, and other elements of corporate governance.

Uncertainty has been the backdrop to this year, as the economic consequences of the response to Covid-19 unfolded and had to be balanced with protecting health and life. While disruption to the activities of the Group was limited, the Committee has continuously evaluated critical activities, viability and going concern assessments, valuations and financial reporting, internal controls effectiveness, and assurance. Critical assumptions, judgements, estimates, risks, and uncertainties taken into account in the reporting process were subject to appropriate scrutiny and debate.

## Key activities and priorities

| Focus | Outcomes |
|---|---|
| **Current year** | |
| Financial reporting and clear communication of the impact of Covid-19 on the business | – Enhanced reporting and oversight of key components of financial reporting |
| Internal control framework, including fraud risk assessment | – Directed finance Initiative to enhance resource and process; monitored implementation of operational changes, including fraud-risk assessment |
| Internal audit review and development planning | – Completed External Quality Assessment and directed the implementation of changes to address recommendations |
| UK audit reform | – Received a briefing from EY on developments with respect to audit quality and reform of the UK audit market |
| **Next year** | |
| Development of Audit and Assurance Policy | |
| Internal control framework and enhancement of assurance processes | |
| Financial reporting developments | |
| UK audit reform | |

High quality assurance, including that provided by internal audit, is a key input to the work of the Committee. During the year the Committee appointed Protiviti to undertake an External Quality Assessment (EQA) of the Group Internal Audit function. This review identified a number of opportunities to enhance this activity, and the Committee has directed and monitored actions planned and already taken in response to the report.

We have overseen a change in Internal Audit leadership to Roger Thomson with effect from 12 April 2021. Roger has extensive experience as a professional internal auditor, and he will have a mandate to continue development of this key function. I want to thank Jessica Milligan for her significant contributions to the initiation and development of Internal Audit since 2014 and wish her further success in her new important responsibilities within Group Finance.

The external audit is also a critical component of our financial reporting. This has been EY's first year as external auditor, and I would like to acknowledge the extra efforts made by both EY and Deloitte, their predecessor, in facilitating a smooth handover in extraordinary times. EY have assimilated the large volume of background knowledge required to audit the Group effectively, and the Committee has benefited from a fresh perspective.

In February 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2020 Annual Report and Accounts. The letter focused on (a) the significant judgement in respect of non-consolidation of carried interest partnerships and (b) the cashflow statement.

Following the review, certain line items have been restated in the Group Statement of Changes in Equity, the Parent Company Cashflow Statement and, the Parent Company Statement of Financial Position. The Company has also adopted a number of recommendations in preparing its 2021 Annual Report and Accounts. We remain in correspondence with the FRC in respect of their outstanding enquiries on the non-consolidation of the carried interest partnerships and aspects of the cashflow presentation.[1]

During the year the Group has continued to develop its process and control framework. This has included a focused initiative in respect of the Finance function to enhance resource and process. In addition, these operational enhancements have been complemented by the work done to improve the Group's risk management framework, detailed on pages 38 to 48.

The Audit Committee has continued to coordinate with the Risk Committee and the Remuneration Committee with the aim of effectively covering pertinent topics in the most suitable forum.

The Committee plays a vital role in assisting the Board in its oversight responsibilities for the integrity of financial reporting, effectiveness of internal controls, and assessment of quality of the assurance functions. I would therefore be pleased to discuss the Committee's work with any shareholder.

**Rusty Nelligan**
Chair of the Audit Committee

8 June 2021

1. When reviewing the Company's 2020 Annual Report and Accounts, the FRC has asked us to make clear the limitations of its review are as follows: its review is based on the 2020 Annual Report and Accounts only and does not benefit from a detailed knowledge of the Group's business or an understanding of the underlying transactions entered into; communications from the FRC provide no assurance that the Company's 2020 Annual Report and Accounts are correct in all material respects and are made on the basis that the FRC (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders; and the FRC's role is not to verify information provided but to consider compliance with reporting requirements.

## Committee governance

On behalf of the Board, the Committee encourages and seeks to safeguard high standards of integrity and conduct in financial reporting and internal control.

Our work focuses on the evaluation of significant estimates and judgements underlying the financial statements and the overall fairness and clarity of reported financial information.

### Roles and responsibilities

The Committee meets regularly, at least four times a year. It is responsible for:

- Reviewing the annual and interim accounts before they are presented to the Board, in particular addressing any significant issues arising from the audit; accounting policies and clarity of disclosures; compliance with applicable accounting and legal standards; and information used in making significant judgements, including fair values, going concern and viability
- Monitoring the integrity of the financial statements of the Group, including its annual and half-yearly reports, trading updates and any other formal announcements relating to its financial performance, and advising the Board whether it considers the Annual Report to be fair, balanced and understandable
- Selecting and recommending the appointment and reappointment of the external auditor, including tenders where necessary; and negotiating and agreeing audit fees and scope of work
- Reviewing the performance of the external auditor in respect of scope of work, reporting, and quality of audit and overall service
- Reviewing independence, including key-partner rotation, and remuneration of the external auditor and the relationship between audit and non-audit work
- Approving the appointment or termination of the Head of Internal Audit; approving the internal audit charter; and monitoring the effectiveness of the internal audit function in the context of the Group's overall risk management framework
- Reviewing and assessing the annual internal audit plan and resources, receiving and evaluating internal audit reports, and monitoring management's responsiveness to internal audit findings and recommendations.

In carrying out its duties, the Committee is authorised by the Board to obtain any information it needs from any Director or employee of the Group.

### Composition

The Committee consists of independent NEDs only. The current members are Rusty Nelligan (Chair of the Committee), Matthew Lester, Kathryn Purves, Amy Schioldager and Andrew Sykes. Biographical details can be found on pages 62 to 65.

The Committee members have a wide range of business and financial experience, including accounting and auditing, risk management, asset management and investment, regulation and compliance, M&A, tax and international business practices. These skills ensure the Committee has the relevant sector competence to enable it to fulfil its terms of reference in a robust and independent manner. Rusty Nelligan, a US Certified Public Accountant, was previously a partner at PWC working for over 20 years as lead client partner for European-headquartered global companies in financial services and pharmaceutical life sciences. The Board considers that he has competence in accounting and auditing as well as recent and relevant financial experience.

The Executive Directors and Chairman of the Board are not members of the Committee but regularly attend meetings at the invitation of the Chair of the Committee, together with EY, the Group's external auditor, the Head of Internal Audit, the Head of Finance and the Head of Risk.

The Committee meets separately with the external auditors and Head of Internal Audit without management present at least twice a year to ensure that they are receiving full cooperation from management, obtaining all the information they require and are able to raise matters directly with the Audit Committee if they consider it is desirable to do so.

In addition, the Chair of the Committee meets with the external auditors, Head of Internal Audit, Executive Directors, and other members of financial and operational management separately, and as appropriate, throughout the year.

### Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website www.icgam.com, or by contacting the Company Secretary.

### Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

### Summary of meetings in the year

The Committee held five meetings during the year in line with the quarterly reporting dates. The Committee members attending each of the meetings can be found on page 67.

In addition, there was one sub-committee meeting in May 2020 to review key aspects of the 2020 Annual Report and for management to update the Committee on the estimates and judgements applied to the valuation of the investment portfolio.

## Review of the year

The agenda of the Committee comprises recurring, seasonal and other business. Over the course of the year, the Committee considered and discussed the following significant matters:

| The matter and its significance | Work undertaken | Comments and conclusion |
|---|---|---|
| **Performance measures**<br>Alternative performance measures can add insight to the IFRS reporting and help to give shareholders a fuller understanding of the performance of the business<br><br>**See KPIs on page 21 and the finance and operating review on page 38** | The Group uses a number of alternative performance measures, including but not limited to:<br>– Cash and debt position<br>– Cash generated from operating activities<br>– Gearing<br>– Balance sheet investment portfolio<br>– Net investment return<br>– FMC operating margin<br><br>A full list can be found in the glossary on page 180. Strategic KPIs that are alternative performance measures are detailed on page 21.<br><br>We discussed the use of alternative performance measures with the Executive Directors and the external auditor and reviewed their continued appropriateness and consistency with prior years.<br><br>Internal audit provided assurance that the alternative performance measures had been prepared on a basis consistent with prior years and were subject to adequate review and validation controls. | We were satisfied that alternative performance measures, which are widely used in the asset management industry, can provide insight into performance from the perspective of our shareholders and other stakeholders.<br><br>A review of the alternative performance measures was undertaken and we were satisfied that they did not detract from IFRS measures and were: sufficiently defined; consistently applied; and, where relevant, reconciled to IFRS measures. |
| **Consolidation of investments in funds**<br>The Group holds investments in a number of funds which it manages. Judgement is required assessing whether these funds are controlled by the Group and therefore need to be consolidated into the Group's financial statements<br><br>**See note 28 on page 170 and the Auditor's Report on page 117** | We challenged the information analysed by management to assess which third-party funds, carried interest partnerships, and portfolio companies are either controlled by the Group or over which the Group exercises significant influence.<br><br>All accounting policies and disclosures were reviewed for continued appropriateness and consistency in light of business developments and changes in accounting standards. | We concluded that the Group controlled 17 structured entities and three carried interest partnerships. The Group exercised significant influence over five other entities during the financial year. Accordingly, the controlled entities have been consolidated into the Group's financial statements, and the entities over which the Group exercises significant influence have been equity accounted. This has had the impact of grossing up the balance sheet, with total assets and total liabilities both increasing by £4.3bn (2020: £3.6bn).<br><br>The Committee concluded that the accounting policies and disclosures were appropriate and had been updated properly. Based on our inquiries of the Executive Directors and external auditors, we concluded policies are being properly applied in areas such as assessing control and significant influence, revenue recognition, valuation of financial assets, impairments and taxation provisions.<br><br>We concluded that the areas of judgement (see page 132) are properly explained. We gained comfort from the Executive Directors and the external auditors that the Group complied with its reporting requirements. |

| The matter and its significance | Work undertaken | Comments and conclusion |
|---|---|---|
| **Annual Report**<br>Taken as a whole, the Annual Report needs to be fair, balanced and understandable so that it is relevant to readers<br><br>**See page 116** | We held preparatory discussions with the Executive Directors to determine the format of the Annual Report and reviewed the assigned responsibilities for its content and overall cohesion and clarity.<br><br>The Executive Directors compared our 2021 Annual Report with that of other alternative asset managers and best practice more widely. In light of that work we commented on design and content, ensuring that feedback on the prior year Annual Report had been addressed and the impact of Covid-19 had been carefully considered in the context of the Group.<br><br>We reviewed management's decision to present the Group and Parent Company Cashflow Statements using the indirect method to enhance understanding and align to our peer group.<br><br>We reviewed all sections of the 2021 Annual Report having particular regard for the Committee's specific responsibilities for the financial statements. We used the Executive Directors' and the Committee's collective knowledge to determine the overall fairness, balance and understandability prior to final approval by the Board. In this context, we especially considered judgemental matters such as the key risks (see page 49), estimates and the period covered by the viability statement(see page 57). | The Committee received confirmation that individual responsibilities had been fulfilled and confirmed that the overall report was consistent with the Directors' knowledge and understanding of the Group. This supported the Committee's, and the Board's, assessment that the Annual Report taken as a whole is fair, balanced and understandable.<br><br>We were satisfied that the information presented in the Strategic Report was consistent with the performance of the business reported in the financial statements. In particular, we were satisfied that the estimates and quantified risk disclosures in the financial statements are consistent with those identified in the Strategic Report and, to the extent possible, addressed the impact of Covid-19 on the Group's activities. The Committee concluded that appropriate judgements had been applied in determining the estimates and that sufficient disclosure had been included to allow readers to understand the uncertainties surrounding outcomes.<br><br>We were satisfied that the viability statement should consider a three-year time horizon given that 87% of AUM is in long-term closed-end funds and the cash resources available to the Group. This reflects our internal planning cycle, ICAAP reporting and the deployment duration for some of the larger strategies. |

| The matter and its significance | Work undertaken | Comments and conclusion |
|---|---|---|
| **Investment valuation**<br><br>Investments with managed funds, in portfolio companies, in senior and subordinated notes of CLO vehicles and in Disposal groups held for sale represent 34% of our total assets under IFRS. As the assets are mainly unquoted and illiquid, considerable professional judgement is required in determining their valuation<br><br>**See notes 5 and 10 to the financial statements and the Auditor's Report on page 117** | The Committee monitored the work undertaken by the Group's Valuation Committee (GVC). The GVC determines the value of the Group's direct investments and reviews and challenges the values determined for co-investments and fund investments by the underlying fund Investment Committee.<br><br>We reviewed reports on the valuation processes undertaken and the significant judgements made in determining the value of the investments. We challenged the methodologies and assumptions used.<br><br>Management was challenged to ensure that the most appropriate valuation methodology was applied to ensure that the investments were valued in accordance with the Group's accounting policies, which remain unchanged, and International Private Equity and Venture Capital Valuation or other relevant guidelines where applicable.<br><br>The Committee inquired into the progress of ongoing asset realisations after the year end as an indicator of the reliability of the valuation process.<br><br>In addition to the Executive Directors' procedures and the work of the external auditors, internal audit periodically reviews the valuation process and provides the appropriate assurance to the Committee of the Executive Directors' compliance with the Group's valuation policies, process and procedures. | The Committee reviewed the conclusions of the GVC, carefully considering the impact of the current economic environment on the judgement required.<br><br>We reviewed the methodologies used to value the Group's investments and concluded that the valuations had been performed in line with the accounting policies.<br><br>In our review of the financial statements we were satisfied that sufficient disclosures had been provided on the estimates and judgements made in determining the value of the portfolio. |
| **Revenue recognition**<br><br>Revenue recognition involves certain estimates and judgements, particularly in respect to the timing of recognising performance fees, which are subject to performance conditions<br><br>**See note 3 to the financial statements and the Auditor's Report on page 117** | We reviewed the revenue recognition of management fees, performance fees and investment income to confirm that the treatments were consistent with the Group's accounting policies. | The Committee concluded that revenue has been properly recognised in the financial statements. |
| **Accounting policies**<br><br>Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements<br><br>**See notes to the financial statements on page 132 onwards** | We reviewed the proposed change in the method used to prepare the Consolidated and Parent Company Cashflow Statement. | The Committee agreed with management that adoption of the indirect method brings the Group in line with the presentation adopted by its peers. |

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review including auditor independence and external audit effectiveness, internal audit, capital strategy, financial and management reporting, risk and treasury management capabilities, relevant people changes, the going concern concept of accounting (see page 111), the viability statement (see page 57), the Auditor's Report (see page 117), accounting developments and the Auditor's management letter. No issues of significance arose.

## External audit

The Group complies with the UK Corporate Governance Code, the Financial Reporting Council (FRC) Guidance on Audit Committees and the EU Regulation on Audit Reform. In addition, we comply with all aspects of the Competition and Markets Authority Statutory Audit Services Order.

### Appointment and rotation

The Group's policy is to submit the external audit to tender every ten years, as a fair balance between the costs and disruption of a tender and the benefits of a potential fresh pair of eyes and challenge, and for the external audit firm to be rotated at least every 20 years. Under transition arrangements of the relevant regulations, the Group was required to rotate its external audit firm for the financial year ended 31 March 2022 at the latest. The Group elected to make this rotation with effect from the financial year ended 31 March 2021.

The Committee recommended that EY should be proposed to shareholders as the Group's auditors for the financial year ended 31 March 2021. The shareholders voted in favour of this appointment at the 2020 AGM.

The Committee confirmed to the Board that EY had a senior, experienced team with good working knowledge of auditing valuations of unquoted, illiquid investments. Furthermore, the Committee felt that throughout the tender process and ongoing transition EY had demonstrated its commitment to providing the Group with a high quality, focused audit, together with efficient coordination, and effective communication and support. During the transition period EY has ensured that no prohibited services were provided to the Group.

### Execution

The Committee discusses and agrees the scope of the audit prior to its commencement. For the financial year ended 31 March 2021, the full scope audit coverage amounted to 96% (2020: 92%) of the Group's profit before tax and 96% (2020: 96%) of the Group's net assets. Specific review procedures were performed on another 17 non-significant entities.

The Committee reviews with EY the risks of material misstatement of the financial statements and confirms a shared understanding of these risks. While planning the audit, EY sets out the key tests that they perform on the higher-risk areas, and the Committee provides input on areas that it wants to receive particular attention.

