



# Responsible Investing

ESG Report 2020

**ICG**



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Responsible Investing

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## Foreword

While the devastating repercussions of the pandemic have shifted priorities for many companies and individuals, I believe that ESG issues, and particularly climate change, will be more relevant than ever in a post-Covid world.

ICG has for many years, been extremely active on the ESG front, embedding ESG considerations throughout our investment decisions and processes and our focus on ESG engagement has continued unabated during the period under review. We have continued to drive engagement with our portfolio companies on ESG matters and expand on the areas we seek to address. We are committed to supporting the businesses we are invested in and have been in active dialogue with our portfolio companies, working with management teams to understand and address the specific challenges they are facing as they navigate these unprecedented times.

Across our own operations, support has of course been given to our own staff as they have had to adapt to a substantially altered working environment and we are proud of the way in which they have responded. Since March, a number of successful initiatives have been launched, aimed at improving employee wellbeing.

Although the pandemic has brought particular social challenges for many businesses, environmental matters – specifically climate change – remain a key priority for us. It is vital that we at ICG play our part to foster and build a more sustainable economy, not just through the investment choices we make and our active ESG engagement, but by developing products with sustainable environmental objectives at their core. Investor demand for sustainable investing is growing rapidly and our recent sustainable strategies, Sale and Leaseback and Infrastructure Equity, continue to make good

progress with the Infrastructure Equity team recently committing to a significant investment in a solar energy deal.

As part of our response to the pandemic, we opted to support two charities working to alleviate the wider impact of Covid-19 around the world. One of these was CityHarvest, which works alongside UK councils and communities redistributing food that would otherwise go to waste. We also donated to the World Health Organisation COVID-19 Solidarity Response Fund which in turn supports a variety of initiatives including vaccine research and development, the procurement of personal protective equipment and strengthening testing capacity.

We recently moved into a new head office in London and in keeping with our ESG principles, numerous measures have been taken to ensure that both the fit-out and the building meet high standards of sustainability. We have opted to source the most energy efficient and sustainable materials from our own portfolio companies where possible, along with 100% renewable energy, bringing us closer to the target of reducing the emissions from our own operations by 80% by 2030.

Looking to the future, we are hoping to build on the success we have had with our sustainable funds and explore strategies that make more of a positive contribution to society. The corporate world wields tremendous power and this should be brought to bear to drive change, if only for the sake of future generations. This report not only provides details of the standards to which we hold ourselves accountable, but also demonstrates the progress we have made and the ambitions we uphold as we strive for a more sustainable future, both as a company and as a part of the wider community.



**BENOÎT DURTESTE**



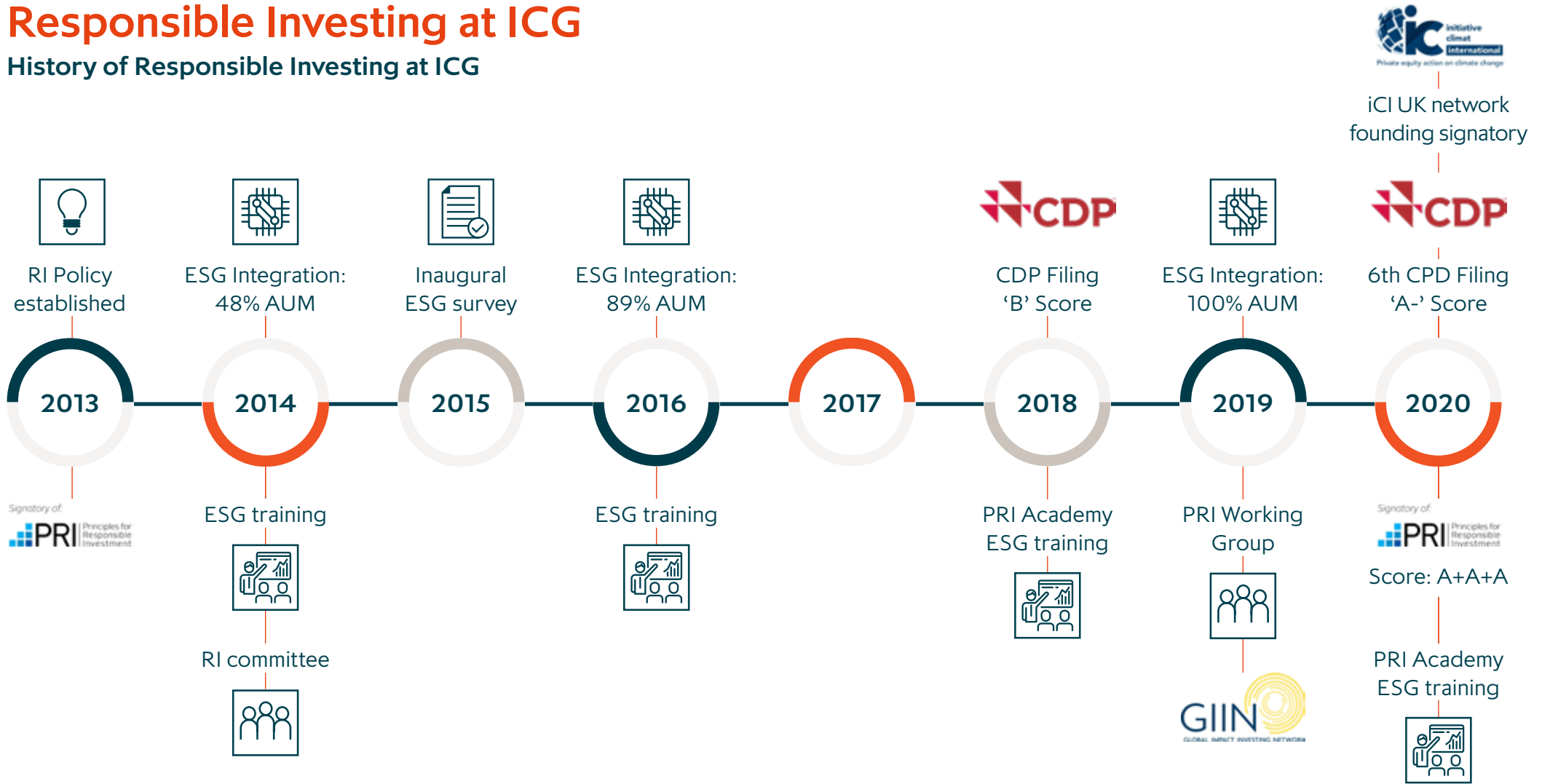
**BENOÎT  
DURTESTE**

Chief Investment  
Officer and Chief  
Executive Officer

“ As things stand, our society is beset by environmental risk which we must work urgently to mitigate. It is imperative that we in the financial services industry play our part to foster change, creating a path to a more sustainable economy. ”

# Responsible Investing at ICG

## History of Responsible Investing at ICG

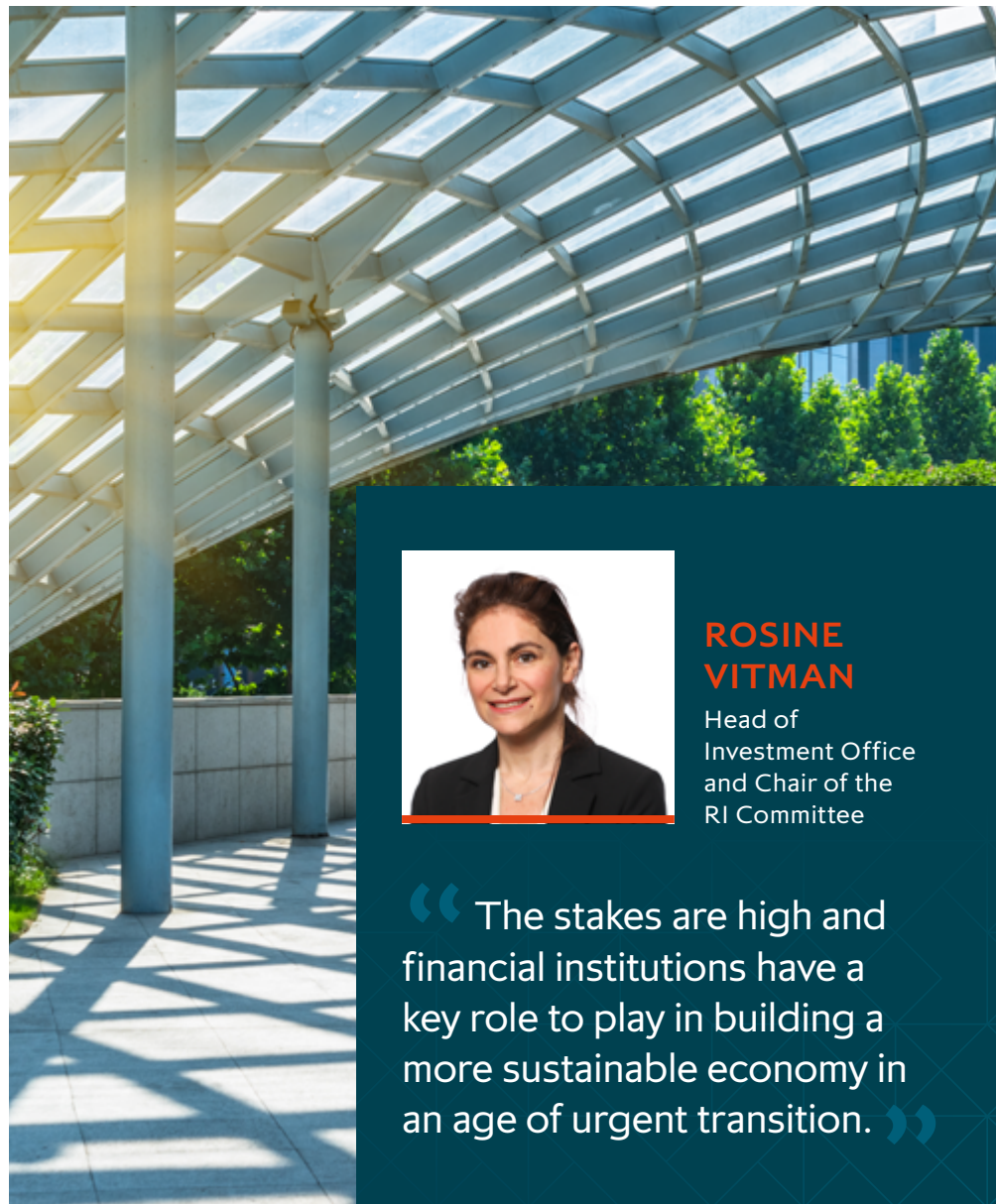


## Responsible Investing at ICG

Over the past seven years we have worked hard to integrate ESG considerations across our investment strategies with 100% of AUM now covered by our Responsible Investing (RI) Policy.

