



# ICG AT A GLANCE

ICG is a global alternative asset manager. We provide flexible financing solutions across the capital structure to help companies develop and grow. We adopt responsible and sustainable business practices to make a positive impact to society through our investments and operations.

**508**  
employees<sup>1</sup>

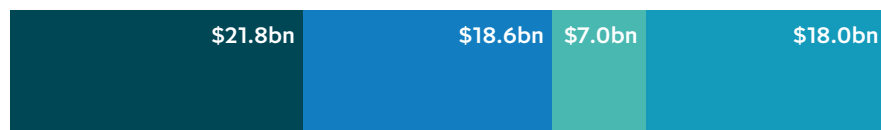
**15**  
countries

## What we do

We manage and invest capital on behalf of our clients. We develop long-term resilient relationships with our partners to deliver value for shareholders, clients and employees.

## Assets under management<sup>2</sup>

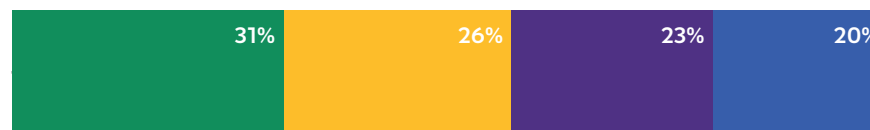
**\$65.3bn**



● Structured and Private Equity ● Private Debt ● Real Assets ● Credit

## Global client franchise<sup>3</sup>

**542**



● EMEA (excl. UK and Ireland) ● Asia Pacific ● Americas ● UK and Ireland

## Our values drive success

- Entrepreneurialism and innovation
- Performance for our clients
- Taking responsibility and managing risk
- Working collaboratively and acting with integrity
- Ambition and focus

## Our platform generates value

- Grow AUM**
  - Raise and manage third party assets, largely in closed-ended funds
- Invest**
  - Identify and secure attractive investment opportunities
- Manage and realise**
  - Work with management teams in our investments to drive strategic change
  - Successfully realise investments to crystallise returns for clients and shareholders

## Our stakeholders

- Shareholders and lenders
- Clients
- Employees
- Communities
- Environment
- Suppliers
- Regulators
- Portfolio companies

1. Group permanent headcount as at 30 September 2021  
 2. Third-party AUM as of 30 September 2021. Due to rounding, numbers do not add up precisely to the total  
 3. As at 30 September 2021. Split based on third-party AUM. Excludes CLOs and listed vehicles



## CEO foreword

# THE YEAR IN REVIEW



**“I am proud of our progress this year in driving a continued focus on sustainability and our people across the business and wider industry, as we strive to create a more sustainable world.”**

At ICG we invest sustainably, we operate with purpose, and we act in a way that is transparent. We believe that adopting this approach is key to our success in executing our ambitious plans.

We have made significant progress in the last year, including broadening this report to encompass our wide-ranging efforts around sustainability and people. Transparency in communications with our stakeholders is important in maintaining the trust of the people with whom we work and whom we serve, and this report is an important step in enhancing our corporate disclosures.

The past year has seen progress on a number initiatives. Most notably, I am incredibly proud of our commitment to achieving net zero greenhouse gas (GHG) emissions across our operations and investments by 2040. Our commitment is supported by two ambitious targets by 2030, which have been approved and validated by the Science Based Targets initiative (see p. 7). As one of the first alternative asset managers to commit to net zero, we are proud to be part of this important initiative and contribute to an industry-wide drive to achieve net zero emissions. This is the latest step in our long-standing focus on using our position of influence to help mitigate climate change.

We will continue to play an active role in bringing the industry along with us in these efforts, and work with our peers through Initiative Climat International (iCI), Principles for Responsible Investment (PRI) and the Net Zero Asset Managers initiative to enable a robust and consistent focus on the decarbonisation across our investment portfolios.

Our people are key to our success and we continue to support and invest in their development, skills and expertise as well as creating an inclusive environment for them to succeed. Whether through our enhanced learning and development programmes, targeted engagement on topics of importance to our employees, or our efforts around diversity and inclusion, we have focused this year on ensuring that ICG is well positioned to attract, retain and develop the very best. I am excited by the range of backgrounds we welcomed to the organisation and energised by the quality and creativity of their thoughts and decision making.