In the current period, the Committee focused on critical estimates and assumptions underlying investment valuation judgements, taking into account the economic uncertainty as a result of the Covid-19 pandemic. The Committee challenged several scenario and sensitivity conclusions, and advocated additional analysis of the balance sheet and disclosures to the financial statements.

The Committee Chair meets or calls the lead audit partner generally monthly throughout the year and more frequently at the public reporting periods, to review Group developments and audit progress. The Committee also discusses with EY, prior to recommendation of the financial statements to the Board, the audit findings, including audit differences, and observations on internal controls, operations and resources. This includes discussions in private sessions without the Executive Directors present.

In accordance with relevant independence standards, the external auditors do not place direct reliance on the work of internal audit.

The Committee are satisfied that the audit is probing, challenging and effective and that the approach provides a reliable audit opinion with a reasonable expectation of detecting material errors, irregularities and fraud.

### Materiality

The Committee reviews accuracy of financial reporting with EY including both accounting errors of lesser significance that will be brought to our attention and amounts that would need to be adjusted so that the financial statements give a true and fair view. In principle, errors can arise for many reasons ranging from deliberate fraud to estimates made which did not consider all available information.

For the financial year ended 31 March 2021, overall audit materiality was set at £25.5m (2020: £7.1m). This equates to 5% (2020: 5%) of Group profit before tax. This is within the range that audit opinions are conventionally thought to be reliable.

The auditors use overall materiality combined with their knowledge of the Group, controls environment and assessment of significant risks, to determine which Group entities require full-scope audits or specific audit procedures in order to confirm that the financial statements are free of material misstatement. Further details can be found in the Auditor's Report on page 117.

To manage the risk that aggregate uncorrected errors become potentially material, the Committee agreed with EY to draw attention to all identified uncorrected misstatements greater than £1.3m (2020: £357,000).

## Quality and effectiveness

In assessing the quality and effectiveness of the external audit, the Committee looks at the audit team's demonstrated competence, experience, diligence, objectivity, professional scepticism, current knowledge and its relationship with the Executive Directors and senior management. In particular, the Committee assesses the depth of review and level of challenge provided by the external auditors over the significant judgements and estimates made by management.

The Committee observed healthy debate initiated by EY, and received high-quality reports with detailed information on the scope and results of their work, including challenge to management judgements, estimates and assumptions. The Committee gained valuable insight from EY on the nature of operations underlying the Group's production of financial information, and received a current assessment of internal controls over financial reporting, to the extent observed as a by-product of their audit of the consolidated financial statements.

EY and management were challenged to update their assessment of the depth and quality of disclosure in the financial statements and the effectiveness and efficiency of the internal controls over the financial reporting close process. This resulted in additional focus and resources and a path to further continuous improvement.

The overall assessment of audit quality includes an annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. This assessment is based in part on results of observation, inquiry and challenge, throughout the year, as well as periodic reflection and input collected separately from Committee members, Executive Directors and other relevant senior management. The annual evaluation of EY will be formally considered by the Committee in September 2021.

In addition to the annual evaluation and regular review of reports and the working practices of the EY audit team, the Committee undertakes an ongoing assessment of external audit quality and effectiveness including, but not limited to, the following:

- The content of EY's annual Transparency Report which sets out their commitment to audit quality and governance
- Insights arising from the Audit Quality Review team (AQRt) of the Financial Reporting Council's annual audit of a sample of EY's audits. Following discussion with EY, insofar as any issues might be applicable, the Committee determines that EY has proper and adequate procedures in place for the audit
- The formal terms of engagement with the auditor, and the audit fee. The Committee determined that the Group audit fee of £1.5m (2020: £1.3m) appropriately reflected the scope and complexity of the work undertaken by EY
- The audit status update received from EY at every Audit Committee meeting, including findings, fees, and compliance with independence requirements

On the basis of this review and our ongoing interactions and observations, the Committee remains confident in EY's work.

## Non-audit services

The Board has an established policy setting out what non-audit services can be purchased from the firm appointed as external auditors. The Committee monitors non-audit services provided to the Group by EY to ensure there is no impairment to their independence or objectivity.

The policy sets out the categories of non-audit services which the external auditor is and is not allowed to provide to the Group. We received confirmations from the Executive Directors and EY of adherence to this policy and monitor non-audit services against a fee cap. A copy of the policy can be found on the Group's website, www.icgam.com.

During the year, the Group paid £0.2m (2020: £0.4m (Deloitte LLP)) to EY for the provision of corporate non-audit services. Of the fees, £0.1m is in respect of services in their capacity as auditor. The ratio of non-audit services to 70% of audit fees on a three-year rolling basis was 0.1:1. A detailed analysis of fees paid by the Group to EY is shown in note 12 on page 149.

## Internal controls

Risk management and internal control matters are the responsibility of the Group's Risk Committee. Its report is set out on pages 79 to 82.

The Group has an established control framework, designed to manage but not eliminate risks and provide reasonable but not absolute assurance against material losses or misstatements.

### Effectiveness

The Committee reviews the effectiveness of the financial control environment, including controls over financial reporting and the preparation of financial information included in the Annual Report. That assessment is taken into account by the Board when it undertakes its review of the effectiveness of material controls (see page 81).

The Committee reviews the operation of the finance function to ensure it is sufficiently resourced and has the appropriate processes and controls over financial reporting to fulfil its duties.

### Developments

During the year, the Group initiated a programme of work to develop the operating model for finance and other operations, and continued development of its process and control framework. These changes were advocated by the Committee and are considered necessary steps in view of continued regulatory development and business growth.

The Group also expanded its implementation of control reviews over fund management operations, under ISAE 3402 Assurance Reports on Controls at a Service Organisation.

## Internal audit

The Group has an internal audit function led by an experienced Head of Internal Audit, reporting to the Chair of the Audit Committee. The Head of Internal Audit has access to external service providers with specialised skills, to augment internal resources as needed.

### Approach

In conformity with the Financial Services Code (Guidance on effective internal audit in the financial services sector), a risk-based planning process is performed annually. This includes consideration of business objectives and a focus on those risks identified as being most likely to impact delivery of the Group's strategy.

The resulting plan is reviewed and approved by the Committee, with regular updates provided. This is kept under constant review, with any significant changes recommended to the Committee for approval.

The Group has a number of regulated entities that have specific requirements for internal audit activities. These requirements are taken into account in the planning process and, as appropriate, relevant reports on audit scope and findings are shared with the Boards of the regulated subsidiaries.

### Execution

The Committee considered and approved the updated internal audit strategy and plan for fiscal years 2021 and 2022. Updates on delivery of this plan, together with related status of remedial actions, are reported at each meeting of the Committee.

During the year, in accordance with the plan, 13 risk-based reviews were completed, responded to by management and reviewed by the Committee. We pay particular attention to identified themes across the business, relative importance and relationship of findings, recommended and agreed remedial actions and compliance with timescales for resolution and follow-up.

The Committee is satisfied that delivery of the approved internal audit strategy and plan is providing timely and appropriate assurance on the controls in place to feasibly manage the principal risks to the Group.

### Developments

A new Head of Internal Audit joined the Group shortly after the end of the financial year. The Committee monitored the handover of responsibilities from the prior Head of Internal Audit who has taken up a new role with the Group.

### Effectiveness

An External Quality Assessment was undertaken during the year. This review assessed conformance with the IIA Standards and the Financial Services Code, and the effectiveness within the context of the function's charter and stakeholder expectations. The Committee reviewed the report and directed management to implement recommendations for improvement relating principally to further development of certain process and procedures for planning and coverage, issue tracking, and documentation of work performed.

In the current period, the Committee concluded that the internal audit function is operating effectively, at the present level of operations. We will continue to monitor resourcing in view of regulatory development and business growth.

# Creating an effective risk framework

The role of the Committee is to support the Board in identifying and managing risk; complying with regulations; and promoting good conduct.

## Areas of focus

### Principal and emerging risks

- Identification and management of principal risks
- Risk appetite and tolerances
- Identification of emerging risks

### Governance

- Committee governance
- Oversight of risk and compliance policies
- Best practice and governance code developments

### Risk management framework

- Effectiveness of risk management systems
- Review of risk events and remedial actions
- Risk function resourcing

## Regulatory risks

- Impact and implementation of regulatory change
- ICAAP
- Compliance function resourcing

### Committee members

- Kathryn Purves (c)
- Rusty Nelligan
- Virginia Holmes
- Amy Schioldager
- Matthew Lester
- Rosemary Leith (from 1 February 2021

## Dear shareholder

As a Committee, we support the business by monitoring the risks which matter most.

The Committee monitors the Group's risks on an ongoing basis and supports at all times the Group's agreed risk appetite, covering the extent and categories of risk which the Board considers as acceptable for the Group. Using the information and evaluations obtained from our regular top-down and bottom-up reviews, alongside the principal risk exposure ratings, the Committee creates an effective framework for overseeing and developing a Group-wide approach and culture regarding risk.

The Committee continues to work with management to position the Group conservatively in response to a heightened risk environment. During 2020, the Committee maintained its focus on the impacts of the Covid-19 pandemic crisis, which has continued to be at the forefront of our risk assessment and mitigation planning processes. Despite the significant market volatility in the early stages of the pandemic and the necessary switch to remote working to keep our employees safe, we have been able to operate effectively for our clients and stakeholders, with little to no disruption.

Our overall response was governed by the Crisis Management Team (CMT) which met regularly throughout the year. The central coordination of the response by the CMT, combined with the response and autonomy of local Incident Management Teams, meant we were able to reconfigure our global offices to meet local government guidelines thereby allowing employees to safely return when and where this was permitted and appropriate.

One of the principal risks prioritised by the Committee throughout the year has been our people risk profile in view of the longevity of the pandemic and the impacts on our employees. The Committee has recognised the increased demands and outside pressures on employees as a result of the pandemic, and there has been significant focus on employee wellbeing and resilience in light of prolonged periods of home working. We strengthened our communications to employees to help them feel supported and engaged. In often challenging circumstances, our employees have proved to be resilient and dedicated and have performed exceptionally well. The Committee will continue to monitor closely the impacts on colleague sentiment and engagement.

The Committee considered closely the anticipated heightened operational resilience risks and despite the challenges of the pandemic progress has been made in delivering technological developments which have helped to further improve our cyber security. We have taken further steps to strengthen the control environment to improve the Group's ability to respond to incidents, and to continue delivering key services to our clients. New hardware and software have enhanced our core technology infrastructure, while investment and operations platforms continue to be enriched, with enhancements in this space continuing through 2021 to provide added security, resilience, and efficiency.

The Group places significant focus on complex regulatory changes, as well as ensuring effective horizon scanning of upcoming trends and evolving risks. The Committee has provided effective oversight and ensured effective controls are in place to comply with existing regulatory obligations, including greater consideration of these at an individual legal entity level. The Committee considered regular updates on emerging regulatory and legal risks and continued to closely monitor a number of significant regulatory change and oversight programmes to ensure successful execution.

The Committee continued to monitor the potential risk impacts of Brexit, considering in particular the impact risk of an exit without an agreement in place. Our full Brexit strategy was successfully implemented in the required time frame, and we now have an established European platform with Luxembourg as our central hub. We will continue to closely monitor future negotiations and regulatory developments, including any frameworks for regulatory cooperation between the UK and the EU that might affect our business and our clients.

The Committee discussed the evolution of risks under the latest principal risk refresh which has led to a revised set of risks that more comprehensively capture those that would threaten our business model. The Committee also reviewed and proposed updates to the risk appetite framework to ensure that the risk appetite statements, risk metrics and limits reflect changes to the risk profile in view of the external environment and ongoing transformation of the business.

The Committee supports the Risk Management Development Programme (RMDP) and continues to monitor and challenge the progress being made in the identification, assessment and management of operational risk. The Committee received regular updates on the progress of the Risk and Control Self-Assessment (RCSA) programme and business transformation activity within our Finance and Operations functions, aimed at introducing process efficiency and further reducing our operational risk exposure.

ESG and in particular climate change is a key area of focus for the Group. The Committee received an update from the Responsible Investing Officer regarding the Group's ESG initiatives and was pleased to see the Group continuing to adopt a proactive response to the challenges, risks and opportunities arising from climate change. This progress was welcomed, while acknowledging the need for risk management practices to evolve further across the whole industry in respect of climate change risk. Considering the pace of developments in this area, the Committee will continue to closely monitor ESG and climate change risks, together with the delivery of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and other stakeholder commitments.

For the year ahead, transformation activity and operational resilience will continue to be key themes and our risk exposure will remain heightened through the financial year ended 31 March 2022 and beyond as a significant volume of activity and benefits are due to be delivered in the year, whilst further transformation delivery is planned for subsequent years.

The Committee will continue to ensure that we are adopting a proactive response to the challenges, risks and opportunities to which the Group is exposed.

I would be pleased to discuss the Committee's work with any shareholder.

**Kathryn Purves**
Chair of the Risk Committee

8 June 2021

## Governance of risk

On behalf of the Board, the Committee encourages, and seeks to safeguard, high standards of risk management and effective internal controls.

### Roles and responsibilities

The Committee meets regularly and is responsible for providing oversight and challenge on:

- The Group's risk appetite, material risk exposures and the impact of these on the levels and allocation of capital
- Changes to the risk appetite framework and quantitative risk limits, ensuring its ongoing integrity and suitability to support the Board's strategic objectives
- The design, structure and implementation of the Group's risk management framework (RMF) and its suitability to identify and manage current risks and react to forward-looking issues and the changing nature of risks across all principal risks
- Risk reports on the effectiveness of the Group's RMF and system of internal controls, including notification of material potential or actual breaches of risk limits and internal control processes and the remedial action taken or proposed
- Risks in relation to major investments, major product developments and other corporate transactions
- Regulatory compliance across the Group, which includes reviewing and approving the Group's compliance policies and monitoring compliance with those policies
- The remit of the Risk and Compliance functions, ensuring they have adequate resources and appropriate access to information to enable them to perform their functions effectively

The Committee also reviews and recommends:

- The Internal Capital Adequacy Assessment Process (ICAAP) Report at least annually and more frequently as necessary, to the Board
- The extent of Directors' and Officers' insurance coverage, to the Board
- The prosecution, defence or settlement of litigation or alternative dispute resolution for material potential liabilities, to the Board
- The effectiveness of the Group's RMF and internal controls systems, to the Board
- Alignment of the remuneration policy with risk appetite, and adjustments to any employee's remuneration for events that have been detrimental to the Group or events that have exceeded the Board's risk appetite, to the Remuneration Committee
- All material statements to be included in the Annual Report, Interim Report, prospectuses or circulars, concerning risk management, to the Audit Committee

### Composition

The current members are Kathryn Purves (Chair of the Committee), Virginia Holmes, Rosemary Leith, Rusty Nelligan, and Amy Schioldager. Biographical details can be found on pages 62 to 65.

The Committee members have a wide range of business and financial experience, including risk management, fund management and investment, regulation and compliance, M&A, tax and international business practices. In particular, Kathryn Purves was the CRO of Partnership Assurance Group plc. These skills enable the Committee to fulfil its terms of reference in a robust and independent manner.

The Executive Directors of the Board are not members of the Committee but attend meetings at the invitation of the Chair of the Committee. The Head of Risk, Head of Group Compliance, Head of Internal Audit and the Company Secretary attend all the meetings.

### Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.

### Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

### Monitoring the effectiveness of controls

The Risk Committee is provided with a number of risk reports, which it uses to continually review the Group's RMF, and works closely with the Audit Committee to review the system of internal controls. The reports enable the Committees to develop a cumulative assessment and understanding of the effectiveness with which internal controls are being managed and risks are being mitigated by management across the Group.

As part of their review the Committees consider whether the processes in place are sufficient to identify all material controls, defined as those critical to the management of the principal risks of the business. Additional reporting on the effectiveness of material controls is provided to the Audit Committee on an annual basis to support the review of the effectiveness of controls in managing the principal risks.

The Board, on recommendation from the Risk and Audit Committees, and considering the work of Internal Audit overseen by the Audit Committee, confirms that the Group's risk management and internal control systems are operating effectively, and material controls operated effectively throughout the year.