This process formally began when we became a signatory to the UN-sponsored Principles of Responsible Investing (PRI) in 2013. That was the year ICG's RI Policy was established to provide the overarching charter for our approach to responsible investing. Our RI Committee was formed in 2014 to oversee the promotion, support and integration of ESG considerations throughout the investment process. The committee is comprised of myself, our Responsible Investing Officer and senior investment professionals from across ICG's investment strategies. As of 2020, after much effort and collaboration across the business, we are pleased to report that we received an A+A+A score from the PRI.

As the development of a sustainable economy becomes ever more imperative, financial sector stakeholders have an important role to play in determining how this evolves. It is for this reason, for example, that we need to ensure that we properly account for climate change in our investment practices and processes and to that end we are pleased to report that we scored A- for CDP reporting. Following our first response to the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) in 2019, this disclosure is now incorporated in our [Annual Report](#) on page 42



**ROSINE  
VITMAN**

Head of  
Investment Office  
and Chair of the  
RI Committee

“ The stakes are high and financial institutions have a key role to play in building a more sustainable economy in an age of urgent transition. ”

## Responsible Investing at ICG

### ESG integration across our strategies

Over the past 18 months we have:



Surveyed **57**  
portfolio companies  
with an 86%  
response rate



Engaged external  
consultants to advise  
and support on  
**16** separate  
ESG projects



Declined  
**>100**  
deals for ESG  
reasons during the  
screening process



Started tracking over  
**150** ESG  
KPI's  
across Europe Fund  
VI and VII portfolio  
companies



# Responsible Investing at ICG

## 2020 Highlights



**EIMEAR PALMER**  
Responsible Investing Officer

As a member of the financial services industry, we are in a position of privilege and responsibility and it is our duty as a company to ensure that our actions are geared towards a more sustainable future. With this in mind, the focus of our ESG efforts this year has been on climate change; both in terms of understanding the risks and assessing future investment opportunities.

This project led us to develop a climate framework tool against which to assess all future investment opportunities, also incorporating both physical and transition risks, which we have now integrated into our ESG Screening Checklist. See [page 14](#).

We have also focused on ICG's value chain, assessing environmental and social risks pertaining to our own supply chains and those of our portfolio companies. We have developed a suite of tools and resources that facilitate the improvement of procurement policies and practices which have been shared with the management teams at our portfolio companies. Supplier Risk questionnaires look at a variety of ESG factors including environmental certification and compliance, labour and human rights and health and safety. As a company, we have also established our own Responsible Procurement Policy.

In March 2020 we were pleased to launch our second sustainable fund, Infrastructure Equity, (see [page 17](#)) which also uses the UN Sustainable Development Goals (SDGs) as an overarching framework for its sustainability approach. It has shown good progress since inception and we were delighted that it was shortlisted for a prestigious UN PRI award in the 'ESG Incorporation Initiative of the Year' category.

The financial services industry is in a position of responsibility when it comes to fostering a more sustainable economy for the future and it was with that in mind that ICG became a launch signatory of the UK network of the Initiative Climat International (iCI), a group of private equity investors that collectively commit to action on climate change. By collaborating with our peers, measures designed to combat climate risk gain traction and more meaningful progress can be made.

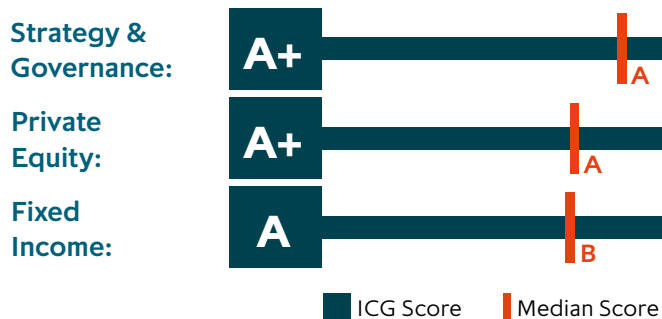
Thank you for all your support this year and if you have any queries, please don't hesitate to [contact me](#).

There are many examples of deals we have turned down for climate-related reasons, for example companies with significant exposure to oil and gas or businesses involved in products or services which face significant headwinds in the transition to a low carbon economy.

In order to better understand our exposure to climate-related risks across our existing portfolio, we worked with an external adviser to conduct an extensive climate risk assessment (including a scenario analysis) across our key strategies to identify those companies which had higher exposure to climate-related risks. Material drivers were identified and a heatmap developed in order to allow us to assess the exposure of each portfolio company to physical climate-related risks such as water shortages, flooding and extreme temperatures. It also extrapolated the likely impact of those risks over the longer-term. Additionally, key drivers of risks associated with the transition to a low-carbon economy (e.g. regulatory, changing consumer behaviour) were incorporated. See more on [page 13](#).

Based on the findings, we will look to engage with management, where possible, to develop an action plan to strengthen climate resilience.

### ICG's UNPRI Assessment Results 2020

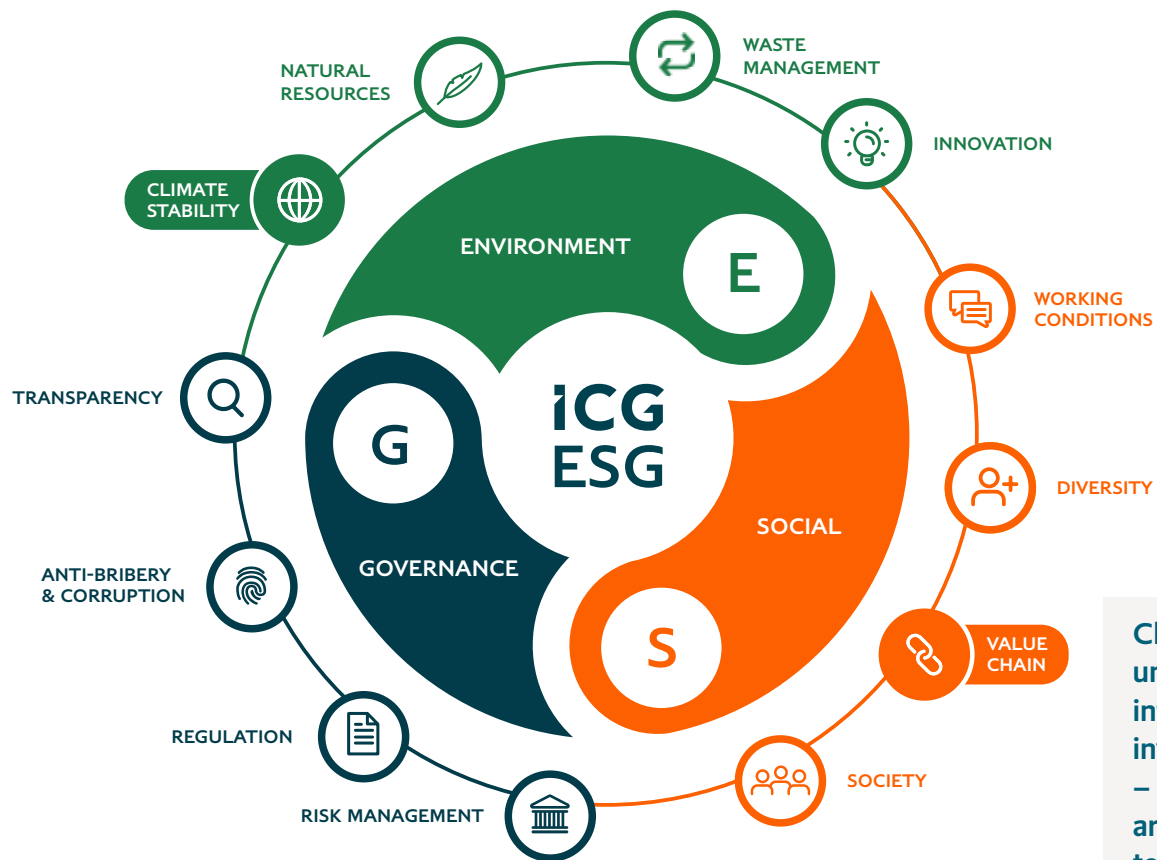


### ICG's Commitment to Climate Change

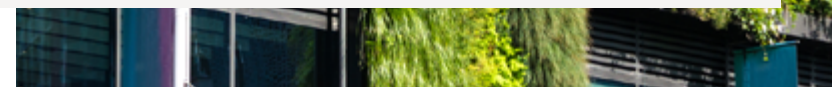


# ESG Priorities

ICG's ESG priorities are outlined in our Responsible Investing Policy which can be [read here](#).



Climate change featured strongly again this year and we undertook an external review in order to find ways to further integrate a climate risk and opportunity assessment into our investment process (See page 13). Supply chain management – ensuring responsible procurement – has also been an area of particular focus in 2020, and we have shared new templates and tools with our portfolio companies where we have influence and access to management.