Our footprint and impact are far greater through our investment activities. We have continued to make progress on enhancing our Responsible Investing (RI) framework across our investment strategies to enable us to better identify, assess and embed environmental, social and governance (ESG) considerations in the investment process.

The vast majority of the funds we manage are classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR), meaning they promote environmental and/or social characteristics. ESG is also integral to the design and launch of new strategies: 2021 saw the launch of our third sustainably-themed fund: Real Estate Debt VI, which is in addition to Infrastructure Equity and Sale and Leaseback launched in 2020 and 2019 respectively. We also launched Europe VIII with an enhanced ESG framework focused on climate change, human capital management, and diversity and inclusion (see p. 15).

The focus on ESG has increased substantially over the last twelve months and I anticipate it will continue. I welcome this heightened interest, and I firmly believe that the long-term financial prospects of ICG are intimately entwined with the long-term environmental and social actions we take. As we continue to execute on our growth ambition, the way we act is just as important as what we do.

I invite you to explore the progress we have made in this Sustainability and People Report.

**Benoît Durteste,**  
Chief Executive Officer and Chief Investment Officer, ICG



# HIGHLIGHTS FOR THE YEAR

**42%**<sup>1</sup>  
Females as % of new hires

**100%**  
of relevant investments will commit to Science Based Targets by the end of 2030

**42%**  
of the Board members are women

**3**  
Sustainably-themed products in the market

**\$3bn**<sup>2</sup>  
ESG-linked Fund level financing raised

**99%**  
of capital raised since March 2021 is in funds classified as Article 8<sup>3</sup> as per SFDR

## 2021 Benchmarks and Ratings:

ICG received the highest ESG rating of 'AAA' by MSCI



ICG retained FTSE4Good Index status



ICG improved its score by 43% vs 2020, placing the company in the 91st percentile in the industry<sup>4</sup>

S&P Global  
Corporate Sustainability Assessment

1. In the twelve months to 31 March 2021  
2. As at 30 September 2021

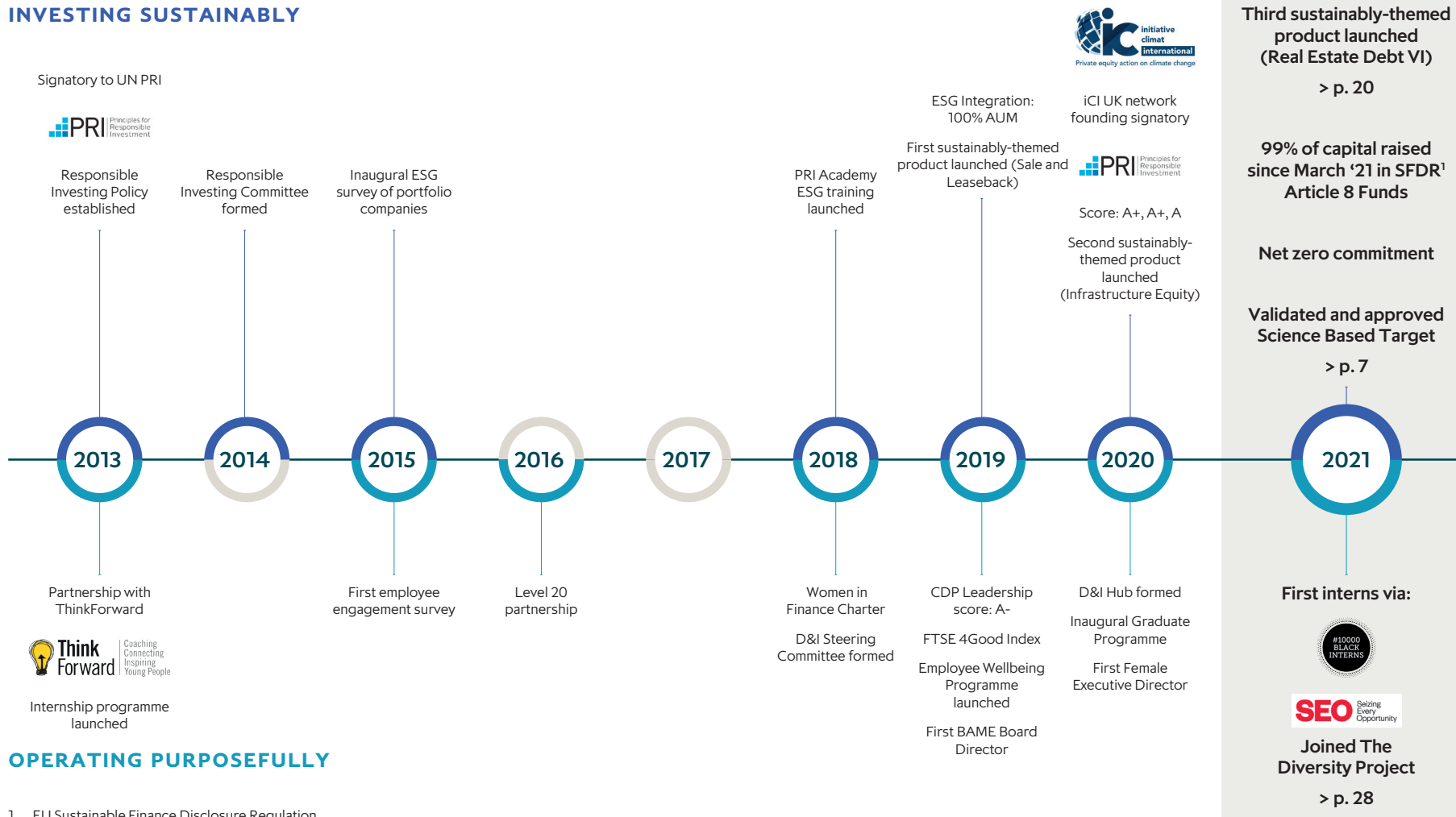
3. Funds that promote, among other characteristics, social and/or environmental characteristics  
4. ICG's benchmark industry is Diversified Financial Services and Capital Markets. Score date: Nov 12, 2021