## Summary of meetings in the year

The Committee held five meetings during the year. In each of its meetings, it received a report from the Head of Risk providing an assessment of each principal risk versus appetite, key risk events, key emerging risks, actions taken or being taken to manage the risks, and from the Head of Group Compliance on global compliance (including the Group's monitoring programme) and implementation of relevant regulatory developments.

Over the course of the year the Committee considered and discussed the following significant matters:

- The Committee has monitored the impact of the pandemic on the Group's business, specifically covering operational resilience, employee wellbeing, liquidity and impacts to the Investment Company portfolio, and considered frequent updates from management (both formally and informally) as events have unfolded. The Committee takes the operational resilience of the Group's services very seriously and has drawn valuable insight from the discussions this year
- Following its specific request, the Committee received an update from the Group's Responsible Investing Officer regarding the Group's ESG initiatives and was pleased to see the Group continuing to adopt a proactive response to the challenges, risks and opportunities arising from climate change. This progress was welcomed while acknowledging the need for risk management practices generally to evolve further across the whole industry in respect of climate change risk
- The Committee held dedicated sessions to review and update the Group's principal risks and to review and challenge the proposed updates to the risk appetite framework to ensure that the risk appetite policy, statements, metrics and risk limits appropriately reflect changes to the Group's risk profile in view of the external environment and ongoing transformation of the business
- Delivery and embedding of the RMDP that commenced in 2019 has remained a key focus, with the Committee receiving regular updates on the roll out of the RCSA programme and changes made to the RMF policy. The Committee was also briefed on the changes to the Group Risk Taxonomy, in particular the separation of ESG and Climate Risk as stand-alone risks
- A number of transformation programmes are underway to deliver our strategy for growth and the Committee has been briefed by management on the strengthening of project governance that is in place for all aspects of the transformation programme. In particular, the Committee received detailed updates regarding the transformation activities being undertaken in the Finance and Operations functions to support ongoing overall efficiency and to reduce operational risk exposures
- The Head of Information Technology briefed the Committee on the ongoing steps being taken within the Group to ensure that the Group manages cyber risks appropriately, and the measures taken to move to a distributed technology model which removes a physical dependency on the office, thus strengthening the Group's overall resilience. For our ICAAP, the Committee received a detailed briefing on the enhancements and was satisfied that the internally generated scenarios were appropriately calibrated, and also stressed the particular vulnerabilities of the Group. They were further satisfied that the Group would meet internal and regulatory requirements for capital and liquidity in such scenarios. The Committee received updates on the progress of the global transition to alternative risk-free reference rates including on preparations by the LIBOR transition programme to manage and mitigate the financial and non-financial risks associated with the transition
- The Committee also evaluated the Group's approach to the implementation of the European Securities and Markets Authority (ESMA) guidance regarding the increasing standard and consistency of liquidity stress testing of our investment funds and welcomes visibility of the regular liquidity stress testing reports that are produced under this new framework

## Other matters considered

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review, including the adequacy of resourcing in the compliance and risk functions, updates on key policies and a review of the annual Whistleblowing report and the Money Laundering Officer's report. The Committee meets privately with both the Head of Risk and the Global Head of Compliance on a semi-annual basis.

## Internal Audit, Risk and Compliance monitoring

Internal Audit, Risk and Compliance work closely together to ensure appropriate coverage of the Group's activities.

The Committee supported the Audit Committee in its oversight of the internal audit programme (see page 78), which is risk based. It is designed to permit changes to the programme in the light of changed circumstances.

In conjunction with the Audit Committee, the Committee reviews and approves the programme of compliance monitoring to be undertaken during the following fiscal year and at each of its subsequent meetings reviews the status and output of compliance monitoring actually undertaken relative to the planned programme.

During the year the Committee ensured that appropriate monitoring was undertaken in accordance with the approved programme for the year. No significant matters of concern were identified.

# Ensuring a balance of skills, diversity and experience

The role of the Committee is to oversee the membership of the Board to ensure a balance of skills, diversity and experience among the Directors, oversee senior management succession planning and the governance practices and processes of the Group.

## Areas of Committee focus

### Culture, diversity and inclusion
- Employee engagement
- Gender diversity considerations

### Succession planning
- Non-Executive, Executive and senior management succession planning
- Talent development

### Director skills and experience
- Director induction
- Director training

### Appointments
- Board composition
- Additional appointments

### Committee members
- Lord Davies of Abersoch (c)
- Kathryn Purves
- Andrew Sykes
- Stephen Welton

## Dear shareholder

I am pleased to present the Nominations and Governance Committee report for the financial year ending 31 March 2021.

Good governance requires the appropriate balance of skills, diversity of thought and experience, independence and knowledge, making the work of the Nominations and Governance Committee a key part of our oversight.

During the year, the Committee closely monitored the evolving composition of the Board and concluded that we would benefit from recruiting two further Non-Executive Directors (NEDs), partly to enhance the existing skill set of the Board and partly to allow for long-term succession planning for Board members. After an extensive search, we were delighted to recommend the appointment of Rosemary Leith and Matthew Lester. Rosemary is a renowned technology expert who will add to our ability to understand and oversee the Group's operational platform, while Matthew has extensive FTSE100 experience as both a CFO and NED, giving him insight into the increasing demands of financial reporting. We are confident both will contribute strongly to your Board.

The Committee has continued its focus on executive succession planning for key individuals and ensuring development and training for our key talent. NEDs have worked closely with the Chief People and External Affairs Officer in this area and particular emphasis has been placed on enhancing bench strength across the organisation, including at the level of emerging future leaders. ICG is a people business and developing our talent is crucial in helping to deliver the Group's strategic objectives.

The Committee has continued to monitor the feedback from employees gained through focus group sessions led by Amy Schioldager, as the NED responsible for liaising with employees. Employee views are always important to us and we are pleased to note the effectiveness of Amy's work.

The output from both the 2020 externally-led Board evaluation and the internal evaluation led by me earlier in 2021 is always front of mind for the Committee as we continue to evaluate the skills, composition and cohesion of our Board. We are confident that your Board is well placed to continue to oversee and provide challenge to executive management.

I would be pleased to respond to any shareholders' questions about the Committee's work either at the AGM or otherwise.

**LORD DAVIES OF ABERSOCH**
Chair of the Nominations and Governance Committee

8 June 2021

## Committee governance

### Roles and responsibilities

The Committee is responsible for:

- Identifying, and nominating for the Board's approval, candidates to fill any Board vacancy
- Succession planning, including the progressive refreshing of the Board, and developing executive talent below Executive Director level
- Ensuring that all appointments to the Board are made on objective criteria and that candidates have sufficient time to devote to their prospective responsibilities
- Appointing a NED as the Whistleblowing Champion
- Appointing a NED as the Employee Engagement Champion
- Appointing a NED as the ESG Champion
- Considering the composition of the Board to ensure that the balance of its membership between Executive Directors and NEDs is appropriate
- Overseeing diversity and inclusiveness, culture, employee engagement and other governance-related matters within the Group
- Annually assessing the continued fitness and proprietary of the Senior Management Function (SMF) holders, including the NEDs, together with reviewing the Group's responsibilities map which describes the management and governance arrangements, as required under SMCR
- Ensuring the Group is managed to high standards of corporate governance

### Composition

The Nominations and Governance Committee consists of four NEDs: Lord Davies of Abersoch (Chair of the Committee), Kathryn Purves, Andrew Sykes and Stephen Welton. Biographical details can be found on pages 62 to 65.

The Company Secretary acts as Secretary to the Committee.

Appointments of Executive Directors and NEDs are made as necessary as a result of discussions by the Committee and are subject to full Board approval and election or re-election at a General Meeting of the shareholders.

### Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.

### Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

### Summary of meetings in the year

The Committee held three meetings during the year as well as a joint session with the Board on employee engagement. Over the course of the year the Committee considered and discussed the following significant matters:

- Whether it may be appropriate to appoint further NEDs to the Board to supplement the existing skill set of the Board and assist with long-term succession planning. It was concluded that two further appointees would benefit the operations of the Board, in particular if they were able to bring expertise in respect of technology and previous experience as a FTSE CFO. After a detailed search a number of high quality candidates were identified. A shortlist of candidates was identified for each role, having regard to the qualities required, with all shortlisted candidates being interviewed by members of the Committee and the preferred candidates (Rosemary Leith and Matthew Lester) holding virtual meetings with all Board members before being appointed. The Committee was assisted by an executive search agent, Korn Ferry (who provide search agent services to the Group on commercial terms and have no connection to the individual Directors).
- Executive succession planning by management was reviewed by the Committee.
- The employee engagement NED, Amy Schioldager, provided insights on the culture of the Group and other feedback from the ongoing informal engagement programme to a joint session of the Committee and the Board. This was based on her engagement during the year with several groups and included the views of a wide range of employees drawn from a number of the different geographies in which the Group is active. Due to the pandemic, she had met employees virtually in groups of 10-12 and sought their views on a range of issues, including the employee experience as a result of the transition to virtual working.

## Other matters considered

The Committee also conducted a review of the size and composition of the Board and its Committees, the skill set of all Directors, their ongoing training and development and the independence of non-executives. No points of concern were raised.

The Board's policy is for at least 33% of members to be female in accordance with the recommendation of the Davies Report. At the date of publication, 42% of the Board is female. The Board does not currently have a policy on ethnic diversity but has determined always to select the best candidate for a role, regardless of race, ethnicity or any other demographic factors. The Board is aware of the recommendations of the Parker Review that by 2021 at least one member of the Board of a FTSE100 company should be non-white; that recommendation has been met.

The Committee monitors the diversity of the Group with a specific focus on senior management roles and their direct reports (see page 37).

## Non-Executive Director area of expertise

| **Name** | Asset Management | Investment | UK Corporate Governance | International | Risk Management | Financial |
|---|---|---|---|---|---|---|
| Lord Davies of Abersoch | ● | ● | ● | ● | ● | ● |
| Virginia Holmes | ● | ● | ● | ● | | |
| Rusty Nelligan | | | | ● | ● | ● |
| Kathryn Purves | | ● | ● | ● | ● | |
| Amy Schioldager | ● | ● | | ● | ● | |
| Andrew Sykes (SID) | ● | ● | ● | | ● | ● |
| Stephen Welton | ● | ● | | | ● | ● |
| Rosemary Leith | | ● | ● | ● | ● | |
| Matthew Lester | ● | ● | ● | | ● | ● |

# Remuneration Committee report

## Areas of focus

### Remuneration policy
- Continuous assessment of the effectiveness of the Group's remuneration policy
- Consideration of shareholder and representative shareholder bodies' feedback

### Key performance indicators
- Setting of KPIs for the Executive Directors
- Monitoring performance against those KPIs

### Governance, stakeholders and shareholders
- Consideration of feedback from shareholders
- Adherence to regulatory requirements

### Executive remuneration
- Determination of Executive Directors' awards
- Review of awards payable to all material risk takers

### Oversight of awards
- Review of the calculation of Pre-Incentive Cash Profit (PICP) to determine the Annual Award Pool (AAP)
- Review of market data on award levels

## Committee members
- Virginia Holmes (c)
- Lord Davies of Abersoch
- Rosemary Leith (joined 1 February 2021)
- Andrew Sykes
- Stephen Welton

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102 Directors' Remuneration Policy

## Dear shareholder

I am pleased to present the Committee's Report for the year ended 31 March 2021, which explains the remuneration decisions made by the Committee for the last financial year.

### Directors' Remuneration Policy

Our Directors' Remuneration Policy was approved by shareholders last year, with 94.43% of votes in favour, and last year's Directors' Remuneration Report received 96.79% of votes in favour, indicating on-going and strong support from our shareholders.

Prior to the 2020 AGM, we consulted extensively with our major shareholders on our Policy proposals and updated the Policy to take account of the latest changes in the UK Corporate Governance Code and the most recent guidelines from shareholders and voting agencies. The main parts of our Policy were already well aligned to the shareholder guidelines, and have supported the success and growth of the business. Therefore, we did not make any fundamental changes to the Policy. We are pleased to say that it continues to be well-aligned with our business strategy and shareholder guidelines, and no further changes are proposed for FY22. Our Policy and practice complies with the remuneration requirements of the UK Corporate Governance Code, including in relation to alignment of executive director pensions with the wider workforce, in having a post-cessation shareholding policy and in complying with the remuneration principles set out in Provision 40 of the Code.

### Remuneration Policy and approach

We continue to maintain our long-term orientated approach to variable pay, which aligns our executives to our shareholders. We make a single variable pay award each year to Executive Directors, linked to a balanced scorecard of key performance indicators (KPIs) and funded from the capped Group variable pay pool.

Last year, we signalled that we would review the KPIs, and we modified and consolidated these for FY21 in order to reduce complexity and align them more closely with the corporate and shareholder goals and the Group's Strategic Objectives of: growing AUM; investing selectively; and managing portfolios to maximise value. We have also listened to and taken on board shareholder feedback and have strengthened our disclosures in relation to our KPIs, where we have disclosed our threshold, target and stretch targets.

The KPIs reflect the Group's long-term strategic and mid-term tactical priorities in creating value, especially in light of the Group's evolution in recent years and the excellent progress made in size and scale, diversification and positioning within the alternative investment industry and the FTSE.

Our approach encourages and reflects sustained, long-term performance: the Annual Award Pool (AAP) is based on cash profits the Group has already realised from its fund management business and its investments, and it is capped at 30% annualised over a five-year period. Furthermore, for Executive Directors, at least 70% of the variable pay award is deferred over five years into shares, with vesting in three equal tranches after the third, fourth and fifth anniversaries of award.

Each Executive Director has a target level and a maximum cap on their total variable pay, expressed in monetary value rather than as a multiple of base salary in order to discourage upward pressure on base salary. The maximum total variable pay awards are payable for outstanding performance only. The Committee also liaises closely with both the Audit and Risk Committees to ensure that risk and audit matters are taken into account in determining the remuneration levels of the Directors.

The Policy is set out in detail in the relevant section of this report.

## Response to the Covid-19 crisis

This year has been particularly challenging, but we have continued to provide stability and security for our workforce through adapting our ways of working to keep our people as safe as possible whilst ensuring full business continuity. We have been able to operate seamlessly and, as a result, have collectively achieved strong business performance and increased shareholder value. I am pleased to say that we have not had to make any redundancies, nor have we had to furlough any of our employees or take any other form of Government Covid-19 support. Dividends for FY20 and FY21 have continued to be paid.

We have also continued to operate our usual variable pay arrangements this year, applying demanding performance criteria, and ensuring that our employees are recognised for their on-going hard work and strong corporate performance.

## Business performance and remuneration

Business performance in the year ended 31 March 2021 has been extremely strong. We raised $10.6bn in new funds, achieved an FMC (Fund Management Company) operating margin of 52% and deployed $7.2bn in new investments. Our Pre-Incentive Cash Profit (PICP) was £244.8m.

We have a long-standing policy of awarding variable pay across the workforce of not more than 30% of PICP measured on a five-year rolling basis. The Committee has determined that £87.2m should be awarded to eligible employees under the AAP for the year ended 31 March 2021, compared with £70.8m in the prior year. This reflects both individual and corporate performance as well as an increase in bonus-eligible staff of 15% year-on-year. The awards are in the form of cash bonuses, deferred awards of ICG shares and Deal Vintage Bonus (DVB) awards. DVB awards are a long-term incentive enabling investment teams, excluding Executive Directors, to share in the future realised profits from the Group's own balance sheet investments.

The Committee has allocated 23.6% of PICP on a five-year cumulative rolling percentage basis, which is 6.4 percentage points below the maximum 30% permitted under the Policy. This Policy provides a focus on long-term performance and only takes account of cash profits, thus aligning with shareholders' interests fully. It also allows us to smooth out some of the potential volatility in remuneration, and this, as well as the use of our Business Growth Pool (BGP), provides capacity to continue to develop the business through the cycles.

In addition to the AAP, the Committee allocated £6.9m to the shareholder-approved BGP to fund incentive awards for teams involved in developing new investment strategies during the year, including Life Sciences, Real Estate and North American Private Equity strategies. This pool excludes Executive Directors. This year's BGP award compares with £3.9m awarded in the prior year. The increase this year reflects the further investment being made in the future of our business by hiring strong portfolio managers and experienced team members to drive the growth of new investment strategies.