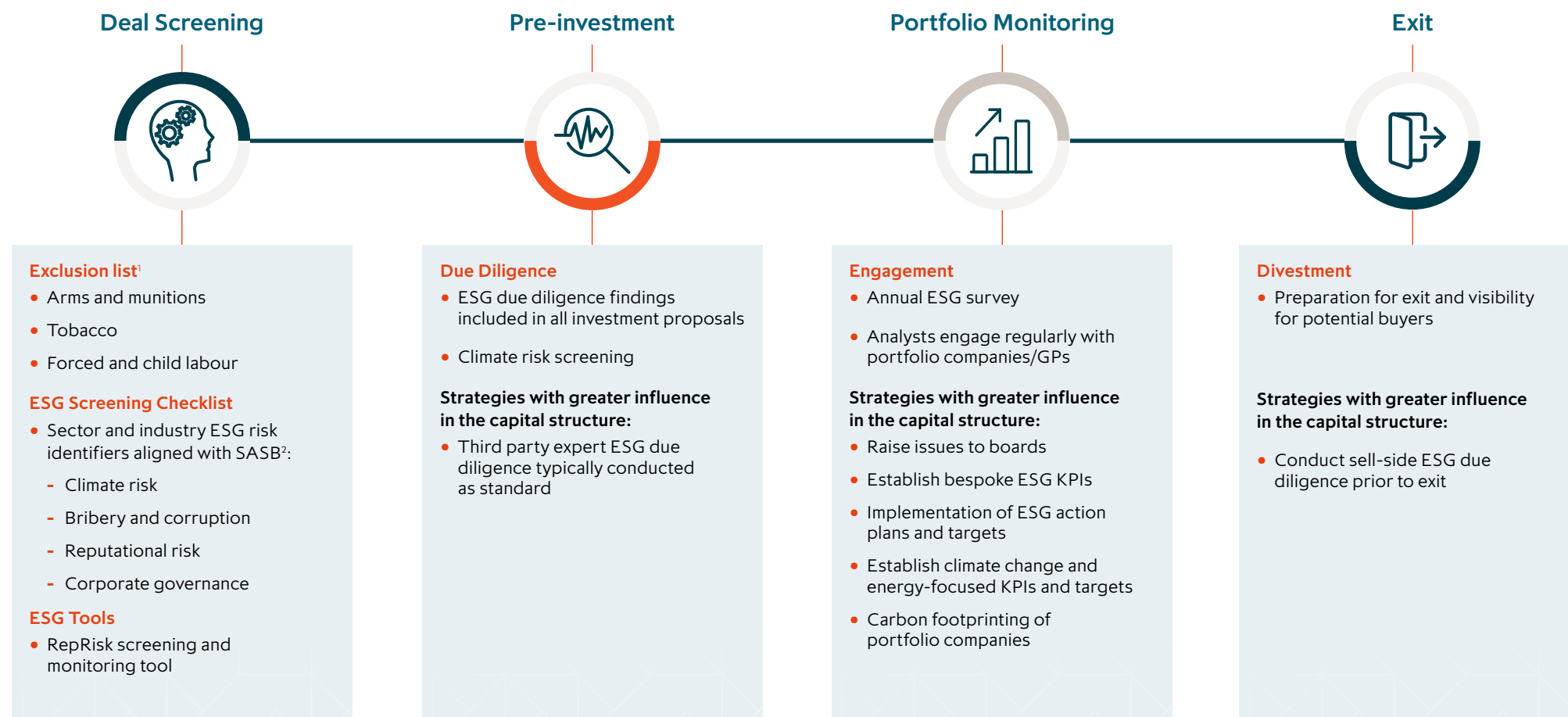




# Embedding Responsible Investing across strategies

## Our approach to ESG Integration

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



Note 1: Please refer to our [Responsible Investing Policy](#) for further details







Note 2: Sustainable Accounting Standards Board (SASB)



## ESG integration by key strategy

In accordance with our Responsible Investing policy, our strategies take ESG considerations into account at virtually every step of the investment process. The approach varies depending on the nature of the strategy and the level of influence over and access to management. The table below provides a high level summary of how ESG is integrated into ICG's core strategies.

### ICG's core strategies

	 Screening	 Due Diligence	 Monitoring	 Engagement	 Reporting	 Climate Risk Assessment <sup>1</sup>	 Training
European Funds	✓	✓	✓	✓	✓	✓	✓
Asia Pacific Funds	✓	✓	✓	✓	✓	✓	✓
Strategic Equity	✓	✓	✓	✓	✓	✓	✓
Direct Lending	✓	✓	✓	✓	✓	✓	✓
Capital Market	✓	✓	✓	✓	✓	✓	✓
Real Estate	✓	✓	✓		✓	✓	✓
Infrastructure	✓	✓	✓	✓	✓	✓	✓
US Debt Funds	✓	✓	✓		✓	✓	✓

Note 1: Our climate risk assessment of the existing portfolio considered underlying companies. See page 14. Physical climate related risks are assessed as standard for all Real Estate investments.

## Embedding Responsible Investing across strategies

### How is RI integrated?

We have been conducting our Annual ESG survey since 2015, seeking to engage with our portfolio companies and understand the ways in which our portfolio companies are managing ESG issues. Enhanced and extended each year, the survey was circulated to 57 portfolio companies this year, with an 86% completion rate.

This year our survey was enhanced to focus on diversity and inclusion and the key highlights were as follows:

**57%** of portfolio companies have a **diversity and inclusion policy**

**43%** have initiatives or targets to **improve diversity**

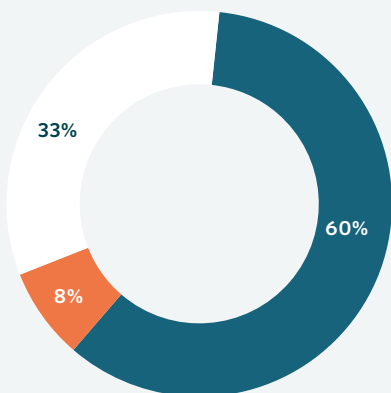
**69%** conduct regular **employee engagement** (or satisfaction) surveys



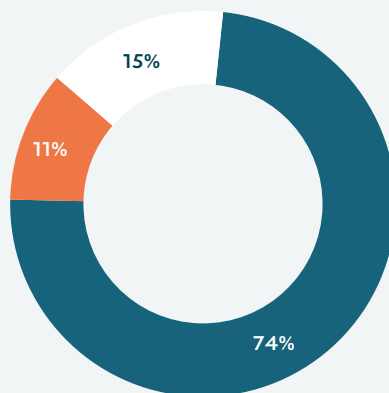
## Snapshot of results from our 2020 Questionnaire

KEY ■ Yes – 2019 response ■ Yes – 2020 progress ■ Not yet implemented

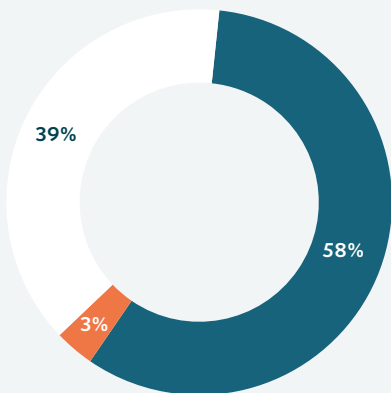
### Developed sustainability policy



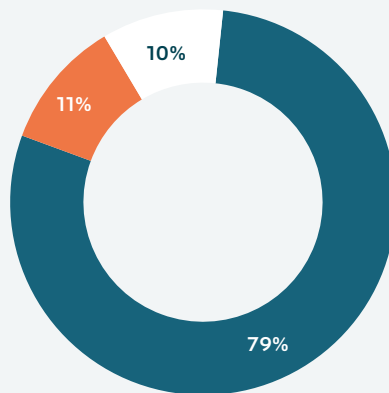
### ESG responsibility



### Set ESG KPIs or targets



### Anti-bribery policy



### Climate Change highlights

Climate featured strongly again this year with significant progress achieved across all key areas

Key highlights were as follows:

**37%** have assigned Board or management responsibility for climate change (up from **26% in 2019**)

**1 in 3** portfolio companies surveyed have assessed the business risks and opportunities associated with climate change. (Increase from **1 in 4 in 2019**)

**43%** have set climate change or energy related objectives and targets (in line with **44% in 2019**)

**1 in 3** portfolio companies surveyed assess their carbon footprint (up from **1 in 4 in 2019**)

# Focus on Climate Change

## 2020 achievements

We recognise that climate change poses a significant threat not only to the global economy but to society as a whole, and this presents both risks and opportunities for investments over the short and long-term.

Our 2019 ESG report included our first response to the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD). Earlier this year, recognising the strategic importance of climate risk, these disclosures were formally incorporated into our financial filings. See ICG's [Annual Report](#) (page 42).

Last year we conducted a gap analysis of our management systems and processes against the TCFD recommendations. We have summarised here our more recent progress, in incorporating climate-related risks and opportunities into our governance, strategy, risk management and targets, both as an investment manager and as a corporate.