# OUR FOCUS ON SUSTAINABILITY AND PEOPLE

Our focus on sustainability and people is longstanding at both a Group level and in our investment activities. We have made progress over time around all of our material issues.

## INVESTING SUSTAINABLY



## OPERATING PURPOSEFULLY

1. EU Sustainable Finance Disclosure Regulation



# OUR SUSTAINABILITY AND PEOPLE PRIORITIES

It is crucial for us to understand, prioritise and report on the issues that matter most to our business and our stakeholders. Focusing on our most material issues will underpin our long-term success.

## Engaging stakeholders

The ICG Board considers the following stakeholder groups as being key to our business, and we seek to understand their interests and expectations, which are then factored into our decisions.

	<b>Shareholders and lenders</b>
	<b>Clients</b>
	<b>Employees</b>
	<b>Communities</b>
	<b>Environment</b>
	<b>Suppliers</b>
	<b>Regulators</b>
	<b>Portfolio companies</b>

We do this through various methods, including direct engagement, participation in industry initiatives and consultations, and reporting.

For more details on the topics of importance to our stakeholders and our engagement, see p. 24 of ICG’s *Annual Report and Accounts 2021 (AR FY21)*.

## Determining our material issues

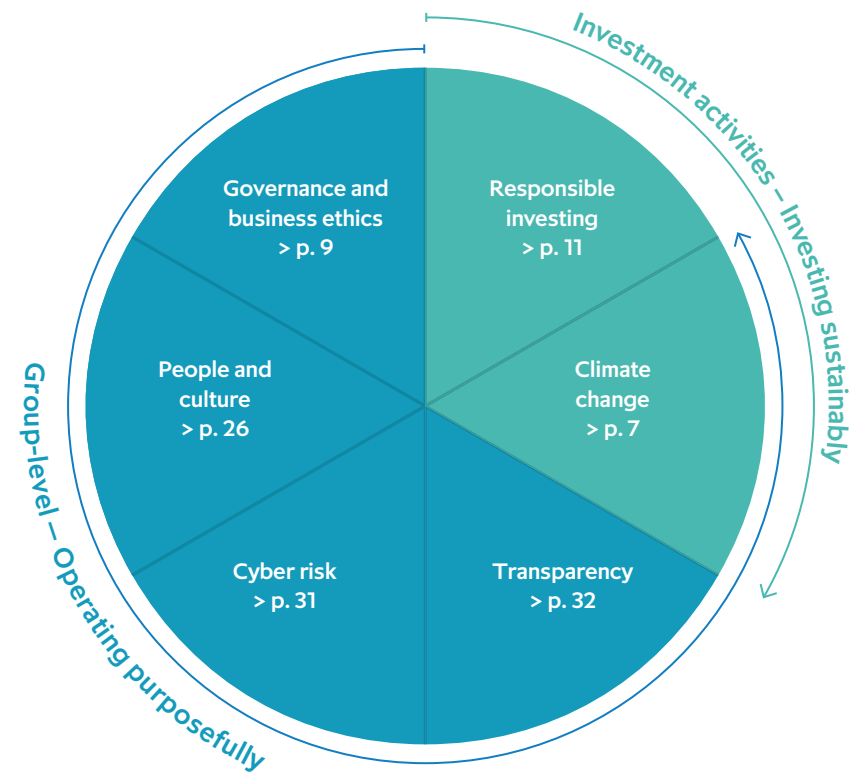
We assess materiality from two angles, first at a Group level; secondly within our investment activities. We identified the environmental, social and governance issues that are relevant to our industry and company. This included the topics of importance to our clients, shareholders and employees, as well as those that align to our company values and investment ethos.