## Five-year AAP overview

| | FY17 | FY18 | FY19 | FY20 | FY21 | Cumulative |
|---|---|---|---|---|---|---|
| Percentage of PICP over five years rolling | 21.6% | 21.5% | 23.6% | 22.2% | **23.6%** | 23.6% |
| Spend on incentives (£m) | 65.9 | 77.7 | 78.0 | 70.8 | **87.2** | 379.6 |
| Number of employees | 282 | 294 | 336 | 408 | **470** | |

## Executive Director remuneration

The total remuneration for the year for each Executive Director is shown in the table on page 92.

No increases in base salaries have been awarded to the Executive Directors this year. For the third year in a row, the base salary for the CEO has not been increased and remains at £394,000, which is substantially lower than the typical CEO salary level for a company of ICG's size and complexity as well as similar asset managers. The CFOO's base salary was set at £500,000 on joining in May 2019, and the CPEAO's base salary was set at £425,000 on her appointment to the Board in April 2020 and neither have been increased this year.

The Committee made variable pay awards of £5,700,000, £1,600,000 and £1,100,000 respectively to the CEO, CFOO and CPEAO this year. The variable pay awards reflect strong performance across the Executive Director KPIs (please see page 93 for more details). They also incorporate the exercise of discretion by the Committee with a downward adjustment for the CFOO and CPEAO to reflect their progression and development into their Director roles over the course of the year, as well as the CPEAO's start date in the role (16 April 2020).

They also incorporate the exercise of discretion by the Committee with a downward adjustment for the CFOO and CPEAO to reflect their progression and development into their Director roles over the course of the year, as well as the CPEAO's start date in the role (16 April 2020). 80% of the CEO's variable pay award and 70% of the CFOO's and CPEAO's variable pay awards were deferred into ICG PLC shares vesting in equal tranches on the third, fourth and fifth anniversaries of award.

## Directors' interests in shares

Our Executive Directors are aligned to the Group's long-term share price and dividends through our Directors' Remuneration Policy:

- At least 70% of Executive Directors' variable pay is deferred in the form of ICG PLC shares
- These deferred shares vest over a five-year period. Vesting starts in the third year from the award date and takes place in three equal tranches over the third, fourth and fifth anniversaries of the award
- Executive Directors are required to build and maintain an on-going minimum shareholding. This is currently 3x base salary for the CEO and 2x base salary for other executives
- Executive Directors are also required to retain a shareholding for two years after leaving the Board, to further enhance the long-term alignment with shareholders

## Total Shareholder Return (TSR)

ICG has continued to deliver outstanding TSR performance. For the ten years to 31 March 2021, TSR was 779.5% versus 76.3% for the FTSE All Share Index.

## Appointment of new NED

On 1 February, we welcomed Rosemary Leith as a member of the Board and the Remuneration and Risk Committees. She brings with her a wealth of knowledge and experience which will further strengthen the diversity of perspectives represented at the Committee.

## Conclusion

I would like to thank all of our shareholders for their continued and on-going support over the years, which was reflected in the strong vote in favour of both our Remuneration Policy and Directors' Remuneration Report at last year's AGM. Our Policy provides a clear, simple and predictable remuneration model, that helps drive the achievement of our corporate strategy and a prudent approach to risk.

**VIRGINIA HOLMES**
CHAIR OF THE REMUNERATION COMMITTEE

8 June 2021

# Remuneration at a glance

## Executive Remuneration Framework and Policy Summary

| Purpose and link to strategy | Operation | Maximum opportunity | Outcomes for FY21 |
|---|---|---|---|
| **Base Salary**<br>Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group | Normally reviewed annually with any changes generally applying from the start of the financial year | In considering increases, the Committee assesses the range of salary increases applying across the Group, and local market levels | Base salaries for the Executive Directors are unchanged. The CEO remains at £394,000, the CFOO at £500,000 and the CPEAO at £425,000 |
| **Benefits**<br>Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group | Benefits currently receivable by Executive Directors include life assurance, private medical insurance and income protection | Provision and level of benefits are competitive and appropriate in the context of the local market | There have been no changes to the Executive Directors' benefits provision this year |
| **Pension**<br>Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group | All Executive Directors are entitled to a pension allowance payable each month at the same time as their salary | A pension allowance of no more than the level available to the majority of the Group's workforce in the relevant location is provided | The Executive Directors' pension allowances are set no higher than the majority of the Group's workforce with the CEO and CPEAO at 12.5% and CFOO at 10%; there have been no changes this year |
| **Total variable pay award**<br>Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group | The total variable pay award consists of the Cash Bonus Award and ICG PLC Equity Award (see below) | Max variable pay awards to Executive Directors are £6m for the CEO/CIO, £2m for the CFOO and £1.5m for the CPEAO | Variable pay awards for the CEO, CFOO and CPEAO were £5.7m, £1.6m and £1.1m respectively. 80% of the CEO's award and 70% of the awards for the other Executive Directors were deferred into shares, vesting over 5 years |
| **ICG PLC Equity Award**<br>Rewards achievement of business KPIs, cash profits and employing sound risk and business management and aligns the interests of Executive Directors with those of shareholders | At least 70% of an Executive Director's total variable pay award shall be delivered in ICG PLC Equity<br>Shares normally vest by one third in each of the third, fourth and fifth years following the year of grant | See details above in relation to the overall annual variable award | 80% of the CEO's variable pay award and 70% of the CFOO's and CPEAO's variable pay awards were deferred into ICG PLC shares |

## Business performance

**Group Profit Before Tax[1]**
**£507.7m**
**(2020: £110.8m)**

**Third Party AUM**
**$56.2bn**
**(2020: $47.2bn)**

**Ordinary Dividend**
**56.0p**
**(2020: 50.8p)**

**UNPRI ESG Assessment**
**A+A+A**
**(2020: AAB)**

## Five-year AAP overview

We have a long-standing policy of awarding variable pay across the workforce of not more than 30% of PICP measured on a five-year rolling basis. The Committee has determined that £87.2m should be awarded to eligible employees under the AAP for the year ended 31 March 2021, compared with £70.8m in the prior year.

| | FY17 | FY18 | FY19 | FY20 | FY21 | Cumulative |
|---|---|---|---|---|---|---|
| Percentage of PICP over five years rolling | 21.6% | 21.5% | 23.6% | 22.2% | **23.6%** | 23.6% |
| Spend on incentives (£m) | 65.9 | 77.7 | 78.0 | 70.8 | **87.2** | 379.6 |
| Number of employees | 282 | 294 | 336 | 408 | **470** | |

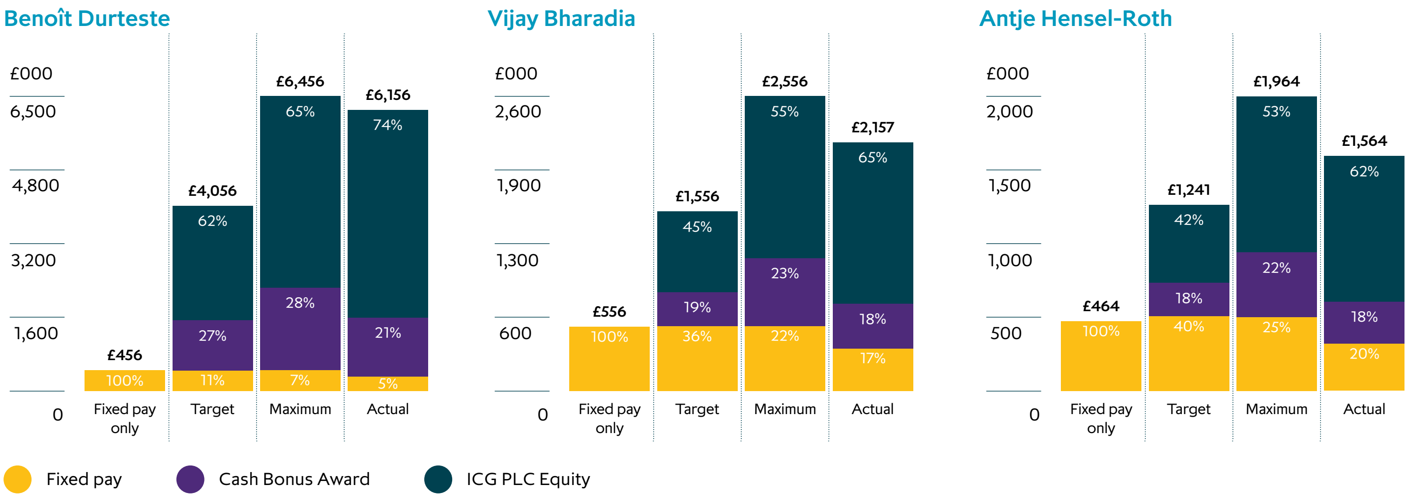
1. Results presented on an APM basis.

## KPI performance outcomes

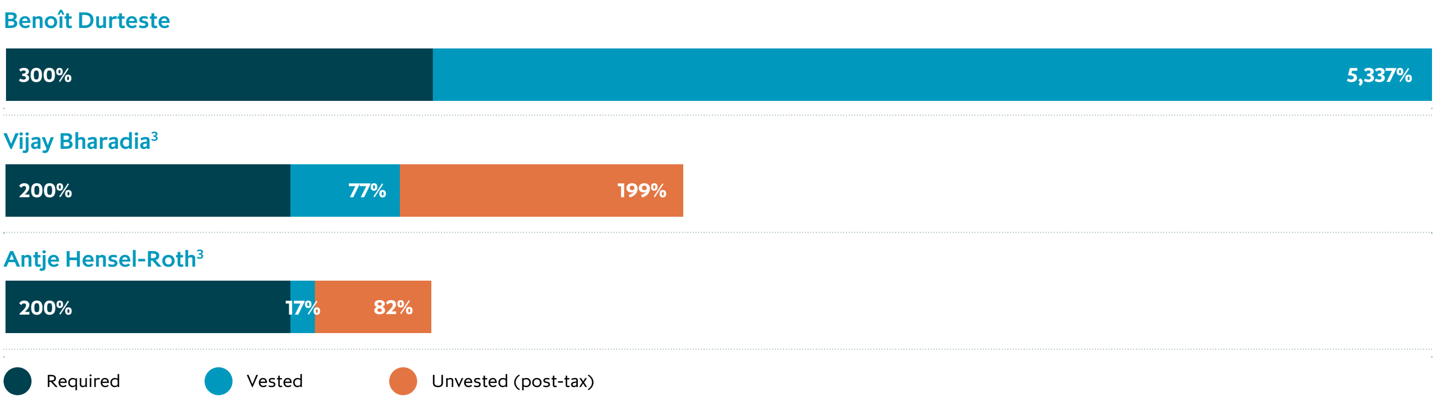
| KPI | Link to strategic objectives | Threshold | Target | Stretch | FY21 Outcome |
|---|---|---|---|---|---|
| **Quantitative KPIs** | | | | | |
| Fundraising[1] | 1 | $4.3bn | $6.5bn | $8.6bn | $10.6bn |
| Realised Portfolio Returns | 2 3 | 3% | 5% | 7% | 12.1% |
| FMC Operating Margin | 1 2 3 | 43% | 45% | 50% | 51.9% |
| Net Gearing[2] | | | 0.6-1.2x | | 0.63x |
| **Qualitative KPIs (% of max)** | | | | | |
| Strategic Development | 1 2 3 | | | | 85% |
| Culture and Diversity | 1 2 3 | | | | 83% |
| Operating Platform & Risk Management | 1 2 3 | | | | 80% |
| Overall Leadership | 1 2 3 | | | | 92% |

**Strategic alignment:** 1 Grow AUM 2 Invest selectively 3 Manage portfolios to maximise value

## Total remuneration (actual vs target)




## Share ownership (percentage of base salary)




1. The Fundraising KPI threshold, target and stretch targets were originally set in Euros at €4bn, €6bn and €8bn respectively and have been converted at a Euro / USD exchange rate of 1.08 to align with our approach of reporting AUM in US dollars to align with client reporting and peers.
2. The Board did not set threshold and stretch targets for net gearing but a target range of 0.6 - 1.2x, which was met.
3. Both Vijay Bharadia and Antje Hensel-Roth are within their shareholding build-up period.

# Annual report on remuneration

## Single total figure of remuneration table (audited)

The following table shows a single total figure of remuneration in respect of qualifying services for the financial year ended 31 March 2021 for each Executive Director who served during the year, together with comparative figures for the previous financial year:

| Executive Directors | Salaries £000 | Benefits[2] £000 | Pension allowance £000 | Fixed remuneration £000 | Short-term incentives, available as cash[3] £000 | Total emoluments £000 | Recruitment replacement awards[4] £000 | Short-term incentives, deferred[5] £000 | Total variable remuneration £000 | Total remuneration £000 | Long-term Incentives[6,7] vested from prior years (legacy awards) £000 | Single total figure of remuneration £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Benoît Durteste** | | | | | | | | | | | | |
| **2021** | **394.0** | **13.4** | **48.7** | **456.1** | **1,140.0** | **1,596.1** | **–** | **4,560.0** | **5,700.0** | **6,156.1** | **1,374.3** | **7,530.4** |
| 2020 | 394.0 | 19.4 | 59.1 | 472.5 | 927.6 | 1,400.1 | – | 3,710.4 | 4,638.0 | 5,110.5 | 775.0 | 5,885.5 |
| **Vijay Bharadia** | | | | | | | | | | | | |
| **2021** | **500.0** | **12.2** | **44.4** | **556.6** | **480.0** | **1,036.6** | **–** | **1,120.0** | **1,600.0** | **2,156.6** | **–** | **2,156.6** |
| 2020 | 432.9 | 10.9 | 45.1 | 488.9 | 390.3 | 879.2 | 941.5 | 910.7 | 2,242.5 | 2,713.4 | – | 2,731.4 |
| **Antje Hensel-Roth[1]** | | | | | | | | | | | | |
| **2021** | **407.5** | **12.3** | **44.6** | **464.4** | **330.0** | **794.4** | **–** | **770.0** | **1,100.0** | **1,564.4** | **–** | **1,564.4** |

**See page 98 for details of payments to NEDs.**

1. Fixed remuneration elements for Antje Hensel-Roth reflect the remuneration received in respect of qualifying services provided in the year ended 31 March 2021. The fixed remuneration elements have therefore been pro-rated respectively from the date on which Antje Hensel-Roth was made an Executive Director (16 April 2020).
2. Each Executive Director's benefits include medical insurance, life insurance and income protection for the year ended 31 March 2021.
3. This represents the Cash Bonus Award element of the variable remuneration.
4. This figure represents the PLC Equity Awards that were granted to Vijay Bharadia on 1 August 2019 to replace and materially replicate awards he had forfeited on leaving his previous employer. These awards will vest on the same timetable as the forfeited awards over the next four years and no further replacement awards are being made.
5. This represents the ICG PLC Equity Awards made for the year ended 31 March 2021 and deferred over five years vesting in years three, four and five following award.
6. The long-term incentive amounts are legacy award payments received during the year in respect of Deal Vintage Bonus (formerly known as Balance Sheet Carry). These awards were made in prior years and are no longer available to Executive Directors.
7. Share price movements do not have any impact on the value of long-term incentives vesting during the current year (legacy awards).

## Executive Director performance

A summary of the Executive Directors' KPIs and the current year outcome is set out on the following page. KPI targets, weightings and ranges are set annually, reflecting annual objectives and long-term goals.

The Committee determined that overall delivery against the Group's strategic objectives has been very strong. This was another excellent performance year, with fundraising, fund management profits and realised portfolio returns all well ahead of the stretch targets set. Performance has also been very strong against those KPIs which were set to underpin the Group's longer-term objectives.

Having considered his delivery across the range of KPIs, the Committee made a total variable pay award to Benoît Durteste of £5,700,000, comprising an annual Cash Bonus Award of £1,140,000 and a deferred PLC Equity Award of £4,560,000, reflecting very strong performance in his dual role as CEO and CIO of the Group.

In considering the awards to be made to Vijay Bharadia and Antje Hensel-Roth, the Committee took into account their significant contributions to the strong performance against the quantitative and qualitative KPIs. The Committee further recognised that both executives were still in their first full year as Executive Directors, and therefore, in recognition of their developing roles, the Committee exercised its discretion to make lower awards than strictly formulaic KPI calculations would indicate. Consequently, for Vijay Bharadia the Committee made a total variable pay award of £1,600,000. This comprises an annual Cash Bonus Award of £480,000 and a deferred PLC Equity Award of £1,120,000. For Antje Hensel-Roth, the Committee determined that an award of £1,100,000 was appropriate, comprising an annual Cash Bonus Award of £330,000 and a deferred PLC Equity Award of £770,000.