### Governance

- ICG's RI Committee, along with the CEO/CIO, supported key TCFD-aligned workstreams, developing and reviewing our Climate Risk Assessment and Climate Risk Screening Tool
- Participated in the CDP (formerly the Carbon Disclosure Project) Climate Change programme for the 6th time earlier this year and received an 'A-' score for our 2019 performance
- Supported the launch of Initiative Climat International (iCI) UK Network to improve collaboration across our industry



### Strategy

- Developed two Sustainable Funds: Infrastructure Equity and Sale and Leaseback, both specifically designed to take account of climate-related risks and opportunities
- Climate-risk materiality analysis on current portfolio to identify climate risk exposure to help focus our engagement efforts and improve the identification of climate risk pre-investment
- Engaged a specialist environmental consultant to conduct a scenario analysis exercise for those companies identified as having a higher exposure to climate-related risks ([see page 14](#))



### Metrics and targets

- Conducted a carbon footprint analysis of the investments held in Europe Fund VII and Infrastructure Equity
- Engaged with portfolio companies, where possible to set energy and emission related targets and KPI and strengthen climate resistance
- Committed to reducing our scope 1 and 2 emissions by 80% by 2030; continued to offset our unavoidable emissions ([See page 35](#))
- Developed a sustainable fit out guide for our premises; London headquarters (SKA Gold rating) Warsaw office (LEED Platinum)



### Risk Management

- Declined a number of transactions where climate-related risk was a factor, for example transactions which had significant exposure to the oil and gas sector
- Engaged an external consultant to develop a climate risk tool to assess each investment opportunity ([see page 14](#))
- Currently developing ESG Training including dedicated climate risk section – partnership with PRI Academy (to be rolled out Q4 2020)

# Climate Risk Assessment



## Existing portfolio

### High level Screening

- Initial transition-risk screening exercise across > 700 portfolio companies across 10 key ICG strategies, representing almost 90% of AUM:
  - Identified portfolio companies with higher exposure to climate-related risks, based on industry classification in accordance with the TCFD
  - expanded to incorporate a further three additional industry sectors: pharmaceutical, water and waste



### Climate Risk Assessment

- Developed a climate risk questionnaire to assess the potential physical and transition risks associated with the top 50 portfolio companies identified as most material from a climate risk perspective



### Scenario Analysis

- Based on the results of the Climate Risk Assessment, 35 portfolio companies selected to conduct scenario analysis
- Includes 20 scenario indicators to capture the effects of the low-carbon energy transition, for example the effects of disruption in the transport sector due to increasing electrification of transport modes



### Heatmap

- Developed a heatmap to highlight the exposure of each company to:
  - Physical risk, including drought and water stress, cyclone impacts, extreme temperature, flooding and wildfires (assessing risk up to 2050)
  - Transition risk at intervals of every 5 years from 2020 to 2040



## New deals

### Investment Screening

- ICG's ESG Screening Checklist enhanced to include a Climate Risk Screening Tool
- 'Gateway' questions to assess the inherent transition and physical climate-related risk / opportunity associated with a company. Established a rating system to identify the investment opportunities which have higher exposure. Additional questions for companies identified as higher risk
- Various data sources utilised, including the TCFD, Sustainability Accounting Standards Board (SASB), ThinkHazard, Climate Change Performance Index and World Bank Carbon Pricing Dashboard



### Climate Risk Due Diligence

- Climate risk assessment to be incorporated as standard where external ESG due diligence is conducted
- Guidance provided to investment teams to support scoping of external due diligence



### Engagement and Monitoring

- Analysts engage regularly with portfolio companies
- Strategies with greater influence in the capital structure:
- Establish climate change and energy-focused KPIs & targets
    - ICG developed a bank of industry-specific climate-related KPIs to support engagement with portfolio companies
  - Carbon footprinting of assets



### Exit

- Strategies with greater influence in the capital structure:
- Sell-side ESG due diligence prior to exit to include climate risk assessment and review of performance

## Covid-19 Response

We are proud to report that 63%\* of our portfolio companies surveyed provided products or services (or made donations) to their communities to support Covid-19 relief efforts. Here are some examples of their efforts.



### RSEA

RSEA worked closely with the Australian government and was appointed to the Federal government's Covid19 Response Team, providing pro-bono supply chain advice and assistance in sourcing ventilators and other essential PPE. RSEA successfully sourced and sold significant amounts of PPE at the height of the crisis including:

- **14 million** respiratory masks for the New South Wales government
- **over 100 million** medical grade surgical gloves for Australian Health Authorities
- **multi-million dollar** sanitiser orders for two state governments
- a national purpose-built supply chain for **340,000** registered disability carers



### Marston

Approximately 1,000 staff were redeployed (where possible) or volunteered to support UK Covid-19 relief efforts e.g. food deliveries to local hospitals or those self-isolating. Furloughed staff were paid in full and the CEO and Chairman took a 50% pay cut.



### Suanfarma

Suanfarma produced over 8,000 litres of disinfectant gel (and ethanol) for the Portuguese Medical Emergency National Institute. Suanfarma Italy donated 14,000 masks to the regional civil protection force.



### Coreapuff

Coreapuff diversified in order to produce over 1 million face masks a month using existing machinery and staff to supply five of the major supermarkets in Korea. It has also donated circa. 200,000 masks to 12 different local municipal and relief organisations to date.

## Covid-19 Response (cont.)



### DOC Generici

DOC Generici donated €220,000 to public hospitals in the most affected areas of Italy for the purchase of a special ambulance and development of an intensive care bed.



### Garnica

Garnica Spain launched 'GarnicaHelps', a non-profit initiative, and manufactured and donated 1,067 wooden screens and 152 beds to Spanish hospitals and nursing homes during the crisis.



### Symingtons

Symingtons donated 91,000 units of product to UK charitable organisations including St. George's Crypt and FareShare, as well as local hospitals. The products were used to feed front line workers operating in local intensive care units. Symingtons also donated to local school food banks and NHS trusts.



### Workhuman

Workhuman created "Thank You Healthcare", a site dedicated to showing appreciation and gratitude for front-line workers. 'Thank You Healthcare' has recorded over 7.5 million personal expressions of gratitude since the onset of the pandemic. Workhuman has also donated tablets to local hospitals fighting Covid-19.



### Ingesport

Ingesport set up a €1million fund to support emergency efforts, donated 20 ventilators to hospitals and made their GO fit Everywhere App available to all free of charge. The GO fit App allows for guided exercise and remote classes, encouraging physical activity when the sports centre cannot be reached, and was accessed 3.5 million times during the lockdown period in Spain. Ingesport also covered 100% of employee salaries and invested in a mass-scale learning and development exercise for the entire business during confinement.



## Case studies

# Infrastructure Equity

The ICG Infrastructure Equity strategy seeks to acquire a diversified sustainable portfolio of Core+ mid-market infrastructure assets in Europe with a focus on downside protection. Taking majority or significant minority equity positions will enable ICG to actively manage the assets.

Transitioning to a more sustainable economy requires financial products that can deliver on the SDGs, the Paris Agreement and the EU's ambition to be climate-neutral by 2050.

Following the success of ICG's sustainable Sale and Leaseback fund, ICG launched its second sustainable investment strategy, Infrastructure Equity, in 2020. From the outset, ICG decided to be a 'green generalist' as it recognised the potential of the strategy to generate a positive social, environmental and economic impact and meaningfully contribute to achieving the Sustainable Development Goals (SDGs). The SDGs are an internationally recognized set of goals, targets, and indicators guiding the global development agenda through 2030. Within the European infrastructure market, ICG stands out as one of the very few generalist investors which has explicitly excluded coal, oil and gas as part of its sustainable approach. The direct contribution of the assets' core activities to the relevant SDGs are assessed, monitored (and quantified) annually using key metrics, relying heavily on the Global Impact Investing Network's IRIS+ taxonomy and the impact management Project. Extensive engagement with management is key along with financially incentivising management, where possible, to achieve specific ESG targets.

**ICG's Infra Equity Sustainable Framework includes the following:**

- An extension of ICG's Exclusion List to exclude high-carbon emitting industries from the fund's investment universe, such as coal, oil and gas, along with nuclear
- The enhancement of ICG's Screening Checklist to specifically identify and assess how a potential investment's core activities can positively contribute to a particular SDG during due diligence, critical to the investment case
- Engagement with management teams to establish ESG KPIs and targets along with mapping of the company's core activities to the relevant SDGs, establishing targets and monitoring progress. This includes financially incentivising management, where possible, to achieve specific ESG targets
- A carbon footprint analysis of the portfolio's investments along with annual fund-specific ESG reporting to investors and participation in annual GRESB Infrastructure assessments
- Continuous involvement of ICG's Responsible Investing Officer throughout the investment process and post investment during the asset management

At ICG we will continue to develop these sustainable financial products which are essential in mobilising private capital to achieve a more sustainable economy.

**ICG's Infra Equity strategy has a Sustainability Framework designed to contribute to the Sustainable Development Goals (SDGs):**



ICG is a member of the Global Impact Investing Network (GIIN) and uses the GIIN's IRIS system, a set of generally accepted environmental and social impact metrics, to assess each portfolio company's contribution and progress towards achieving the relevant SDGs.

## Case studies

# Infrastructure Equity

ICG's Infrastructure Equity Fund invested €48 million in Océinde Communications in 2019.



Océinde Communications, based in the French overseas department of La Reunion, is one of the island's leading independent telecom groups and owns a well-known local fibre and mobile brand, Zeop. The company through its core operations contributes to SDGs 9 and 11.

Océinde Communications (OCC) was a first-mover in the rollout of a fibre network on the island of La Reunion, a French overseas department in the Indian Ocean (c. 900,000 population). In so doing, it greatly improved connectivity for the local population, developing a 2000km network reaching 18 of the island's 24 municipalities. Via a programme of capital expenditure, it also invested in a connection to a new submarine fibre cable in the Indian Ocean that links Mauritius to South Africa called METISS. This significantly increased internet capacity for residents of La Reunion and improved download speeds by between 300% and 400%.

The extent of OCC's rollout has led to increased access not only for residents of the island's conurbations but also rural – and traditionally poorer – households. Its mobile and

broadband operator Zeop was the first on the island to provide unlimited data at an accessible tariff. This means that today La Reunion has the 3rd highest broadband penetration in France, just behind Paris and Lyon, the country's two biggest cities.

Alongside the transformation in terms of connectivity, fibre cable itself carries significant improvements in terms of environmental credentials when compared with copper cable. The mining required to provide two kilograms of copper wire (roughly the amount you would need for a 200-foot length of copper cable) translates into about 1,000 kilograms of environmental impact compared to about .06 of a kilogram of environmental impact for the same length of fibre. Fibre also uses up to 12 times less energy than copper cable, meaning lower associated greenhouse gas emissions.

ICG has worked with the company to establish specific ESG KPIs to reduce energy intensity and corresponding emissions and continues to improve health and safety and diversity. ICG is also working with OCC to set targets aligned to the UN's SDGs (9 & 11) including: access to fibre network, development of infrastructure and environmental impact. ICG supported the management team with their first GRESB submission in 2020.

In 2020, ICG's mid-market infrastructure investment strategy, with support from OCC, had the honour of being shortlisted for a coveted UN Principles for PRI award in the 'ESG Incorporation Initiative of the Year' category.