Additionally, we assessed these topics against the sustainability reporting standards and emerging disclosure regulations, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), SFDR, the EU Taxonomy and the Task Force on Climate-Related Financial Disclosures (TCFD), as well as relevant aspects of ICG’s principal risks and uncertainties.

We consolidated the issues into six priorities. We plan to update the materiality assessment at least every two years to ensure that we continue to focus on the topics that matter most.

## Our priorities

This report presents our ambitions, goals and progress for each of these six priorities.





# OUR NET ZERO ROADMAP

Climate change is happening at an alarming rate and is already having a significant impact on our lives. We recognise that we can help decarbonise our economy through the strategies we offer to our clients, the investment decisions we take, and the focused engagement with our portfolio companies and peers in our industry.

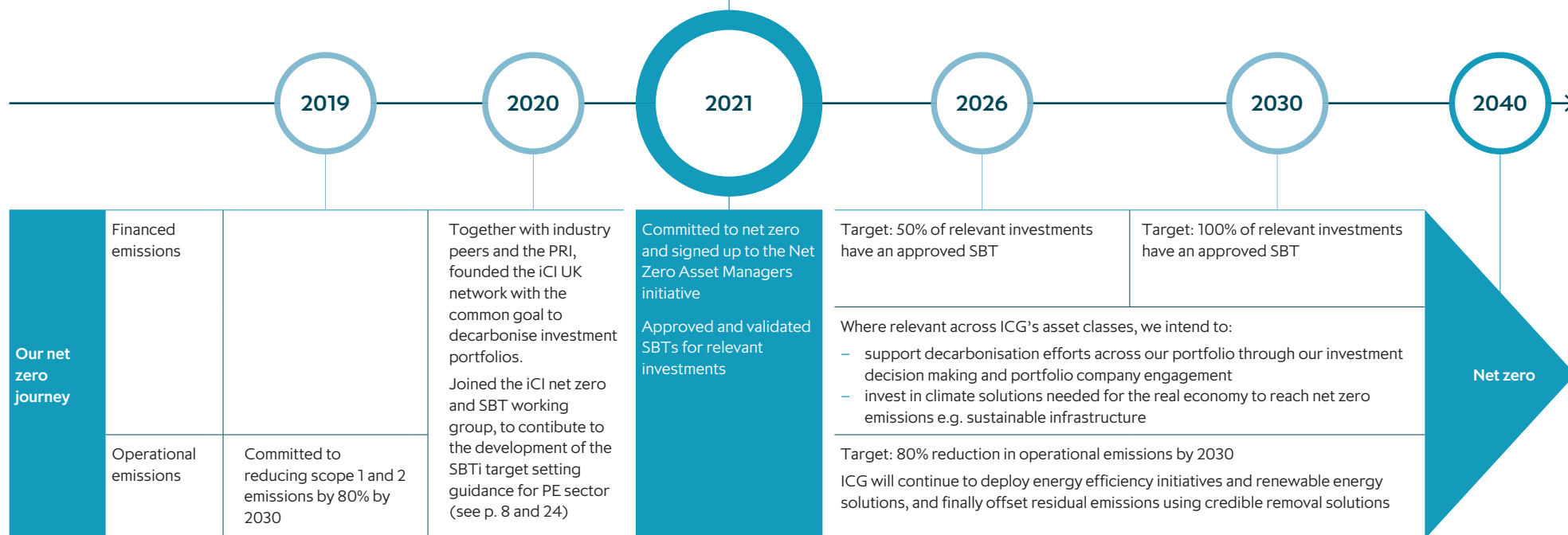
ICG is committed to support the goal of net zero GHG emissions by 2040 or sooner, in line with global efforts to limit warming to 1.5°C.