## Strategic objectives

1. Grow AUM
2. Invest selectively
3. Manage portfolios to maximise value

## Awards in respect of annual performance[1]

| KPI | Link to strategic objectives | CEO weighting | CFOO weighting | CPEAO weighting | Threshold | Target | Stretch | FY21 Outcome | Narrative |
|---|---|---|---|---|---|---|---|---|---|
| **Quantitative KPIs** | | | | | | | | | |
| Fundraising[2] | 1 | 27.5% | 20.0% | 20.0% | $4.3bn | $6.5bn | $8.6bn | $10.6bn | Despite Covid-19, this has been the third-highest fundraising year in the history of the firm, with particular success for first-time funds, record asset gathering for Senior Debt Partners (SDP) and best-in-class client communication. |
| Realised portfolio returns | 2 3 | 15.0% | 5.0% | 10.0% | 3% | 5% | 7% | 12.1% | Funds have continued to perform exceptionally well due to continued investment discipline and exposure to defensive sectors. Investment Company outperformance was also significant. |
| FMC operating margin | 1 2 3 | 20.5% | 22.5% | 22.5% | 43% | 45% | 50% | 51.9% | Strong fundraising, including in strategies with fees on committed capital; solid deployment; strong deal flow; Collateralised Loan Obligation (CLO) income and dividends and continuous cost control have all contributed to an excellent margin result. |
| Net gearing[3] | N/A | 7.5% | 12.5% | 7.5% | | 0.6-1.2x | | 0.63x | The net gearing position continues to demonstrate our appropriate and forward-looking management approach. |
| **Qualitative KPIs (% of max)** | | | | | | | | | |
| Strategic development | 1 2 3 | 10.0% | 10.0% | 10.0% | | | | 85% | Excellent progress has been made in the positioning for continued, sustainable success: significant growth in existing business units; diversification into new investment strategies with compelling fee structures; growth and diversification of the client footprint; significant development of the bench strength of talented and impactful executives. |
| Culture, diversity and inclusion | 1 2 3 | 10.0% | 10.0% | 15.0% | | | | 83% | Culture has grown even stronger through the challenges of the past year. The significant investment in talent development and employee engagement is making a meaningful impact on the Group's culture, performance and innovation. Gender diversity continues to improve in all areas of the Group and the focus on Inclusion more broadly continues at pace. |
| Operating platform and risk management | 1 2 3 | 5.0% | 15.0% | 10.0% | | | | 80% | The operating platform and risk management continue to develop at pace, with significant upgrades in all areas of talent, process and strategy. As a result, business efficiency has increased even more significantly and business processes have been seamless and highly resilient throughout the challenges of Covid-19. |
| Overall leadership | 1 2 3 | 5.0% | 5.0% | 5.0% | | | | 92% | All three Executive Directors have demonstrated excellent overall leadership in what has been a particularly challenging year and the two more recently appointed Executive Directors are settling in well into their roles. |

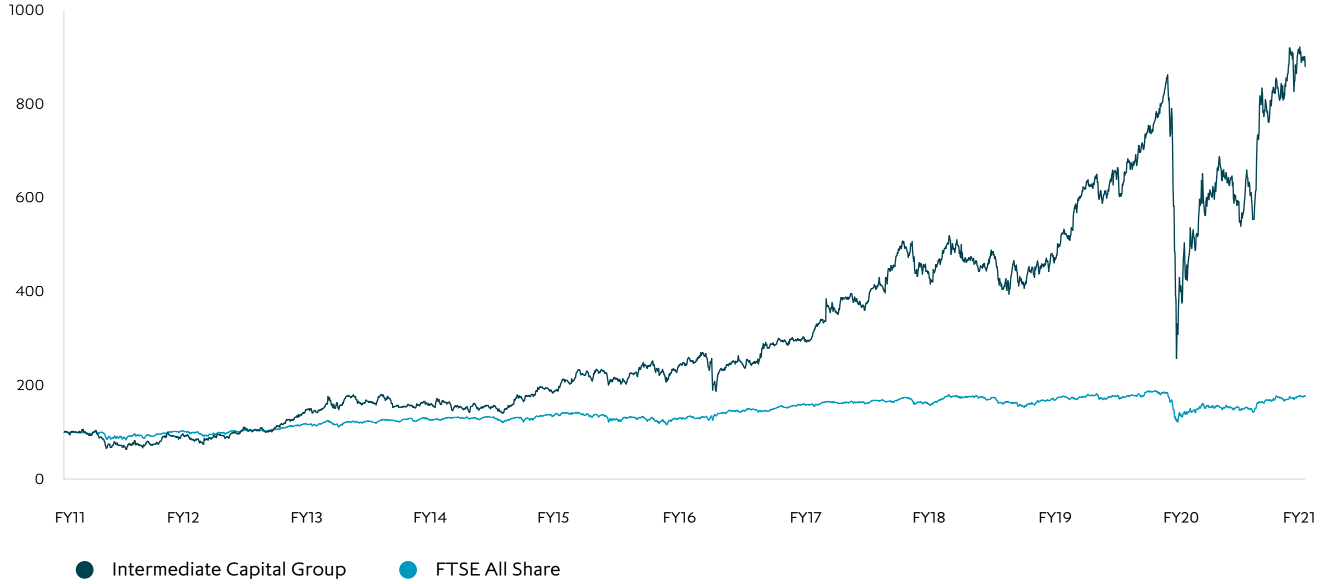
1. The on-target variable pay levels are 60% of maximum for the CEO and 50% of maximum for the CFOO and CPEAO. 25% of maximum is payable for threshold performance, and 100% of maximum for performance at stretch level or above.
2. The Fundraising KPI threshold, target and stretch targets were originally set in Euros at €4bn, €6bn and €8bn respectively and have been converted at a Euro / USD exchange rate of 1.08 to align with our approach of reporting AUM in US dollars to align with client reporting and peers.
3. The Board did not set threshold and stretch targets for net gearing but a target range of 0.6 - 1.2x, which was met.

## Performance graph of Total Shareholder Return (ten years)

The graph below shows a comparison between the Group's total shareholder return performance and the total shareholder return for the FTSE All Share index. The graph compares the value at 31 March 2011 of £100 invested in Intermediate Capital Group plc with the FTSE All Share Index over the subsequent ten years. This index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other companies.

The TSR for the Company during this period has been 779.5%, compared to 76.3% for the Index.

### Total shareholder return




## Total remuneration of the Chief Executive Officer

The table below details the total remuneration of the CEO for the past ten years. The amounts are presented on the basis of the Single Total Figure of Remuneration Table (see page 92) and include some deferred compensation awarded in previous years but reported in the year received.

| **£000** | Financial year | Total remuneration | Percentage of maximum opportunity of short-term incentives awarded | Percentage of maximum opportunity of long-term incentives awarded |
|---|---|---|---|---|
| Benoît Durteste | 2021 | 7,530 | 95% | N/A |
| | 2020 | 5,886 | 84% | N/A |
| | 2019 | 9,526 | 87% | N/A |
| | 2018[1] | 3,412 | 77% | N/A |
| Christophe Evain | 2018[1] | 183 | 0% | N/A |
| | 2017 | 6,888 | 102% | 160% |
| | 2016 | 4,295 | 76% | 98% |
| | 2015 | 5,103 | 80% | 98% |
| | 2014 | 4,797 | 97% | 20% |
| | 2013 | 1,492 | 24% | 1% |
| | 2012 | 2,973 | 43% | 97% |

1. The amounts above have been pro-rated to reflect the transition of the CEO role from Christophe Evain to Benoît Durteste on 25 July 2017.

A comparison of the change of pay of the CEO and the other Directors to that of all employees of the Group is shown on page 97.

## Relative importance of spend on pay

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit (namely distributions to shareholders) for the financial year under review and the previous financial year. Although there has been a significant increase in headcount over the year, the increase in employee costs is not proportionate as there has been a reduced cost of legacy awards compared to the previous year.

| | Year ended 31 March 2020 | Year ended 31 March 2021 | Percentage change |
|---|---|---|---|
| Ordinary dividend (£m) | 144.4 | 150.9 | 4.5% |
| Permanent headcount | 408 | 470 | 15% |
| **Employee costs (£m)** | **168.5** | **179.4** | **6.5%** |

## Directors' interests in shares (audited)

The Directors and their connected persons held the following interests in shares of the Company:

| | | As at 31 March 2021 | | | |
|---|---|---|---|---|---|
| Directors | Shares held outright as at 31 March 2020 | Shares held outright as at 31 March 2021 | Unvested ICG PLC Equity Award/DSA interests | Unvested SAYE options | Shareholding requirement met? |
| Benoît Durteste | 907,007 | **1,141,580** | **1,404,775** | **1,468** | **Yes** |
| Vijay Bharadia | 12,813 | **20,822** | **101,854** | **1,468** | **Build-up period** |
| Antje Hensel-Roth | N/A | **3,819** | **35,663** | **1,468** | **Build-up period** |
| Lord Davies of Abersoch | 14,582 | **30,452** | **N/A** | **N/A** | **N/A** |
| Virginia Holmes | 10,000 | **10,000** | **N/A** | **N/A** | **N/A** |
| Rusty Nelligan | 141,000 | **141,000** | **N/A** | **N/A** | **N/A** |
| Kathryn Purves | 10,737 | **10,737** | **N/A** | **N/A** | **N/A** |
| Amy Schioldager | 10,000 | **10,000** | **N/A** | **N/A** | **N/A** |
| Andrew Sykes | 15,000 | **15,000** | **N/A** | **N/A** | **N/A** |
| Stephen Welton | 55,000 | **55,000** | **N/A** | **N/A** | **N/A** |

Under the Directors' Remuneration policy, the CEO is required to hold shares amounting to 300% of his annual salary and the other Executive Directors are each required to hold shares amounting to 200% of their annual salary, at the share price prevailing on 31 March 2021 with a build-up period for new Executive Directors. Both Vijay Bharadia and Antje Hensel-Roth are still within this build-up period. There are no set shareholding requirements for NEDs, although all are encouraged to purchase a holding to align themselves with shareholders.

As at 29 May 2021, there were no changes in the Directors' share interests from the figures set out in the tables above.

## Total pension entitlements (audited)

No Executive Director had a prospective entitlement to a defined benefit pension by reason of qualifying services.

## Executive Directors' co-investment in third-party funds

Fund investors expect the CEO/CIO to co-invest in funds to demonstrate his alignment, and as such he has made significant personal commitments from his own resources to the majority of the Group's closed-end strategies. At times, other Executive Directors may also make co-investments from their own resources to demonstrate alignment.

The CEO/CIO's co-investments from his personal resources continue to range from £112.5k to £2.9m across 15 funds.

## Carried interest on third-party funds

Certain professionals (including the Executive Directors) are expected to invest in carried interest arrangements under which a portion of the carried interest (usually between 50% and 80%) in respect of certain managed funds is available for allocation to investment professionals. Those investment professionals who participate in such arrangements pay full market value for the interests at the time of acquisition. Carried interest on third-party funds is an investment required by third-party fund clients to drive alignment and is not remuneration for services provided to the Group.

The current standard framework with third-party fund investors, which reflects industry standards in the UK and globally, meant that Executive Director carried interest commitments in the year ended 31 March 2021 have ranged from between 10% and 15% per relevant fund.

Further details of the funds managed by the Group (including an indication of those funds which have carried interest arrangements required by fund investors) can be found on page 186.

## Scheme interests awarded during the financial year (audited)

The following table provides the details of scheme interests awarded to the Executive Directors during the year ended 31 March 2021:

| Director | Award | Award date | Face value at grant (£000) | Number of shares awarded |
|---|---|---|---|---|
| Benoît Durteste | ICG PLC Equity Awards | 4 June 2020 | 3,717.4 | 283,669 |
| Vijay Bharadia | ICG PLC Equity Awards | 4 June 2020 | 910.7 | 69,625 |
| Antje Hensel-Roth | Deferred Share Awards | 4 June 2020 | 260.0 | 19,877 |

On 4 June 2020, ICG PLC Equity awards were granted to those Executive Directors who had served in the year ended 31 March 2020 in relation to their performance in that year. Additionally, Deferred Share Awards were granted to Antje Hensel-Roth in relation to performance in that year prior to her appointment as an Executive Director. 80% of the variable pay awarded to Benoît Durteste and 70% of the variable pay awarded to Vijay Bharadia in respect of that year was granted in the form of ICG PLC Equity. Awards vest in tranches of one third at the end of the third, fourth and fifth years following the year of grant. The Deferred Share Awards granted to Antje Hensel-Roth vest in tranches of one third at the end of the first, second and third years following the year of grant. As awards are made on the basis of PICP generated and performance achieved, there are no further performance conditions. The share price on the date of award of ICG PLC Equity and Deferred Share Awards was £13.08. This was the middle market quotation for the five dealing days prior to 4 June 2020.

## CEO pay ratio

The table below compares the CEO's single total remuneration figure for FY21 to the remuneration of the Group's UK workforce as at 31 March 2021.

| | Method | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|---|---|---|---|---|
| 2021 | Option A | 74:1 | 46:1 | 24:1 |
| 2020 | Option A | 58:1 | 37:1 | 18:1 |

Our ratio is lower than many FTSE companies due to a consistent remuneration approach. The median pay ratio has increased from 37:1 to 46:1 due to the Group's strong performance being reflected in the CEO's variable pay for the current year and higher payments of legacy DVB awards that are reflected in the long-term incentives element of the single total figure of remuneration.

Consistent with our calculation methodology in prior years, employee pay is calculated on the basis of the CEO single figure, which is 'Option A' under the reporting requirements. There are three possible methodologies that companies can adopt (Options A, B or C) and we have chosen Option A which we consider the most robust methodology. Option A requires the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the 25th percentile, at the median and at the 75th percentile. Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2021, in line with the CEO single figure methodology. In calculating these ratios, we have annualised any part-time employees or new joiners to a full-time equivalent (where relevant).

| Remuneration for quartile employees | Employee at 75th percentile | Median Employee | Employee at 25th percentile |
|---|---|---|---|
| Salary | £153,000 | £95,000 | £65,000 |
| Total pay and benefits | £316,012 | £163,019 | £102,100 |

## Percentage change in remuneration of Directors

The table below details how changes to the Directors' pay compare with the change in the average pay across all employees of the Group. Each figure is a percentage change of the values between the previous financial year and the financial year under review. The total permanent workforce has been selected as the comparator for salaries and fees and short-term incentives. The comparison of the increase in taxable benefits has been made for UK permanent employees only as their remuneration packages are most directly comparable to that of the Chief Executive.

| Percentage change | Salaries/fees | Taxable benefits[1] | Short-term incentives |
|---|---|---|---|
| Benoît Durteste | 0.0% | 1.7% | 22.9% |
| Vijay Bharadia[2] | 0.0% | 52.3% | 23.0% |
| Antje Hensel-Roth[3] | N/A | N/A | N/A |
| Lord Davies of Abersoch | 0.0% | N/A | N/A |
| Virginia Holmes | 0.0% | N/A | N/A |
| Rosemary Leith | 0.0% | N/A | N/A |
| Kathryn Purves | 0.0% | N/A | N/A |
| Amy Schioldager | 0.0% | N/A | N/A |
| Andrew Sykes | 0.0% | N/A | N/A |
| Stephen Welton | 0.0% | N/A | N/A |
| All employees | 1.6% | 27.4% | 4.1% |

1. Excludes average taxable expenses for both the Directors and all employees.
2. The figures for Vijay Bharadia for FY20 are for part of the year to reflect his actual time in role as an Executive Director.
3. The figures also reflect that it is Antje Hensel-Roth's first year as an Executive Director.

The increase in salaries and short-term incentives for employees arise from demographic changes in the employee population including a number of senior hires over the last couple of years. This demographic change means that employees are more likely to receive more substantial short-term incentives compared to a more junior population. The significant increase in taxable benefits for Vijay Bharadia and all employees is largely due to an improved medical insurance offering. Short-term incentives for all employees grew by 4.1%, although the variable pay for these individuals has increased by 12.4% when new awards of DVB are included.