Through its core activities, Océinde Communications contributes to achieving SDGs 9 and 11:



### SHORTLISTED CANDIDATE

Intermediate Capital Group, with support from Océinde Communications

*Mid-market infrastructure investing accelerating integration of green generalist sustainable investing style*



ESG incorporation initiative of the year



## Case studies

# Europe Fund VII – Workhuman



ICG has provided 2 tranches of investment to Workhuman, totalling EUR 205 million, through Europe Fund VII in 2018 and 2020.

## Workhuman Live

The Workhuman Live event is a seminal annual gathering for the Human Resources sector with the power to attract speakers such as Michelle Obama, Amal Clooney and Brené Brown.

- It focuses on educating and engaging HR leaders to create a more inclusive, welcoming workplace
- Since the inaugural conference in 2015, the event has grown to be six times its original size, with more than 70 breakout sessions and 100+ speakers
- Alongside speeches and presentations by influential and often high profile speakers, attendees are able to learn more about the topics that are having the biggest impact on the modern workforce, for example topics like creating a culture of community and successful strategies to tackle diversity and equality

Workhuman is the world's fastest-growing Social Recognition and Continuous Performance Management platform. Previously known as Globoforce, Workhuman has been in operation for 21 years, pioneering the concept of Social Recognition in the workplace and the way it connects teams and strengthens global workforces through gratitude, feedback, and celebration. Its mission is to lead the movement to celebrate the power of humanity in the workplace through peer-to-peer recognition. Workhuman reaches nearly 5 million employees across 170 different countries.

Workhuman has managed to demonstrate clearly and analytically that the more appreciation and recognition shown between employees in a company, the better that company performs.

Workhuman's cloud platform provides a suite of human capital management applications (including promoting Social Recognition and celebrating service milestone and life events) which encourage employees to communicate positively with each other, creating a better culture and a more motivated employee base.

Workhuman's Social Recognition platform, for example, allows employees to recognise one another with rewards which have monetary value, part of a defined percentage of the employer's payroll. These rewards can then be redeemed for merchandise or gift vouchers through Workhuman's e-commerce platform.

Having observed millions of positive interactions between people in the workplace and measured their outcomes, Workhuman has established a clear, linear relationship between the amount of awards an employee receives and their engagement with the company they work for and this carries with it a variety of tangential benefits. In the case of one client, for every dollar invested in Social Recognition, the company received 8 times more in terms of return on investment than it would have done via straightforward salary increases. By looking at a cross section of its data, Workhuman has been able to draw other invaluable insights. For example, the traditionally high-turnover sector of nursing responded particularly well to rewards and saw significant improvement in staff retention as a result. Another established that for consultants, increased peer-to-peer

recognition prompted a significant increase in the billable hours of work they carried out on behalf of their employer. In addition, employee well-being and happiness improved, which can be transformative for a company's overall corporate culture. The vast database of information Workhuman has amassed permits valuable insight into trends and tendencies relating to sensitive areas such as gender and discrimination, giving scope to advance the hugely important diversity and inclusion agenda.

Applying these learnings to its own operations, Workhuman has been a recipient of numerous "Great Places to Work" awards, including that of Best Workplace for Women, and was recognized in 2019 as the top Irish workplace for the 8th year in a row. Workhuman also supports many external initiatives. (Included below on separate Covid-19 page).

ICG has been engaging with the company on ESG matters since the original investment and is working with the company to formalise its ESG policies.

## Case studies

# Park Holidays UK

Park Holidays owns and operates caravan and lodge holiday parks in coastal locations in the south of the UK. ICG invested €207m in the company 2017.



In business for more than 30 years, Park Holidays are the third largest caravan and lodge holiday park operator in their sector. Park Holidays owns and operates 29 parks and manages a further two under contract. Some caravans and lodges are privately owned, others are owned and rented out by Park Holidays and there are shared on-site facilities such as swimming pools, bars, shops and restaurants.

ICG has been engaging with the company on ESG matters since the original investment and worked with the company to formalise its ESG policies and set ESG targets and KPIs. Park Holidays has focused on its ESG impact both as a business and an employer and with its Environmental and Social Responsibility policy in place, has made concerted efforts to improve outcomes year on year.

### In terms of improving the sustainability of physical assets and supply chains, recent highlights include the following:

- Park Holidays is working towards ensuring that all the caravans it owns are double-glazed and centrally heated. In the 18 months to the start of 2020, it oversaw an improvement from 49% to 77% in this respect and is on track for the 2022 target of 100%, or possibly sooner
- Park Holidays retained its prestigious 'Silver' Investors in People (IIP) rating in 2019 when assessed against the IIP's new more stringent criteria. IIP is a standard for people management which reflects the latest workplace trends, leading practices and employee conditions required to create outperforming teams

- 98.5% of Park Holidays' waste is diverted from landfill to energy recovery centres

A particular area of focus for Park Holidays in recent years has been the improvement of customer satisfaction and in 2019 the company charted good progress across the four metrics by which it measures this.

In 2020, with the business facing the effects of the coronavirus pandemic, it developed a comprehensive response to ensure that customers were treated as fairly as possible, with measures including:

- Full refunds offered in the event of cancellation
- Guests rebooking for a future date were given a discount of 20%
- Guests were given the right to defer their holiday

In addition, the company took advantage of government legislation and allowed owners to declare their holiday home an interim abode (if necessary for Covid-related reasons) so as to allow them to remain on site during the prolonged lockdown. It also focused on its suppliers, taking time to identify those that were most vulnerable to the disruption caused by the pandemic and ensuring that they were paid in full and on time. These actions have in turn prompted a positive response from Park Holidays' customer base and, with the necessary Covid-19 precautions in place, the company has seen good business as restrictions have lifted.

## Innovative and eco-friendly accommodation

- From original launch of the Camping Pod product range in 2019 with 35 units as a trial across 4 parks, demand has exceeded expectations and Park Holidays is now entering 2021 with 130 pods across 7 parks
- Camping Pods are made from sustainable materials sourced in the UK and predominantly certified by the FSC (Forest Stewardship Council) and the supply chain is monitored carefully to ensure that materials are sourced from local suppliers, where possible
- Camping Pods are fully insulated reducing energy consumption and associated emissions
- Camping Pods have replaced traditional camping and touring pitches and in offering static accommodation, customers avoid having to tow their own caravan to site, translating into reduced emissions





## Case studies

### Asia II - SCF Group

SCF is Australia's leading supplier of tailored shipping container solutions. Asia II invested \$60m in SCF in 2013.



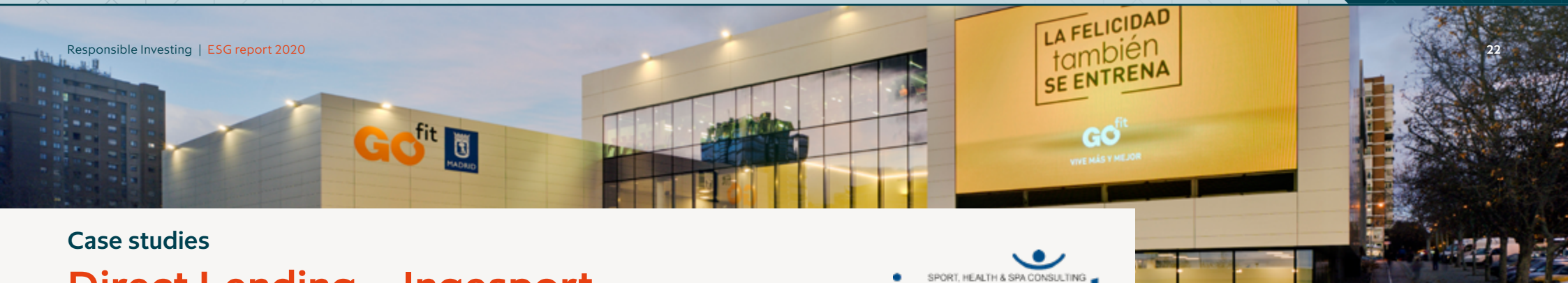
ICG has been involved with SCF Group for a number of years and in that time, ESG engagement across the business has strengthened significantly:

- **Sustainability:** SCF's products play a critical role in climate change mitigation when it comes to the transition from road to rail freight transport with rail transport producing 16 times less carbon pollution than road freight per tonne kilometre. This equates to a US\$243 carbon cost saving to move a container by rail compared to road. Further, road freight crash costs are 14 times higher than rail, or the equivalent to a saving of US\$20 per tonne. This transition to rail freight is expected to accelerate with the construction of the inland rail network in Australia.
- **Environmental:** Ensuring environmental compliance is a central focus of the management team with detailed environmental audits and compliance reported as part of board reporting to ensure they meet both the regulatory requirements and the company's own stringent standards.
- **Work health and safety:** SCF has also fostered a focus on safety with the implementation of processes and systems to track employees at all depot sites and improve welfare. ICG supported management in the implementation of an

Incident Register & Dashboard to track the impact of this safety culture. Since the implementation, incidents have been monitored on a daily basis and the company has had over 822 days free from any lost-time injuries. The cultural focus on safe work practices also include employee training, Q&As, handbooks and safety procedures implemented at every depot.

- **Innovation:** The cultural focus on safety and sustainable solutions is also demonstrated in the company's research and development (R&D) and innovation function. By way of example:
  - New product development pipeline: out of a current R&D and new product development pipeline for the business, 33% of live projects are focused on improving safety outcomes for operators
  - Paint innovation: Prior to 2017, the overwhelming majority of shipping containers were coated with solvent-based paint which was widely understood to be cost effective but harmful to ocean life. SCF was an industry leader in implementing ocean-life-friendly paint on all company containers despite the cost disadvantage.





## Case studies

# Direct Lending – Ingesport

ICG has invested more than €100 million in the company, through its Senior Debt Partners Strategy since 2018.



Ingesport is a leading developer and operator of concession-based sports and leisure facilities on the Iberian peninsula. ICG has invested more than €100 million in the company, through its Senior Debt Partners Strategy, since 2018.