## Gender pay

We are required by law to publish data on the following:

- Gender pay gap (mean and median)
- Gender bonus gap (mean and median)
- Proportion of men and women in each quartile of the Group's pay structure
- Proportion of men and women receiving bonuses

The gender pay gap is a UK comparison across the pay of all men and all women regardless of their level or role. This is different from an equal pay gap, an individual measure comparing the pay of a man and a woman in the same or a similar role. We have equal pay for equal work regardless of gender.

Both the pay and bonus gaps have increased during the financial year. The hourly pay gap has risen slightly after a period of steady decline over the previous four years of gender pay gap reporting. The mean pay gap is now 30.9% and the mean bonus gap has also risen slightly compared to last year.

Whilst there has been an increase of women in all parts of the Group, including at the most senior level, and promotions as a percentage of the overall gender population have been equal between men and women, a small increase in the proportion of men occupying senior roles in the organisation has led to the overall increase in our gender pay gap. Given our relatively small headcount, those small year-on-year changes in headcount can have a significant impact.

The mean bonus gap has increased largely as a function of long-term incentives granted several years ago and being paid out now. At the time of grant, the occupation of senior roles by women was much lower across the Group. Given the long-term nature of these incentive plans and the methodology for gender bonus gap calculations, we expect to see this dynamic continue for some time.

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Mean pay gap | 39.8% | 33.6% | 28.9% | 26.2% | 30.9% |
| Mean bonus gap | 81.7% | 67.7% | 78.3% | 66.6% | 68.8% |

The Group is nonetheless pleased with the overall progress that has been made over the last five years and continues to be committed to addressing our gender pay gap with a number of initiatives which are now well established. It continues to increase talent diversity and foster a culture of inclusivity through:

- Recruitment: improving hiring diversity through extending the reach of our search and selection activities; pressing for balanced candidate short lists for all roles; maximising diversity on our interview panels to moderate bias; continuously developing the interviewing skills of our staff
- Development: supporting individuals in their career progression through extensive mentoring and training; as well as holding managers accountable for the development and progression of their teams
- Retention: creating a culture of inclusion driven both from the top-down and the bottom-up, through formal initiatives and informal networks; continuously developing our offering in terms of parental benefits, mental and physical wellbeing, and career sustainability

## Benchmarking

Remuneration awards are benchmarked against the following peers in the major jurisdictions where the Group operates:

- Listed and unlisted alternative asset managers
- Listed and unlisted asset managers
- Investment banks
- Listed financial service companies
- Other organisations as appropriate for the individual role

The Group carries out an extensive annual exercise to benchmark proposed salaries, bonuses and deferred awards for all employees globally.

Our Executive Directors are benchmarked against equivalent individuals at a range of relevant public and private companies globally. While it is extremely challenging to obtain publicly available data on many private companies, we are able to gain insight into this area by commissioning bespoke research by leading external compensation and recruitment consultants and other independent providers of compensation data.

Due to the unique nature of the Group's business as a UK-listed alternative asset manager, which competes for talent against other alternative asset managers which are not listed in the UK or indeed at all, it is imperative to obtain a wide range of benchmark data.

Hence, while we do consider other UK-listed financial services companies in our benchmarking, they can be a less relevant comparator.

## Fees paid to NEDs (audited)

In the financial year under review, NEDs' fees were as follows:

| Non Executive Directors | Date appointed | Board membership fees £000 | Board and Committee Chairman fees £000 | Senior Independent Director fee £000 | Audit Committee £000 | Remuneration Committee £000 | Risk Committee £000 | Total for year ended 2020[4] £000 | Total for year ended 2021 £000 |
|---|---|---|---|---|---|---|---|---|---|
| Lord Davies of Abersoch (Chairman)[1] | November 2019 | | 275.0 | | | | | 96.7 | **275.0** |
| Virginia Holmes | March 2017 | 76.5 | 20.5 | | | | 12.3 | 109.3 | **109.3** |
| Rusty Nelligan | September 2016 | 76.5 | 20.5 | | | | 12.3 | 109.3 | **109.3** |
| Rosemary Leith[2] | February 2021 | 12.8 | | | | 2.1 | 2.1 | N/A | **17.0** |
| Kathryn Purves | October 2014 | 76.5 | 20.5 | | 12.3 | | | 109.3 | **109.3** |
| Amy Schioldager[3] | January 2018 | 76.5 | 20.5 | | 12.3 | | 12.3 | 121.6 | **121.6** |
| Andrew Sykes | March 2018 | 76.5 | | 15.5 | 12.3 | 12.3 | | 116.6 | **116.6** |
| Stephen Welton | September 2017 | 76.5 | | | | 12.3 | | 88.8 | **88.8** |

1. The Chairman does not receive a fee in respect of his membership of the Remuneration Committee.
2. This fee relates to Rosemary Leith's role as a Board Director since joining in February 2021.
3. This fee relates to Amy Schioldager's role as Board Director of Employee Engagement.
4. For the year ended 31 March 2021, there were no taxable expenses paid to the NEDs.

NEDs do not have contracts of service and are not eligible to join the designated Group pension plan or receive payment for loss of office. All NEDs have a three-month notice period, are re-elected annually and were last re-elected in July 2020, except for Rosemary Leith.

## Payments made to past directors (audited)

The following payments (in excess of £500), in respect of DVB awards made while they were Executive Directors, were made to former directors in the financial year ended 31 March 2021. These are deferred awards for performance in previous years, and were retained on leaving service.

| Employee | £ |
|---|---|
| Philip Keller | 472,038 |
| Christophe Evain | 702,501 |

## Statement of implementation of Remuneration Policy in following financial year

The NEDs' fees have been benchmarked against fees of NEDs in comparable companies of similar size and nature. The Chairman's fee has been increased from £275,000 to £325,000, which brings it closer in line with, although still below, the median for financial services companies of similar size. The NEDs' base fees have not been increased this year but the Committee Chair fees have been increased from £20,500 to £25,000, to move more in line with market norms.

The salaries for the Executive Directors and fees for the NEDs for the coming year are set out below.

| | Annual salaries and fees £000 | |
|---|---|---|
| Role | Year ended 31 March 2021 | Year ended 31 March 2022 |
| CEO | 394.0 | **394.0** |
| CFOO | 500.0 | **500.0** |
| CPEAO | 425.0 | **425.0** |
| Chairman | 275.0 | **325.0** |
| Non Executive Director base fee (other than Chairman) | 76.5 | **76.5** |
| Senior Independent Director | 15.5 | **15.5** |
| Remuneration Committee Chair | 20.5 | **25.0** |
| Audit Committee Chair | 20.5 | **25.0** |
| Risk Committee Chair | 20.5 | **25.0** |
| Member of the Audit Committee, Risk Committee or Remuneration Committee | 12.3 | **12.3** |
| Board Director for Employee Engagement | 20.5 | **20.5** |

Committee composition is set out on page 62 and in the relevant Committee reports on pages 70 to 108.

For the coming year, the AAP will be calculated as described in the Directors' Remuneration Policy. All incentives for qualifying services payable to Executive Directors and other employees of the Group will be funded out of the AAP. The Executive Directors' annual bonus and other incentives will be guided by their achieving specific objectives.

## Statement of voting at annual general meeting

At the last AGM, votes were cast as follows:

| | Votes for | Votes against | Abstentions |
|---|---|---|---|
| Directors' Remuneration Report | 96.79% | 3.21% | 243,918 |
| Remuneration Policy | 94.43% | 5.57% | 242,894 |

## Payments for loss of office (audited)

No payments were made for loss of office in the financial year under review.

This Annual Report on Remuneration is approved by the Board and signed on its behalf by

**Virginia Holmes**
Chair Of The Remuneration Committee

8 June 2021

# Governance of remuneration

## Committee governance

The Committee is authorised by the Board to determine and agree the remuneration of the Chairman of the Group, the Executive Directors and such other members of the executive management (including all material risk takers).

### Roles and responsibilities

The Committee is responsible for:

- Recommending to the Board the Group Remuneration Policy and share incentive schemes to be recommended to shareholders ensuring compliance with applicable laws, regulations and the Group's risk appetite
- Recommending the remuneration terms for any person proposed to join the Board as the Chairman or as an Executive Director and, in consultation with the Chairman, determining the contractual terms of employment of the Executive Directors
- Monitoring the level and structure of remuneration for Executive Directors and certain senior employees taking account of all relevant factors and having regard to views of shareholders and other stakeholders
- Determining targets or key performance indicators (consistent with the Group's strategy, budget and individuals' personal objectives) for performance-related pay schemes applicable to Executive Directors and determining the outcomes under such schemes
- Determining the remuneration of the Chairman and, having taken advice from the Chairman, the Executive Directors
- For all share incentive plans, determining when awards will be made, the aggregate quantum of such awards, the individual awards to certain senior employees and having taken advice from the Chairman, the individual awards to Executive Directors
- Making proportionate adjustments to any employee's remuneration for events that have been detrimental to the Group
- Overseeing any payments made on the termination of employment of an Executive Director or certain senior employees
- Approving the aggregate variable pay pool and any Business Growth Pool

### Composition

The Committee consists entirely of NEDs. During the year, the members of the Committee were Virginia Holmes (Chair of the Committee), Lord Davies of Abersoch, Andrew Sykes, Stephen Welton and Rosemary Leith, who joined the Committee on 1 February 2021.

Kathryn Purves and Rusty Nelligan have also attended meetings of the Committee during the year at the invitation of the Committee Chair, in their roles as Heads of the Risk and Audit Committees, to ensure that risk and audit matters are taken into account in determining the remuneration of Directors.

**Biographical details can be found on pages 62 to 65**

None of the Committee members has any personal financial interests (other than as a shareholder in ICG) which would lead to a conflict of interests or conflicts arising from cross directorships or day-to-day involvement in running the business. The Company therefore complies with the Corporate Governance Code recommendations regarding the composition of the Committee.

The Committee meets at least three times a year and more frequently if necessary. Executive Directors attend the meetings by invitation. The Committee consults the Executive Directors regarding its proposals and also has access to professional advice from outside the Group. The Head of Reward also attends meetings, and the Company Secretary attends as Secretary. No Director is involved in any decisions as to their own remuneration.

A table showing the number of Committee meetings held during the year and the attendance record of individual Directors can be found in the Corporate Governance section (see page 67).

### Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website www.icgam.com, or by contacting the Company Secretary.

## Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

## Advisers to the Committee

During the year, external advice to the Committee transitioned from Aon to Alvarez and Marsal, following Aon's decision to close its listed company Remuneration Committee advisory practice in the UK, and so both companies advised the Committee and management on remuneration matters during the course of the year, and may also provide advice to the Committee on other issues on request. Legal advisers (including Allen & Overy and Slaughter & May) have been available to the Committee during the year to 31 March 2021, and PwC are available for advice on certain taxation and other matters. Advisers are selected on the basis of their expertise in the area and with a view to ensuring independence from other advisers to the Group. Therefore, the Committee is confident that independent and objective advice is received from its advisers.

The fees charged for advice to the Committee were £28,923 payable to Aon and £36,310 payable to Alvarez and Marsal. Fees are charged on the basis of time spent. PwC also provides tax and due diligence services to the Group.

# Directors' Remuneration Policy

This section describes our remuneration policy, which was approved by our shareholders at the 2020 AGM with a 94.43% vote in favour.

## Annual Award Pool (AAP) and Business Growth Pool (BGP)

A central feature of the Group's Remuneration policy is the AAP. All incentives awarded across the Group are governed by an overall limit of 30% of Pre-Incentive Cash Profit (PICP) over a five-year period.

This percentage may be exceeded in any single year but must not be exceeded on an average basis over five years. Managing the AAP by reference to a five-year rolling average ensures that variable awards to employees are made in a considered way with a long-term perspective rather than as a reaction to a single year's exceptional performance.

The AAP is funded by PICP, so that:

- Interest income and capital gains are only recognised on a cash basis
- Impairments on investment principal are included
- Fair value movement of derivatives is excluded

The holding period for investments is typically four to eight years and a significant portion of the Group's fund management fees arise from committed closed-end funds and are payable over the life of the fund which can be up to 12 years. This means that the AAP is long-term in nature as it includes realisations from a number of investment vintages. By generating the award pool in this way, we ensure that employees are only rewarded once returns have crystallised.

## Allocation of the award pool

The AAP is based on cash profits the Group has already realised from its fund management business and its investments, and it is capped at 30% annualised over a five-year period. The Committee exercises discretion over the actual amount to be awarded in variable compensation each year, based on an assessment of market levels of pay, Group KPIs, and individual performance (subject to the overall cap on the AAP).

In a strong year that has generated high PICP, the Committee may choose not to distribute the full AAP but can instead retain some of it for potential use in future years. In years where PICP is low, the Committee may distribute some of the retained AAP from previous years, if appropriate. The Committee applies a prudent approach to setting the actual size of variable pay pool, within the overall limits described above.

The ongoing appropriateness of the 30% limit for the existing business is kept under review.

Awards to the Executive Directors are paid as a mix of cash and ICG PLC shares. A significant proportion of the variable pay is made in the form of deferred shares, with at least 70% of the total variable pay for each Executive Director awarded in the form of ICG PLC shares deferred over three, four and five years.

Cash Bonus Awards for the Executive Directors are subject to clawback which applies for two years post award. ICG PLC Equity Awards are subject to both malus and, for two years post vesting, clawback.

## Business Growth Pool (BGP)

The BGP is capped at 3% of the five-year rolling average PICP and is designed to support the establishment of new investment strategies, commensurate with the overall business strategy. The BGP is used to fund the incentives of relevant teams involved in developing such new strategies, and is ring-fenced and limited in duration to the period when the new investment strategy is being developed. Any awards made from the BGP are overseen by the Committee, and Executive Directors do not participate in any such awards.

## Awards falling within the AAP

All cash and share awards are distributed from the AAP. There are two different award types to be made over ICG shares: Deferred Share Awards (received by our wider employee base) and ICG PLC Equity Awards. Deferred Share Awards are not made to Executive Directors.

Certain performance fees (funded by third-party investors) and other fund performance incentives funded by ICG are also included in the overall limits set for the AAP.

Carried interest on third-party funds and similar arrangements in respect of ICG direct investment funds or business acquisitions that do not give rise to a cost or liability to the Group are not remuneration and are outside the AAP.