Ingesport builds and operates large-scale sports centres under long-term (approx 40 year) concession agreements with local municipalities across Spain and Portugal. In the wake of the global financial crisis, Ingesport has built up a chain of 20 high-quality sports centres, creating over 1,000 jobs. Under its GO fit brand, the company offers a full range of leisure services including gyms, swimming pools, wellness areas, fitness classes and tennis courts at affordable prices. Ingesport has more than 250,000 customers, translating into attendance of over 1.4m users each month.

Ingesport strives for – and achieves – an exceptionally high level of ESG performance, a function of the way in which ESG is ingrained in both its culture and its business objectives. As a starting point, the company has focused on the UN’s Sustainable Development Goals (SDGs), of which there are 17, and in seeking to match its many social and environmental efforts and measures against the SDGs, has been able to note that all 17 goals are accounted for in one way or another. This includes noise elimination, reduction of water usage, rollout of training and development initiatives and the application of an ethical business policy, to name a few.

Having devised a methodology in conjunction with PWC, the company calculates that in 2019 alone, it contributed €100m to national GDP and approximately €300m worth of social benefit, due to the multiple positive social impacts generated by its facilities. Not only does regular exercise contribute to a significant reduction in healthcare costs, but it materially reduces absenteeism and improves the subjective wellbeing of individuals, in turn relieving mental health services. In addition, its workforce expanded by almost 25%, with 98% of its employees now hired on permanent contracts, 50% above the sector average in Spain.

As a company, Ingesport holds itself to rigorous sustainability targets. It has signed a power purchase agreement whereby 100% of the energy it uses comes from renewable sources. The carbon footprint of Ingesport’s activity centres was reduced by 61% in 2019. For its swimming pools, it has installed a new water treatment system based on electroporation and UV light, which cuts the use of chemical products by 99%.

Inevitably, the business has been affected by the impact of the Covid-19 pandemic, but Ingesport has taken a series of protective measures in order to be able to re-open its facilities safely. These include the installation of hospital-grade air purification units, the fitting of plexiglass dividers between exercise machines and the use of thermographic cameras in entrance areas, amongst others. The company has been collaborating with an epidemiologist to evaluate the safety levels in its GO fit facilities, which rate better than most public spaces, and was the first group of sports centres to obtain the AENOR certification of “protocols against Covid-19”.

## Ingesport’s social impact.

Assuming that 100% of active users in Ingesport centres maintain this level of activity throughout their lives, the impact could be close to €300 million:

### €28.4m

estimated savings in healthcare expenditure

### €6.3m

in savings thanks to a reduction in absenteeism in the workplace

### €264.8m

improvement in subjective wellbeing i.e. happiness, life satisfaction and even social interaction

## Credit Fund Management – Europe

# About ICG's Capital Markets strategies

Our investment strategies in the capital markets are managed by our Credit Fund Management team and focus on sub-investment grade credit. They invest in liquid (tradable) senior secured loans and high yield bonds as part of a syndicate of lenders or investors, as well as structured credit and do not typically take equity stakes in businesses.

### A close-up of ESG integration in ICG's Capital Market strategies

The best opportunity to ascertain the ESG implications of a holding in capital market investments, and to exert influence accordingly, tends to be at the initial point of investment. The enhancement of our approach to ESG integration across the group has led to a more structured approach and our analysts have a clear and detailed framework for assessment.

In addition, our analysts have individual performance objectives to engage with their portfolio companies on material ESG issues (including climate change) at least once per year. This is monitored through the quarterly portfolio review process which requires a company-specific ESG update.

### European producer of sustainable, healthy, organic food products

**Investment Thesis:** Owns a diverse selection of leading organic/vegetarian/sustainable brands in the European food marketplace, a segment which is posting strong overall growth

**Key ESG considerations:** The company recognises that ethics and sustainability must be a core focus for its corporate activities, in line with the brands it represents. Accordingly, it has identified a number of ESG-related targets including carbon-neutral operations by 2025 along with the same time horizon for the generation of zero landfill or incineration waste. The company has achieved B Corp certification (balancing purpose and profit) and is focusing on building sustainable supply chains for its key organic raw materials.

**Recommendation:** Approved.

### European TV production company

**Investment Thesis:** Leading production company with strong portfolio of formats and IP, including both scripted and non-scripted content, in a market environment where demand for content is expected to continue growing.

**Key ESG considerations:** The company disclosed an instance of fraud in a subsidiary, raising questions over internal control mechanisms, and there were two instances of apparent failures in health and safety controls and policy in certain productions. Furthermore, concerns had been raised over an instance of past misconduct of a senior management individual.

**Recommendation:** The deal was ultimately declined based on a combination of high leverage, M&A/integration risk and ESG concerns.

## A focus on the US

ICG has its second largest office in the US, with teams operating in private debt, the credit markets and more recently, private equity.



### US Capital Markets

Manufacturer of metals and other building products for the transportation, aerospace, industrial and construction end markets.

**Investment thesis:** Leading provider with healthy end-markets, diverse and entrenched customer base, improved business mix with reduced volatility.

**Key ESG considerations:**

Research revealed two major ESG concerns:

- Social concerns as some of the company's products went into a building that was damaged. The firm is named as a responsible party in unresolved litigation. Additionally, the company's cash needs are material due to significant unfunded pension liabilities
- Environmental concerns relating to known pollution issues and significant environmental liabilities

**Recommendation:**

Decline, based on the social and environmental concerns for the business and additional liabilities that may arise as a consequence.

### North America Private Debt Fund

A distributor of fuel and lubricant for trucks using proprietary digital technology to streamline its service.

**Investment thesis:** On-site diesel refuelling company, supporting customers' key business activity.

**Key ESG considerations:**

- Concerns over the company's significant exposure to fossil fuels, despite demonstrating a commitment to sustainability and a focus on carbon neutral assets
- Reservations over the long-term viability of the business model given the transition towards sustainable and/or renewable energy sources

**Recommendation:**

Decline, based on environmental concerns and the lack of visibility for transition to a low-carbon sustainable business model.



## Strategic Equity

A focus on ESG integration in ICG's Strategic Equity strategy.  
Acquisition of private equity portfolio tranches in the secondary market.

ICG Strategic Equity is a specialist private equity investor dedicated to the growing market for fund, portfolio and single-asset restructurings (commonly known as "GP-led" secondary transactions). The inherent structural complexity of these portfolio transactions require a tailored approach to ESG integration. We incorporate ESG considerations into the screening and due diligence process using our ESG Screening Checklist to assess each underlying company within the portfolio, which is supplemented by a GP/Sponsor questionnaire. Ongoing ESG monitoring is achieved through a combination of Board seats, information rights, active engagement with the GP/Sponsor on material ESG issues and a newly launched Annual GP/Sponsor survey.

### Opportunity to partner with a GP focused on specialty finance to restructure a three asset portfolio of consumer lending companies

#### Investment Thesis:

Leading consumer lending assets that could be acquired at attractive entry valuations with significant avenues for value creation if provided incremental time and capital.

#### Key Investment Considerations:

The screening process flagged areas of concern from both an ethical and regulatory perspective. Due diligence revealed that while the companies all operated within defined legal boundaries, their consumer lending practices gave rise to reputational risk concerns which also increased their vulnerability to regulatory change.

#### Recommendation:

The deal was declined as it did not meet our ESG standards.

### Newly launched GP/Sponsor ESG Survey

For the first time, we surveyed the GP/Sponsors with whom we invest alongside to better understand how they manage ESG issues. The survey included a variety of ESG indicators including adherence to industry standards, ESG reporting, training and personnel. With a 100% response rate, areas of success in 2019-20 included using interaction with the Board to influence key ESG factors, having a formalised ESG policy in place and the deployment of monitoring measures to assess management of ESG factors. For areas where engagement could be improved, ICG is taking steps to support, for example offering access to ESG training and providing reporting guidance and ESG-related policy templates to improve ESG awareness, governance and reporting.

#### Key highlights from our first ESG Survey

**100%**  
response rate

**>80%**  
use Board influence  
to engage on  
ESG matters

**2/3**  
of GPs and Sponsors  
have an established  
ESG policy



## Real Estate

ICG's Real Estate division has over £4.3bn of private debt and private equity AUM in its core strategies of Senior Debt, Partnership Capital, Residential Development Finance and Sale and Leaseback. ICG Real Estate Partnership Capital provided two tranches of investment, totalling £149 million, to RoyaleLife in 2018 and 2019.

RoyaleLife supply single storey homes in gated communities at a significant discount to detached home equivalents. There is presently a critical shortage of supply in the UK's retirement home market.

The combination of a sound investment case combined with a positive social impact made this a compelling deal for ICG. From a socio-economic view, RoyaleLife's developments provide much-needed capacity to local authorities, many of whom are struggling to meet housing allocation targets. Price points are spread across a range, ensuring that the homes cater to a variety of different socio-economic groups.

The communities in which the houses are sited provides amenity facilities such as coffee shops, swimming pools and other community buildings.

The bungalows themselves are manufactured in warehouses and then shipped to the parks for assembly. This method of construction enables buyers to have a say in the level of environmental performance of their home, with options available including rainwater harvesting, solar PV panels, CHP boiler type etc.

Single-storey dwellings of this nature are particularly suited to and popular with an older population who can still live independently but where mobility issues may mean multiple-storey housing is unmanageable.

One particular area in which ICG is supporting RoyaleLife is in the development of a formal ESG policy for the company.

### Granite House, Glasgow

- ICG acquired Granite House in a joint venture with Ambassador in 2017
- Granite House was built in 1880 and at the point of acquisition carried a 'D' building energy rating (BER)
- Following an £11m refurbishment to improve the sustainability of the building, Granite House achieved an 'A' BER

## Cybersecurity

### Europe Fund Analysis

The risk of cyberattacks continues to be a significant issue for today's businesses, not least because the penalties levied against companies that suffer a breach can be punitive in financial terms. For a transgression of GDPR legislation, for example, the maximum fine is 4% of turnover or €20m, whichever is greater. The average cost of an attack to a business is approximately £3.8m. Methods used for cyberattacks are constantly evolving, with around 230,000 new malware samples materialising every day.