## Remuneration policy table

The table below outlines each element of the remuneration policy for the Directors of the Company.

| Purpose and link to strategy | Operation | Maximum opportunity | Performance conditions |
|---|---|---|---|
| **1. Base salary**<br>– Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group<br>– Designed to be sufficient to ensure that Executive Directors do not become dependent on their variable remuneration<br>– Reflects local competitive market levels | – Paid monthly<br>– Normally reviewed annually with any changes generally applying from the start of the financial year | – In considering increases, the Committee considers the range of salary increases applying across the Group, and local market levels<br>– Any increase in salary for an Executive Director will not normally exceed the average salary increase across the Group unless there are exceptional reasons such as, but not limited to, a change in the role or responsibilities of the Executive Director | – None |
| **2. Benefits**<br>– Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group<br>– Reflects local competitive market levels | – Benefits currently receivable by Executive Directors include life assurance, private medical insurance and income protection<br>– Additional benefits (such as relocation assistance) may be offered in line with market practice if considered appropriate by the Committee | – Provision and level of benefits are competitive and appropriate in the context of the local market<br>– The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances | – None |
| **3. Pension**<br>– Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group Purpose and link to strategy | – All Executive Directors are entitled to a pension allowance payable each month at the same time as their salary | – A pension allowance of no more than the level available to the majority of the Group's workforce in the relevant location is provided. The current level for the UK workforce is up to 12.5% of base salary | – None |

| Purpose and link to strategy | Operation | Maximum opportunity | Performance conditions |
| --- | --- | --- | --- |
| **4. Total variable pay award**<br>– The Total Variable Pay Award is split between Cash Bonus Award and ICG PLC Equity Award (see below) | – The total variable pay award consists of the Cash Bonus Award and ICG PLC Equity Award | – An Executive Director's annual variable award is drawn from the AAP which is determined as described on page 102<br>– Total variable pay awards to Executive Directors are subject to a cap, payable for outstanding performance only. This is £6m for the CEO/ CIO, £2m for the CFOO and £1.5m for the CPEAO<br>– Target variable awards to Executive Directors are £3.6m for the CEO/CIO, £1m for the CFOO and £750k for the CPEAO<br>– Awards are made based on performance as described on page 93 | – An Executive Director's annual variable award is drawn from the AAP, and so is directly determined by reference to the Group's cash profit for the relevant financial year<br>– Executive Director's annual variable award entitlement is also determined by reference to performance against personal and corporate performance objectives, which are derived from the Group's key performance indicators |
| **4a. Cash Bonus Award**<br>– Rewards achievement of business KPIs, cash profits and employing sound risk and business management | – Awards are made after the end of the financial year<br>– The maximum amount of an Executive Director's Total Variable Pay Award that can be paid as a Cash Bonus Award is 30%<br>– Cash Bonus Awards are subject to clawback which applies for three years post award. Forfeiture of compensation may be triggered by, amongst other things, a misstatement of the accounts, fraud, regulatory breaches and serious breaches of contract | – See details above in relation to the overall annual variable award | – See details above in relation to the overall annual variable award |

| Purpose and link to strategy | Operation | Maximum opportunity | Performance conditions |
|---|---|---|---|
| **4b. ICG PLC Equity Award**<br>– Rewards achievement of business KPIs, cash profits and employing sound risk and business management<br>– Aligns the interests of Executive Directors with those of shareholders | – Awards are made over shares in the Company after the end of the financial year<br>– At least 70% of an Executive Director's Total Variable Pay Award shall be delivered in ICG PLC Equity<br>– Shares normally vest by one third in each of the third, fourth and fifth years following the year of grant unless the Executive leaves for cause or to join a competitor, in which case the awards lapse. The Committee has discretion to vary the date of vesting if necessary or desirable for regulatory or legislative reasons<br>– In the event of a change in control (other than an internal reorganisation) shares vest in full<br>– Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date<br>– PLC Equity Awards made are subject to both malus, until vesting, and clawback which will apply for up to seven years post grant. Forfeiture of compensation may be triggered by, amongst other things, a misstatement of the accounts, fraud, regulatory breaches and serious breaches of contract | – See details above in relation to the overall annual variable award | – See details above in relation to the overall annual variable award |
| **5. Shareholding requirement**<br>– To align the interests of the Group's Executive Directors with those of shareholders.<br>– To further enhance long-term alignment with shareholders, a post-cessation shareholding requirement has been introduced | – Executive Directors are required to build ownership of a number of ordinary shares in the Group, normally over five years from appointment, with a market value equal to a multiple of the Director's annual base salary. This multiple is three times for the CEO and two times for the other Executive Directors<br>– Executive Directors are normally required to maintain this level (or the level so far accrued at cessation, if lower) of holding for two years after they cease to be employed | – N/A | – N/A |

| Purpose and link to strategy | Operation | Maximum opportunity | Performance conditions |
|---|---|---|---|
| **6. The Intermediate Capital Group PLC SAYE Plan 2014**<br>– Provides an opportunity for all employees to participate in the success of the Group | – All UK employees are offered the opportunity to save a regular amount each month over 36 months and may receive an uplift at the end of the saving contract (subject to HMRC legislation)<br>– At maturity, employees can exercise their option to acquire and purchase shares in ICG PLC at the discounted price set at the award date or receive the accumulated cash | – Employees may save the maximum permitted by legislation each month | – The Plan is not subject to any performance conditions, as this is not permitted by the relevant legislation |
| **7. Fees paid to Non Executive Directors**<br>– To facilitate the recruitment of Non Executive Directors who will oversee the development of strategy and monitor the Executive Directors' stewardship of the business | – Fees are payable to Non Executive Directors for their services in positions upon the Board and various Committees<br>– Fees for the Board Chairman are determined and reviewed annually by the Committee and fees for Non Executive Directors are determined by the Board Chairman and the Executive Directors<br>– The Committee refers to objective research on up-to-date, relevant benchmark information for similar companies<br>– Non Executive Directors are reimbursed for expenses, such as travel and subsistence costs, incurred in connection with their duties. Any tax costs associated with these benefits are paid by the Group | – Non Executive Directors cannot participate in any of the Group's variable pay plans or share schemes and are not eligible to join the designated Group pension plan<br>– Fees are set and reviewed in line with market rates. Aggregate annual fees do not exceed the limit set out in the Articles of Association<br>– Any benefits receivable by Non Executive Directors will be in line with market practice | – None of the Non Executive Directors' remuneration is subject to performance conditions |

## Performance measures and targets

The AAP is determined based on the Group's financial performance. The Group's PICP provides a link between income generation for shareholders and employee compensation (see page 102).

Once the AAP has been calculated, it is then allocated based on business performance and an individual's performance as determined by the annual appraisal process.

Executive Directors have performance objectives set and KPIs are set by the Committee. Details of these KPIs are set out on page 93. Further management information is provided to the Committee on performance to ensure that financial results are put into the context of wider performance factors, compliance and risk appetite.

## Co-investment and carried interest in third-party funds

Executive Directors and investment professionals in the Group may be required to invest in third-party funds through co-investment and carried interest. Where this applies, the executive pays full market value for these interests at the time of acquisition, and takes the investment risk. These are personal investments that are expected by third-party fund clients, to drive financial alignment with third-party fund performance, rather than remuneration provided by ICG for services to the Group.

## Committee discretion

The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation of the Policy. These include, but are not limited to, the following:

- the timing of awards or payments
- the size of awards (within the limits set out in the Policy table)
- the choice of weighting and assessment of performance metrics
- in exceptional circumstances, determining that a share-based award shall be settled (in full or in part) in cash
- the treatment of awards in the event of a change of control or restructuring
- determination of good leaver status, and treatment of awards for such leavers
- whether, and to what extent, malus and/or clawback should apply
- adjustments required in exceptional circumstances such as rights issues, corporate restructuring, or special dividends
- adjustments to performance criteria where there are exceptional events

## Service contracts and policy on payments for loss of office

### Executive Directors

The Group's policy is for Executive Directors to have ongoing contracts which are deemed appropriate for the nature of the Group's business. Service contracts are held, and are available for inspection, at the Group's registered office. The details of the service contracts for Executive Directors serving during the year and the treatment of deferred share awards to Executive Directors are shown below.

| **Executive Director** | Date of service contract | Last re-elected | Re-election frequency | Notice period | Non-compete provisions | Compensation on termination by the Company without notice or cause |
|---|---|---|---|---|---|---|
| Benoît Durteste | 21 May 2012 | July 2020 | Annual | 12 months | Restraint period of 12 months | The salary for any unexpired period of notice plus the cost to the Group (excluding National Insurance contributions) of providing insurance benefits for the same period. The Group may also make payments, where necessary, to mitigate any potential claims, and to compensate for legal fees or outplacement costs incurred |
| Vijay Bharadia | 20 May 2019 | July 2020 | Annual | 12 months | Restraint period of 9 months | |
| Antje Hensel-Roth | 16 April 2020 | July 2020 | Annual | 12 months | Restraint period of 9 months | |

| **Deferred share award** | Status | Death, disability, long-term ill health | Redundancy | Cause or competing | Any other reason |
|---|---|---|---|---|---|
| PLC Equity Award | Unvested | Retain with early vesting | Retain | Forfeit, subject to discretion | Retain, subject to discretion |
| Deferred Share Award | Unvested | Retain with early vesting | Retain, subject to discretion | Forfeit, subject to discretion | Retain, subject to discretion |

### Exercise of discretion

The discretion available to the Committee under the variable pay plans is intended to provide the Committee with flexibility to deal fairly with every eventuality. In exercising its discretion, the Committee will take into account the circumstances in which the individual has left the Group, their performance and the impact that this has had on the Group's overall performance. The Committee reserves discretion to make a variable pay award to an Executive Director in respect of the final year of service, taking into account the circumstances of the individual's termination of office, the portion of the year served, and performance for the financial year concerned.

## Approach to recruitment remuneration

The Group operates in a highly specialised and competitive market, and hence competition for talent is intense. The Committee's approach to recruitment remuneration is to pay what is appropriate to attract candidates to a role.

New Executive Directors are offered a remuneration package similar to that of existing employees in the same role. All Executive Directors are offered an appropriate annual salary, benefits and pension allowance and all participate in the Annual Award Pool and are subject to an overall cap on variable reward.

However, it may be necessary to offer a new Executive Director a remuneration package that differs from that currently provided to the Executive Directors in order to attract the best recruit. This could include a higher base salary and relocation and/or housing benefits and higher total variable pay, but not more than the CEO/CIO level set out in the policy table, unless there are exceptional circumstances.

Replacement of forfeited compensation such as deferred bonuses and long-term incentives is permitted.

This is subject to, as far as possible, the timing, delivery mechanism (i.e. shares or cash) and amounts paid out being set to reflect any former arrangement.

As far as possible, the value of any replacement awards will reflect the expected value of the forfeited awards.

In the event of an internal promotion to the Board, the Committee reserves the right to allow any pre-existing awards or arrangements to be retained until their normal maturity date, notwithstanding that these may not be consistent with the approved policy.

## Statement of consideration of shareholder views

The Committee is responsible for the overall remuneration policy for all the Group's employees and ensures that the remuneration arrangements should take into account the long-term interests of shareholders, clients and other stakeholders.

The Group recognises the importance of communication with its shareholders, particularly through interim and annual reports and the AGM.

The CEO, CFOO and the Chairmen of the Board and each of its Committees will be available to answer shareholders' questions at the AGM. The CEO and the CFOO meet institutional shareholders on a regular basis, and the Chairman periodically contacts the Group's major shareholders and offers to meet with them. The Board is kept fully informed of the views and concerns of the major shareholders and relevant NEDs attend meetings with major shareholders and shareholder advisory groups when requested to do so.

## Statement of consideration of employment conditions elsewhere in the Group and employee views

The Committee considers the employment conditions and the remuneration structures in place for all employees of the Group when setting the Directors' Remuneration Policy.

The Committee also reviews the remuneration arrangements of senior investment and marketing employees and senior management and control function employees and oversees the remuneration structure and market positioning for other roles. The overall and average salary increase across the Group is approved by the Committee each year. The Board has established a process which is being used to seek the opinions of employees when setting the Directors' Remuneration Policy by seeking feedback through a designated NED (see pages 26, 61 and 85 for further details). In addition employees' views are represented at Committee meetings through the Chief People and External Affairs Officer, who is also an Executive Director, and the Head of Reward.

# Directors' report

The Directors present their Annual Report and the audited financial statements for the financial year ended 31 March 2021. The risks to which the Group is subject, and the policies in respect of such risks, are set out on pages 49 to 56 and are incorporated into this report by reference. The Corporate Governance section set out on pages 58 to 116 is incorporated into this report by reference. The Strategic Report section set out on pages 1 to 57 is also incorporated by reference.

Throughout the financial year ended 31 March 2021 the Group was in compliance with the provisions of the 2018 UK Corporate Governance Code issued by the Financial Reporting Council. A copy of the Code is available on the Financial Reporting Council's website: www.frc.org.uk. The Governance section of this report (pages 58 to 116) sets out how we have applied the Code's principles and provisions throughout the year.

## Significant shareholdings

As at 1 June 2021 the Company had been notified or otherwise become aware of the following interests pursuant to the Disclosure Rules and the Transparency Rules representing 3% or more of the issued share capital of the Company.

| Institution | Number of shares | Percentage of voting rights |
|---|---|---|
| Wellington Management Company | 29,196,723 | 10.05% |
| BlackRock Inc | 17,684,657 | 6.09% |
| Aviva Investors | 17,554,328 | 6.04% |
| Standard Life Aberdeen | 16,083,123 | 5.54% |
| The Vanguard Group Inc | 11,042,382 | 3.80% |
| Franklin Resources Inc | 9,217,111 | 3.17% |
| Schroders Plc | 9,165,768 | 3.15% |

## Directors

The profiles of the Directors currently serving are shown on pages 62 to 65; those details are incorporated into this report by reference. All of the Directors served throughout the year, save that (a) Antje Hensel-Roth was appointed as an Executive Director and Member of the Board of ICG PLC on 16 April 2020, (b) Rosemary Leith was appointed as a Non-Executive Director on 1 February 2021 and (c) Matthew Lester joined the Board as a Non-Executive Director after the end of the year on 1 April 2021.

The composition of each of the Committees of the Board and the Chair of each Committee are detailed in the report of each Committee, found on pages 70 to 108.

### Directors' interests

The interests of Directors who held office at 31 March 2021 and their connected persons, as defined by the Companies Act 2006, are disclosed in the report of the Remuneration Committee on page 95.

During the financial year ended 31 March 2021, the Directors had no options over or other interests in the shares of any subsidiary company.

### The roles of the Chairman and Chief Executive

In accordance with the Code, the Board has adopted a formal division of responsibilities between the Chairman and the CEO, so as to establish a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.

The current Chairman, Lord Davies of Abersoch, was considered independent at the date of his appointment as Chairman.

The Board has delegated the following responsibilities to the Executive Directors:

- The development and recommendation of strategic plans for consideration by the Board
- Delivery of objectives and priorities determined by the Board
- Implementation of the strategies and policies of the Group as determined by the Board
- Monitoring of operating and financial results against plans and budgets
- Monitoring the quality of the investment process
- Developing and maintaining risk management systems

### Disclosure documents

The terms of reference of each of the Board Committees, together with the Directors' service agreements, the terms and conditions of appointment of NEDs and Directors' deeds of indemnity, are available for inspection at the Company's registered office during normal business hours.

### Committee proceedings

Each Committee has access to such external advice as it may consider appropriate. The terms of reference of each Committee are considered regularly by the respective Committee and referred to the Board for approval.

### Delegation to Executive Directors

The Company has three Executive Directors, each of whom has a specific area of responsibility.

Benoît Durteste is CEO and, in addition to his strategic and operational remit, oversees the Group's Investment Committees in his role as the Chief Investment Officer.

Vijay Bharadia is Chief Finance and Operating Officer and is responsible for compliance, finance, treasury, tax, investor relations, legal, operations and IT, and risk.

Antje Hensel-Roth was appointed in April 2020 as Chief People and External Affairs Officer and is currently responsible for human resources, communications and external affairs.

A Management Committee is in place to support, assist and challenge the Executive Directors in the exercise of their authority. This Committee is made up of other individuals from the senior management team of the Group and focuses on ongoing business operations and business development opportunities.

### Board process

Each Board member receives a comprehensive Board pack at least five days prior to each meeting which incorporates a formal agenda together with supporting papers for items to be discussed at the meeting. Further information is obtained by the Board from the Executive Directors and other relevant members of senior management, as the Board, particularly its NEDs, consider appropriate.

A similar process is followed for each Committee.

### Advice for Directors

All Directors have access to the advice and services of the Company Secretary and the Secretaries to each of the Committees on which they serve and may take independent professional advice at the Group's expense in the furtherance of their duties. The appointment or removal of the Company Secretary would be a matter for the Board.

### Meetings with the Chairman

Time has been added at the end of each Board meeting for the NEDs to hold meetings in the absence of Executive Directors. As appropriate, the NEDs will also hold sessions in the absence of the Chairman.

In accordance with the Code, any shareholder concerns not resolved through the usual mechanisms for investor communication can be conveyed to the Senior Independent Director (SID). The SID acts as a sounding board for the Chairman and also leads the annual appraisal of the Chairman.

### Directors' indemnity

The Group has entered into standard contractual indemnities with each of the Directors. The Group also provides Directors' and Officers' insurance for the Directors.

### Conflicts of interest

Directors have a statutory duty to avoid conflicts of interest with the Group. The Company's Articles of Association allow the Directors to authorise conflicts of interest and the Board has adopted a policy and effective procedures for managing and, where appropriate, approving potential conflicts of interest. No material conflicts of interest exist.

### Internal control

The Board has overall responsibility for the Group's internal control system and monitoring of risk management, the effectiveness of which is reviewed at least annually. Internal controls include giving reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly, and that material errors and irregularities are prevented or detected within a timely period.

Through the regular meetings of the Board and the schedule of matters reserved to the Board or its duly authorised Committees, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. For further details of the Group's Committees, please see pages 70 to 108 and for further details of the Board, pages 58 to 69.

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Board annually considers and approves a strategic plan and budget. In addition, there are established procedures and processes in place for the making and monitoring of investments and the planning and controlling of expenditure.