Funds focused on mid-market opportunities need to be especially vigilant because mid-market businesses in many cases have below average cyber maturity, in other words their defences against such attacks are not typically as robust. Further to this, the Covid-19 pandemic has increased cyberattack opportunities for a number of reasons. Not only have phishing and ransomware attacks using Covid-19 as a pretext emerged in their droves but the simple fact that so many employees are now working from home via virtual private networks (VPNs) or even public networks has presented new opportunities because of those networks' relative vulnerability.

This led ICG to conduct an external assessment of cyber risk across its subordinated debt and equity investments in June 2020. A total of 14 portfolio companies were assessed, prioritising those where ICG had more influence and access to management and excluding those that had recently conducted a similar exercise. The focus was on both the financial and technical risk exposure across a range of attack paths and the most frequent scenarios ie, privacy data breach and business interruption.

Supported by an external advisory firm with considerable expertise in cyber risk, an 'outside in' analysis was conducted by collating publicly available information for each portfolio company, without any collusion from the company itself. Companies were assessed from a perspective of both financial and technical risk with detailed reports prepared identifying potential areas of vulnerability. Overall, we were pleased to find the portfolio in good shape with circa. 80% of the assets deemed satisfactory or above in terms of their management of cyber risk. The findings were then reviewed with each relevant management team with a view to agreeing next steps to address any concerns raised by the report. Where required, ICG carried out additional in-depth work with management to investigate vulnerabilities and a detailed remediation plan was drawn up, with two thirds of the "higher risk" profile portfolio companies engaged with immediately and we have already implemented actions to reduce risk and close out vulnerabilities. The assessment is set to be revisited annually in order to allow the active monitoring of improvements and lapses and ensure that vulnerabilities do not persist, though we do note that cyber risk to our portfolio companies remains an ongoing issue.



## People and Culture at ICG

### People and Culture at ICG

Our vision is to provide a workplace where employees are recognised and supported through various employee initiatives to nurture their professional development and personal wellbeing.

#### In Focus: Employee Engagement & Culture

As part of our continued commitment to enhancing employee engagement and building a great place to work, we ran a group-wide survey at the end of 2019.

This survey was recalibrated from previous years in order to focus on key areas that impact engagement, including leadership, company culture and opportunities for career development. The survey was anonymous and provided an opportunity to share feedback and suggestions through several open-ended questions.

81% of employees took the opportunity to share their views. We are extremely pleased that we are ahead of the financial services sector average in relation to eight out of nine defined areas of engagement and close to best-in-class globally for the majority of questions. Via in-depth focus groups we have explored the results further to truly understand our areas of strength and where we can improve. Action plans are now underway with the focus on driving improvements at both organisational and team levels and by business area.

We are delighted to be ahead of the financial services sector average on eight out of nine dimensions measuring employee engagement.

#### In Focus: Wellbeing

Our Wellbeing strategy is set up to ensure that various programmes are in place to look after employees' mental and physical health both in the office and at home.

##### This includes:

- Running seminars and webinars that cover topics such as Mindfulness, Resilience and Parenting in a Digital Age
- Offering competitive global benefits including global employee assistance programmes
- Offering an internal 'new parent' buddy-scheme and external 'new parent' coaching scheme. Additionally providing back-up childcare provision
- Manager guidance and resources developed to support team wellbeing and engagement



## People and Culture

Creating a welcoming and supportive environment for our employees



### Creating a positive working environment

We strive to attract, develop and retain a talented workforce, therefore seek to ensure that we provide our employees with optimum support at every step of their journey with us.

#### Wellbeing

Our Wellbeing strategy and offering has been continued and extended throughout the year to ensure that employees feel supported both at home and in the office.

#### Voice

We have recalibrated our engagement survey giving our people a valuable opportunity to share their views and make suggestions to enhance the employee experience.

#### Induction

We have developed a new multimedia global induction programme using a combination of emails, digital videos and face-to-face content which ensures our people feel welcomed and can hit the ground running.

#### Diversity & Inclusion

We have rolled out a global D&I strategy to enhance diversity and foster an inclusive environment to enable us to attract, develop and retain the best talent available.

#### Development

We have a number of talent programmes in place including the Successful Promotion Programme (SPP), Executive Coaching, Women's Development Programme and a programme to develop management capability.

#### Performance Management

We have redesigned our performance management approach and system to enable a high-performing culture where managers and individuals have regular quality conversations to drive performance and development.

## Diversity & Inclusion at ICG



Our vision is to provide an inclusive and respectful environment in which each individual is motivated to make their fullest contribution; in which they feel fairly recognised, rewarded and included regardless of age, gender, race, sexual orientation, disability, religion or beliefs.

### In Focus: Diversity & Inclusion (D&I)

We operate in a fast-moving environment where the best talent is mobile and discerning. Our vision is to provide an inclusive and respectful environment in which each individual is motivated to fulfil their potential and contribute to our business goals. We strive to attract and retain the best talent available and have developed a global D&I strategy to enhance diversity and encourage an inclusive environment. We are proud, given our relative size, to have employees from over 31 different nationalities globally. With 34% our employees being women, we are making progress towards our ambition of having women in 30% of our senior roles in the UK, in line with our commitment to the Women in Finance Charter.

#### To help us achieve our ambitions, we have focused on a number of actions internally:

- Building on the success of the Women's Mentoring programme aimed at developing female talent across ICG, we launched the Women's Development programme with a focus on mentoring and development workshops to build skills, knowledge and behaviours designed to aid career development.
- We established a group-wide D&I committee, headed up by two senior partners alongside international D&I champions.
- We launched inclusive "network" groups for specific sets of employees including The Women's Network, Family & Carer Network and the Sports & Wellness Network. All networks are run by individuals from the business and are hugely successful.

We further developed relationships with new and existing partners including:

#### Level 20

We are a founder member of Level 20, a not for profit organisation set up to attract, nurture and promote women in the private equity industry. Level 20 seeks to achieve greater gender diversity for the benefit of our industry and the community at large.

Each year we nominate high performing individuals in our investment teams to take part in Level 20's mentoring programme. We also actively participate in a variety of Level 20 events, seminars and round tables. These enable members to share ideas and experiences as well as meet others working in similar roles and industries.

#### Return Hub

ICG is keen to increase the number of talented and experienced women within its workforce and one of the partnerships it has formed to enable this is with The Return Hub.

The Return Hub is a bespoke search firm that focuses on finding highly skilled professionals who are mainly, but not exclusively, women who have either taken a career break or perhaps followed a different career path and now wish to continue their career in financial services.

#### BUCS

ICG strives to develop strong, female leaders and in 2019 signed a three and a half year agreement with BUCS (British Universities and Colleges Sport) as its Women's Hockey Programme Headline Partner. We have co-hosted a number of events including our Women's Insight Day Programme, to introduce female university students in their penultimate year of study to the world of alternative asset management.

#### 100 Black Interns

In September 2020, ICG joined the #100blackinterns initiative which seeks to provide meaningful opportunities to black students across the UK, helping them kick-start their careers in investment management and addressing under-representation in our industry.

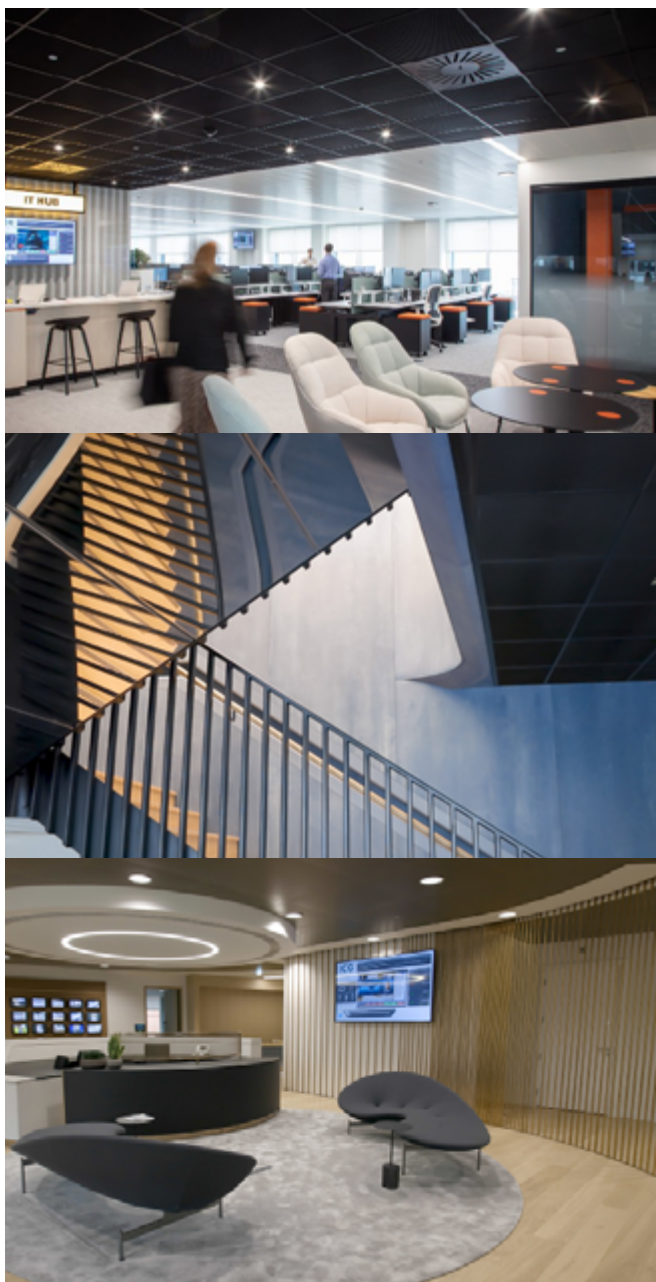
Over the past 12 months we have achieved the following:

**33%**

gender diversity of  
ICG's Executive directors

**40%**

women on ICG's  
Board of Directors



## Procession House

With ICG's workforce having expanded rapidly in recent years, the company moved to a bigger London office in September 2020. In keeping with the principles to which we hold ourselves accountable, various measures have been taken to ensure that both the fit-out and the building itself meet high ESG standards.

Procession House is situated near Blackfriars Bridge on the edge of the City of London. The building recently underwent a renovation that saw it stripped back to its bricks and this gave an incoming tenant such as ICG the opportunity to determine a significant number of factors in order to ensure that both the building and the fit-out met the highest standards of sustainability, in the process achieving a Gold SKA rating.

### Measures targeted on our route to Gold SKA rating:

- Efficient lighting and controls
- Sustainably sourced insulation
- Sourced 100% renewable energy
- Sustainably sourced finishes such as polishes and varnishes
- Water metering and the installation of efficient taps
- VOC and CO2 monitoring of the air quality in the floor spaces
- Targeting to achieve >90% diversion from landfill rates



## Procession House

ICG used sustainable materials, where possible sourced from our own portfolio companies



**Sustainability sourced wood** – using sustainably-sourced wood from Garnica, an ICG portfolio company, which sources wood from fast-growing poplar plantations which capture 11 tonnes of carbon dioxide per hectare per year



**Eco-designed flooring** – containing 25% recycled content, the flooring sourced from Gerflor, an ICG portfolio company, is also 100% recyclable and qualifies for **credits** under many internationally accredited **Green Building Schemes** (including LEED and BREEAM)



**Sustainable wall cladding** – made out of recycled shoe leather



**Recycled work-surfaces** – made out of 100% recycled yoghurt pots

### In addition to this:

- All our carpets feature green carpet credentials
- Our paint finishes are all low VOC
- We have incorporated planting that has fresh air credentials

### Ensuring that employees have a well-designed, comfortable environment in which to work is crucial to both wellbeing and productivity

- Internal lighting levels set in accordance with SLL standards
- Air quality consistently monitored
- Acoustics carefully designed
- Daylight glare controlled
- Layout encourages easy movement throughout
- More communal spaces



## Charitable Giving at ICG

ICG partners with the charities ThinkForward and the Education Endowment Foundation (EEF), both dedicated to supporting the education of disadvantaged children and young people. Against a backdrop of blanket school closures prompted by the coronavirus pandemic, the services they provide have never been more valuable or urgent.



### ThinkForward

ICG has supported UK charity ThinkForward since its inception in 2011. ThinkForward's overarching aim is to reduce the risk of young people becoming NEET (not in education, employment or training). ICG's supports ThinkForward financially, with an annual commitment of £100,000, and through a staff volunteering program.

### Mentoring and Coaching

Annually over 20 ICG volunteers mentor students from a local Alternative Provision Unit (a school that takes on young people that have been excluded from the state education system) in order to better prepare them for entry to the work environment. Our mentees have been found to be four and a half times more likely to achieve a Level 2 qualification (GCSE equivalent) than the average pupil in alternative provision. Part of ICG's funding to ThinkForward also goes towards financing a specialist coach for the Unit.

### Covid-19 reponse

Since the coronavirus pandemic took hold, prompting unprecedented school closures across the UK, ThinkForward's coaches have continued to provide invaluable support to these young students. This included addressing practical concerns such as guidance on home-schooling and routines along with emotional wellbeing, also extending to parents and carers in these unfamiliar times.



### Education Endowment Foundation

EEF is a major foundation dedicated to breaking the link between household income and educational achievement. ICG commenced its partnership with EEF in 2019, donating £250,000 a year to two of the foundation's charities – Tutor Trust and Nuffield Early Language Intervention (NELI) – for an initial three-year period. EEF is known for having a strong analytical focus that seeks to identify programmes that work most effectively. Having achieved the strongest outcomes in the UK when compared with similar programmes, we are delighted that NELI has been selected to become the centrepiece of the government's "Early Years" catch-up response. ICG's funding has enabled NELI to underwrite the development of an online training package, which has been critical in obtaining the Department of Education's endorsement. This means that every state-funded school which has a Reception class will be invited to apply for the support needed to develop NELI, with priority given to schools with a high proportion of disadvantaged pupils.

### National Tutoring Programme

Tutor Trust was also one of four partners, supported by the Department of Education among others, to develop the National Tutoring Programme. Launched by the UK government in the summer of 2020, it provides much-needed catch-up support to primary and secondary school pupils who have missed out on learning due to school closures.

## Charitable Giving at ICG (contd.)

### Donations to combat Covid-19

In response to the coronavirus pandemic in 2020, ICG has donated more than £300,000 to support relief efforts both locally and globally, through new and existing partnerships.

### COVID-19 Solidarity Response Fund for WHO

ICG donated £125,000 to the COVID-19 Solidarity Response Fund for WHO in April 2020

The COVID-19 Solidarity Response Fund was launched by the UN Foundation and Swiss Philanthropy Foundation at the request of WHO in March 2020 in response to the coronavirus pandemic. The three main aims of the fundraising are improving countries' preparedness and response, accelerating research and development and coordinating risk mitigation across regions. To date, WHO has secured more than 150 million PPE items, which are being shipped to 138 countries. WHO is also delivering an additional 100 million medical masks and 1 million respirators donated by the Jack Ma Foundation.



### City Harvest

ICG donated £125,000 to CityHarvest in April 2020

City Harvest is a London-based charity which puts surplus food to good use in a sustainable way, by redistributing to organisations that feed the hungry. The charity's unique community knowledge led to it filling a vital gap in addressing the high levels of deprivation caused by the pandemic, both in terms of people being able to afford and access food. From the start of the UK-wide lockdown on 23rd March up to end of June, City Harvest delivered over 2 million meals, tripling its capacity since the start of the pandemic.

In recognition for the immense value of the contribution made by CEO Laura Winningham and her team during the pandemic, Laura was awarded an OBE in the Queen's Birthday Honours list in autumn 2020.

“ICG's invaluable support has enabled us to take on more people to source and redistribute food, add new vans to our fleet and take on a larger food redistribution centre at our West London headquarters.”

Laura Winningham OBE, CEO, City Harvest London



## Climate Change – Offsetting our Emissions

### SolarAid

ICG has committed to donate over £75,000 to SolarAid this year to offset its FY 2019-20 operational emissions and support Covid-19 relief efforts by electrifying rural healthcare with solar power.



ICG calculates and reports its operational emissions annually<sup>1</sup> and our activities generated 3,161 tonnes CO2e for the year ended March 2020, a 21% reduction compared to the prior year. Last year we set a target to reduce our emissions by 80% by 2030 and have implemented a number of initiatives since then including sourcing 100% renewable energy for our new London headquarters ([see page 31](#)).

### Catalysing solar markets

ICG has partnered with SolarAid for the past two years to offset the unavoidable reported CO2e arising from its own operations. SolarAid, is an international charity providing access to solar lights in Malawi and Zambia. By catalysing solar markets to eradicate the kerosene lamp. SolarAid help to combat fuel poverty and climate change. Each solar light distributed averts 1.1 tonnes of CO2e. SolarAid directly contributes to UN Sustainable Development Goal 7 to provide all people with clean and affordable energy by 2030. This year ICG’s donation was increased substantially to support SolarAid’s Covid-19 relief efforts.

### Powering rural healthcare

As Covid-19 spreads rapidly across sub-Saharan Africa, whole populations are left vulnerable as health care systems, without access to basic power and lighting, are struggling to cope. SolarAid was quick to respond to the coronavirus outbreak in 2020, accelerating its ‘Powering Healthcare’ plans.

In partnership with ICG and Malawi’s Ministry of Health, the charity is now launching an innovative programme to electrify 20 rural health facilities. This project will be funded by an additional of £65,000 donation from ICG.



“No one left in the dark by 2030”



**600 million people** living without electricity 

Note 1: Calculated carbon emissions include Scope 1, 2 and Scope 3 (relating to business travel and water use). Please refer to page 41 of our 2020 [Annual Report](#) for further details. Photo: Lendwithcare/Peter Caton.

## External Benchmarking

In order to ensure our ESG efforts incorporate best practice, it is important that we engage with third party organisations, which promote responsible and sustainable investing practices. In so doing, we can help to increase transparency, demonstrate our commitment to stakeholders and ensure that we remain abreast of developments in the industry.

### UN Principles of Responsible Investment

We have been a signatory of the UN PRI since 2013. The six principles form the bedrock of our ESG policymaking. In implementing them, we strive to contribute to the development of a more sustainable global financial system.

In our 7th PRI assessment we achieved the following:

**A+ Strategy And Governance**

**A+ Private Equity**

**A Fixed Income**

Signatory of:



### CDP

CDP (formerly Carbon Disclosure Project) is an international not-for-profit organisation that supports corporate and municipal disclosure on environmental impact. It provides a framework that encourages companies and organisations to measure, manage and disclose their greenhouse gas emissions with the ultimate aim of enabling their reduction. CDP also integrates the recommendations of the TCFD (Taskforce for Climate Related Financial Disclosure) in its Climate Change programme.

We participated in the CDP Climate Change program for the sixth time in 2020 and were pleased to receive a 'A-' score for our most recent disclosure.



### FTSE4Good

The FTSE4Good is a range of global stock market indices for which inclusion is based on an array of corporate social responsibility criteria. It is designed to measure the performance of companies demonstrating strong ESG practices and is useful not only as a benchmarking tool but also for reference and research purposes.

ICG was reconfirmed as a constituent of the FTSE4Good index in 2020.



FTSE4Good



## Glossary

**CDP:** Formerly Carbon Disclosure Project, an not-for-profit organisation that supports disclosure on environmental impact

**EEF:** Education Endowment Foundation

**ESG:** Environmental, Social and Governance

**KPI:** Key Performance Indicators

**PRI:** UN-sponsored Principles for Responsible Investing

**RI:** Responsible Investing

**SASB:** Sustainable Accounting Standards Board

**SKA Rating:** An environmental assessment method, benchmark and standard for non-domestic fit-outs

**TCFD:** Taskforce on Climate-related Financial Disclosures

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