The Board also receives regular reports from Executive Directors and other members of senior management on the Group's operational and financial performance, measured against the annual budget, as well as regulatory and compliance matters. For further details of the Group's Executive Directors, please see page 109.

The Group has in place arrangements whereby individuals may raise matters of concern in confidence about possible improprieties in matters of financial reporting or other matters.

The rationale for the system of internal control is to maximise effectiveness for the commercial management of the business and to provide the Board with regular and effective reporting on the identified significant risk factors. The Board is responsible for determining strategies and policies for risk control, and management is responsible for implementing such strategies and policies.

The Board confirms that an ongoing process for identifying, evaluating and managing the Group's significant risks has operated throughout the year and up to the date of the approval of the Directors' report and financial statements. For further details of the risks relating to the Group, please see pages 49 to 56 and the report of the Risk Committee on page 79.

### Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 57. The financial position of the Group, its cashflows, liquidity position, and borrowing facilities are described in the Finance and Operating Review on pages 38 to 48. In addition, the Directors have taken account of the Group's risk management process described on pages 49 to 56. The Directors have made an assessment of going concern, taking into account both the Group's current performance and the Group's outlook, using the information available up to the date of issue of these financial statements.

The Group has good visibility on future management fees due to the long-term nature of our funds, underpinned by a strong and well capitalised balance sheet. At 31 March 2021, liquidity which consists of unencumbered cash and undrawn debt facilities was £846.9m (31 March 2020: £1,216.5m). This financial position and liquidity profile provide confidence that the Group has sufficient financial resources for the foreseeable future. As a consequence, the Directors believe that the Company and the Group are well positioned to manage its and their businesses and liabilities as they fall due.

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2021. After making the assessment of going concern, the Directors have concluded that the preparation of the financial statements on a going concern basis to 30 September 2022, a period of more than 12 months from the signing of the financial statements, continues to be appropriate.

### Forward-looking statements

This Annual Report includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Directors, the Company and the Group concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. Many of these factors are beyond the control of the Directors, the Company and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Annual Report. Except to the extent required by laws and regulations, the Directors, the Company and the Group do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Annual Report.

### Change of control agreements

There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group, other than:

1. The Private Placement arrangements of $64m dated 8 May 2013, $122m and €44m dated 11 May 2015, $292m and €74m dated 29 September 2016, and $350m and €44m dated 26 March and 24 April 2019, where a change of control of the Company gives rise to a prepayment offer, whereby the Company must make an offer to all holders of the Private Placement notes to prepay the entire unpaid principal amount of the Private Placement notes, together with accrued interest thereon.
2. The £550m committed syndicated Revolving Credit Facility agreement entered into on 22 January 2021 contains a change of control provision which provides, upon the occurrence of a change of control of the Company, for a 30 day negotiation period with the syndicate lenders to agree terms and conditions which are acceptable to syndicate lenders and the Company for continuing the facilities. If, at the end of the negotiation period, no such agreement is reached, the facilities agreement gives each lender the right, but not the obligation, upon applicable notice, to cancel their commitments under the facilities agreement and declare their participation in the loans then outstanding repayable immediately, together with accrued interest and all other amounts payable thereon.
3. The terms and conditions of the £160m bond issue which took place in March 2015 and the €500m institutional bond issue which took place in February 2020 each of which set out that, following a change of control event, investors have the right but not the obligation to sell their notes to the Company if the change of control results in either a credit ratings downgrade from investment grade to sub-investment grade or withdrawal, or a downgrade of one or more notches (or withdrawal of the rating) if already sub-investment grade.

4. The employee share schemes, details of which can be found in the report of the Remuneration Committee on pages 87 to 108, awards and options under the 2001 Approved and Unapproved Executive Share Option Schemes and SAYE Plan 2004 become exercisable for a limited period following a change of control. Awards and options under the Omnibus Plan and the BSC Plan vest immediately on a change of control.
5. Carried interest arrangements in respect of a number of funds vest fully in favour of the Company and certain of the Group's employees following a change of control event.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid apart from those described above and the usual payment in lieu of notice.

### Information included in the Strategic report

In accordance with section 414 C (11) of the Companies Act 2006, the following information otherwise required to be set out in the Directors' report has been included in the Strategic report: risk management objectives and policies (pages 49 to 56); engagement with employees (page 36) and engagement with suppliers and other stakeholders (pages 24 to 29).

### Dividend

The Directors recommend a final net ordinary dividend payment in respect of the ordinary shares of the Company at a rate of 39.0 pence per share (2020: 35.8 pence per share), which when added to the interim net dividend of 17.0 pence per share (2020: 15.0 pence per share) gives a total net dividend for the year of 56.0 pence per share (2020: 50.8 pence per share). The recommendation is subject to the approval of shareholders at the Company's AGM on 29 July 2021.

The amount of ordinary dividend paid in the year was £150.9m (2020: £142.8m).

### Distributable reserves

The distributable reserves of the Parent Company at 31 March 2021 were £674.7m (£716.9m at 31 March 2020).

### Disclosures required under UK Listing Rule 9.8.4

Dividend waivers have been issued in respect of shares which are held by the Group's Employee Benefit Trust (EBT), or held as treasury shares; other than this, there are no disclosures required to be made under UK Listing Rule 9.8.4.

### Non UK branches

A subsidiary of the Company, Intermediate Capital Managers Limited, operates a branch in France.

### Auditor

EY were the auditor for the financial year ended 31 March 2021. A resolution for the appointment of EY as the auditor was passed at the AGM held on 21 July 2020. Details of auditor's remuneration for audit and non-audit work are disclosed in note 12 to the accounts.

**+ Further details are set out in the Audit Committee report on pages 70 to 78**

### Complex supplier arrangements

The Group does not use supplier financing arrangements.

### Research and development activities

Details of the research and development activities undertaken are set out in note 17.

### Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- The Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to ensure that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Post balance sheet events

Material events since the balance sheet date are described in note 33 and form part of the Directors' report disclosures.

### Political contributions

No contributions were made during the current and prior year for political purposes.

### Greenhouse gas emissions

All disclosures required by the Streamlined Energy and Carbon Reporting (SECR) requirements set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 have been complied with and are detailed on page 33 which forms part of the Directors' report disclosures.

### Approach to discrimination and consideration of disabled employees

The Group is committed to creating an environment where all its employees are treated with dignity and respect at work and which is free from discrimination, victimisation, harassment and bullying. Such conduct is harmful to our employees and our business and we seek to address any form of discrimination, victimisation, harassment or bullying where it occurs in the workplace. All our employees and other third parties working for or with us, without exception, have a duty to comply with our policies to ensure that their colleagues are treated with dignity and respect and wherever possible to prevent discrimination, victimisation, harassment or bullying.

We aim to:

- ensure that all job applicants are treated fairly and judged on criteria relevant to a vacant position
- ensure that all employees are treated in a fair and equitable manner which allows each individual to reach their full potential
- ensure that decisions on recruitment, selection, training, promotion, career management, transfer, terms and conditions of employment and every other aspect of employment are based solely on objective and job-related criteria
- provide the Group with a workforce of the highest ability which reflects the population as a whole
- avoid any type of unlawful discrimination
- ensure all managers actively promote equal opportunities within the Group

We strongly disapprove of and will not tolerate unlawful discrimination, victimisation, harassment, bullying or any other inappropriate behaviour towards our employees by managers, other employees or any third party such as clients, suppliers, visitors, consultants or contractors. All our employees and third parties working for or with the Group are required to make sure they treat everyone fairly and without bias.

The Group treats applicants and employees with disabilities fairly and provides facilities, equipment and training to assist disabled employees to do their jobs. Arrangements are made as necessary to ensure support to job applicants who happen to be disabled and who respond to requests to inform the Group of any requirements. Should an employee become disabled during their employment, efforts would be made to retain them in their current employment or to explore the opportunities for their retraining or redeployment within the Group.

Financial support is also provided by the Group to support disabled employees who are unable to work, as appropriate to local market conditions.

### Acquisition of shares by EBT

Acquisitions of shares by the Intermediate Capital Group EBT 2015 purchased during the year are as described in note 24 to the financial statements.

### Share capital and rights attaching to the Company's shares

As at 31 March 2021 the issued share capital of the Company was 294,276,532 ordinary shares of 26¼p each (including 3,733,333 shares held in treasury).

Certain key matters regarding the Company's share capital are noted below:

- Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise as the Company may from time to time by ordinary resolution determine or, in the absence of any such determination, as the Board may determine. All shares currently in issue are ordinary shares of 26¼p each carrying equal rights. The Articles of Association of the Company cannot be amended without shareholder approval
- At a General Meeting of the Company every member present in person or by a duly appointed proxy has one vote on a show of hands and on a poll one vote for each share held
- The Intermediate Capital Group EBT 2015 holds shares which may be used to satisfy options and awards granted under the Company's employee share schemes including its long-term incentive plans. The voting rights of these shares are exercisable by the trustees in accordance with their fiduciary duties
- The notice of any general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting
- No shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if:
  - They or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (section 793 notice) (which confers upon public companies the power to require information with respect to interests in their voting shares)

  - They or any interested person have failed to supply the Company with the information requested within 14 days where the shares subject to the notice (the 'default shares') represent at least 0.25% of their class or in any other case 28 days after delivery of the notice. Where the default shares represent 0.25% of their class, unless the Board decides otherwise, no dividend is payable in respect of those default shares and no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is the earlier

- The Directors may refuse to register any transfer of any share which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share in favour of more than four persons jointly
- The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than:

  - Certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws or the UK Takeover Code)
  - Pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

At the 2020 AGM the Directors were given the power to allot shares and grant rights to subscribe for, or convert any security into, shares: up to an aggregate nominal amount of £25,414,011.00 and, in the case of a fully pre-emptive rights issue only, up to a total amount of £50,828,022.00.

A resolution will be proposed to renew the Company's authority to allot further new shares at the forthcoming AGM. In accordance with applicable institutional guidelines, the proposed new authority will allow the Directors to allot ordinary shares equal to an amount of up to one third of the Company's issued ordinary share capital as at 4 June 2021 plus, in the case of a fully pre-emptive rights issue only, a further amount of up to an additional one third of the Company's issued share capital as at 4 June 2021. The authority for Directors to allot shares in the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

The Directors' authority to effect purchases of the Company's shares on the Company's behalf is conferred by resolution of shareholders. At the 2020 AGM the Company was granted authority to purchase its own shares up to an aggregate value of approximately 10% of the issued ordinary share capital of the Company as at 10 June 2020.

During the year no shares were bought back. The authority to effect purchases of the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

### Powers of Directors

Subject to its Articles of Association and relevant statutory law and to such direction as may be given by the Company by special resolution, the business of the Company is managed by the Board, who may exercise all powers of the Company whether relating to the management of the business or not.

The Company's Articles of Association give power to the Board to appoint Directors. The Articles also require any Directors appointed by the Board to submit themselves for election at the first AGM following their appointment and for one third of the Company's Directors to retire by rotation at each AGM. Directors may resign or be removed by an ordinary resolution of shareholders. Notwithstanding the above, the Company has elected, in accordance with the UK Corporate Governance Code, to have all Directors reappointed on an annual basis (other than any who have decided to retire at the relevant AGM).

In relation to the Directors who are standing for election or re-election, the Chairman is satisfied that, following the formal performance evaluation described above, each of the other Directors continues to be effective and demonstrates commitment to their role. In the case of the Chairman, the NEDs are satisfied that he continues to be effective and demonstrates commitment to his role.

## Results of resolutions proposed at 2020 Annual General Meeting

| Resolution | Votes for | Votes against | Votes withheld |
|---|---|---|---|
| 1. To receive the Company's financial statements and reports of the directors of the Company (the "Directors" and of the auditors for the financial year ended 31 March 2020. | **236,881,952** | **137,689** | **526,924** |
| 2. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) as set out in the Annual Report and Accounts for the financial year ended 31 March 2020. | **229,681,769** | **7,620,878** | **243,918** |
| 3. To approve the Directors' Remuneration Policy as set out in the Annual Report and Accounts for the financial year ended 31 March 2020. | **224,097,103** | **13,206,567** | **242,894** |
| 4. To appoint Ernst & Young LLP as auditors of the Company to hold office as the Company's auditors until the conclusion of the Company's Annual General Meeting in 2020. | **236,084,441** | **1,458,761** | **3,363** |
| 5. To authorise the directors to set the remuneration of the auditors. | **237,046,166** | **492,552** | **7,847** |
| 6. To declare a final dividend of 35.8 pence per ordinary share for the financial year ended 31 March 2019. | **236,226,652** | **1,318,314** | **1,599** |
| 7. To reappoint Vijay Bharadia as a Director. | **236,181,149** | **1,360,251** | **5,165** |
| 8. To reappoint Benoît Durteste as a Director. | **237,542,477** | **2,223** | **1,865** |
| 9. To reappoint Virginia Holmes as a Director. | **237,238,200** | **306,500** | **1,865** |
| 10. To reappoint Michael Nelligan as a Director. | **235,032,703** | **2,508,697** | **5,165** |
| 11. To reappoint Kathryn Purves as a Director. | **237,544,033** | **667** | **1,865** |
| 12. To reappoint Amy Schioldager as a Director. | **237,532,997** | **2,403** | **11,165** |
| 13. To reappoint Andrew Sykes as a Director. | **237,540,800** | **600** | **5,165** |
| 14. To reappoint Stephen Welton as a Director. | **237,540,800** | **3,900** | **1,865** |
| 15. To appoint Lord Davies of Abersoch as a Director. | **232,885,866** | **97,311** | **4,563,388** |
| 16. To appoint Antje Hensel-Roth as a Director. | **237,374,870** | **164,364** | **7,331** |
| 17. That the Intermediate Capital Group Omnibus Plan 2020 proposed to be implemented by the Company, be and is hereby approved and established. | **230,074,372** | **7,231,490** | **240,702** |
| 18. That the Intermediate Capital Group Deal Vintage Bonus Plan 2020 proposed to be implemented by the Company, be and is hereby approved and established. | **235,382,790** | **1,921,600** | **242,174** |
| 19. To grant the Directors authority to allot shares pursuant to section 551 of the Companies Act 2006. | **230,093,047** | **7,451,771** | **1,747** |
| 20. Subject to the passing of resolution 19, to authorise the Directors to allot equity securities and to sell ordinary shares pursuant to sections 570 (1) and 573 of the Companies Act 2006. | **237,518,558** | **24,671** | **3,336** |
| 21. In addition to the authority granted under resolution 20 and subject to the passing of resolutions 19 and 20, to authorise the Directors to allot equity securities | **235,914,751** | **1,628,477** | **3,336** |
| 22. To authorise the Company to make market purchases of its ordinary shares | **235,348,566** | **1,787,728** | **410,270** |
| 23. To approve that a general meeting of the Company (other than the annual general meeting) may be called on less than 14 clear days' notice. | **224,766,710** | **12,777,256** | **2,599** |
| 24. That the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing Articles of Association. | **237,529,783** | **877** | **15,905** |

The issued share capital of the Company at the date of the Annual General Meeting was 290,445,841 ordinary shares of 26¼p each (excluding 3,733,333 treasury shares).

## 2021 Annual General Meeting

The AGM of the Company is scheduled to take place at the Head Office of the Company on 29 July 2021 at 9:00 am; however, the exact arrangements for the meeting remain subject to any restrictions on gatherings which may be in force. Shareholders will be updated if arrangements change. Any shareholder who wishes to vote by proxy or raise a question to be answered in writing should refer to the Notice of Meeting for instructions on how to do so. Details of the resolutions to be proposed at the AGM along with explanatory notes are set out in the circular to be posted to shareholders in June 2021 convening the meeting. In line with market practice, if votes of more than 20% of those voting are cast against a resolution, the Company will make a statement when announcing the results of the vote to explain any actions it intends to take to understand the reasons behind the vote result.

This Directors' Report is approved by the Board and signed on its behalf by:

**Andrew Lewis**
Company Secretary

8 June 2021

# Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group and Parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRS).

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance
- In respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the Parent Company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is appropriate to presume that the company and/or the group will not continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Policy and Corporate Governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- That the Annual Report and Accounts, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

That they consider that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

**Benoît Durteste**
Chief Executive Officer

**Vijay Bharadia**
Chief Finance and Operating Officer

8 June 2021