Our net zero commitment is supported by two ambitious emissions reduction targets by 2030, which have been approved and validated by the Science Based Targets initiative (SBTi).

### Our approved and validated science-based targets

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

For further information on our SBTs, please refer to the SBTi website [here](#).



1. Relevant investments include all investments within Structured and Private Equity and Real Assets where ICG has sufficient influence. At 30th September 2021, this equated to 22.5% of ICG’s AUM



# SETTING THE FOUNDATIONS TOWARDS NET ZERO

We have developed a robust approach to net zero based on our four key Responsible Investing Fundamentals:



## Engage

with portfolio companies to drive sustainability outcomes

- In strategies where we have influence, we work with management teams to:
  - ensure effective oversight of climate risks and opportunities
  - conduct an energy audit and assess carbon footprint
  - develop a climate strategy and action plan
  - set science based emission reduction targets (SBTs) for all relevant investments
  - implement measures to achieve targets e.g. promote energy efficiency initiatives, onsite renewable energy and transition to low carbon solutions
- Where we don't have influence, we seek to engage with private equity sponsors and fund managers on integrating climate change considerations in investment decisions and portfolio monitoring

[See p. 11 for further details on our Responsible Investing Fundamentals](#)



## Innovate

to develop sustainably-themed products

- ICG has developed three sustainably-themed products (p. 19)
- ICG's Exclusion List prohibits direct investments in coal, oil and gas
- ICG's bespoke Climate Risk Assessment is mandatory for each investment opportunity and forms part of ICG's standard ESG Screening Checklist. For opportunities with higher risk exposure, additional climate risk analysis is completed, and, where applicable, incorporated in external ESG due diligence
- ICG conducted a Climate risk high-level screening of more than 700 existing portfolio holdings and detailed scenario analysis of 30 higher exposure companies to physical risks (up to 2050) and transition risks (2020 to 2040), conducted in 2020, with follow up analysis every 2 years



## Report

on progress to enhance transparency with our stakeholders

- We systematically monitor a range of climate metrics across our investment strategies in line with TCFD and SFDR, and will begin reporting to clients in 2022 on these metrics
- We typically include climate metrics in sell-side materials for portfolio companies in strategies where we have influence
- ICG has published an annual TCFD disclosure since 2019 (see p.34 of *AR FY21*)
- We measure, independently verify and invest in the offsetting of our Scope 1 and 2 and selected Scope 3 GHG emissions, and publicly report these (p.33 of *AR FY21*)
- We take part in the CDP Climate Change Assessment and received an 'A-' Leadership Score for our latest report



## Collaborate

on initiatives to drive industry best practice

- As a founding member of the iCI UK network, ICG works with others to support the establishment of SBTs, improve carbon reporting and effective ESG policy implementation in private markets
- ICG was one of the first alternative asset manager signatories to the Net Zero Asset Managers initiative in 2021
- We are an active member of the industry wide Expert Advisory Group (EAG) that supported the SBTi with the development of target setting guidance for the PE sector, published in November 2021
- We supported the development of and piloted the CDP's Private Companies Climate Assessment framework, to launch in 2022
- ICG is a Member of the PRI Corporate Reporting Reference Group and the BVCA working group on TCFD
- We signed the *2021 Global Investor Statement to Governments on the Climate Crisis*

[See our RI Policy for further details on our RI processes](#)



# GOVERNANCE AND BUSINESS ETHICS

ICG has been a publicly listed company since 1994 and is a constituent of the FTSE 100. We seek to promote the highest standards of corporate governance through our structures and culture.

## ICG Corporate Governance

The Board provides leadership and oversight for the strategic direction of the business, including ensuring that the Group has the necessary human and financial measures in place to meet its objectives. The Board has appointed Stephen Welton as a designated Non-Executive Director on ESG matters. Further details of our policies can be found at the end of this report.

As ICG continues to grow and the regulatory environment evolves, having relevant policies is one part of the process of ensuring strong corporate and ethical behaviour. Through our training programmes and rigorous committee processes, we strive to instill a culture of compliance, transparency and high standards of business ethics.

## Responsible Investing Governance

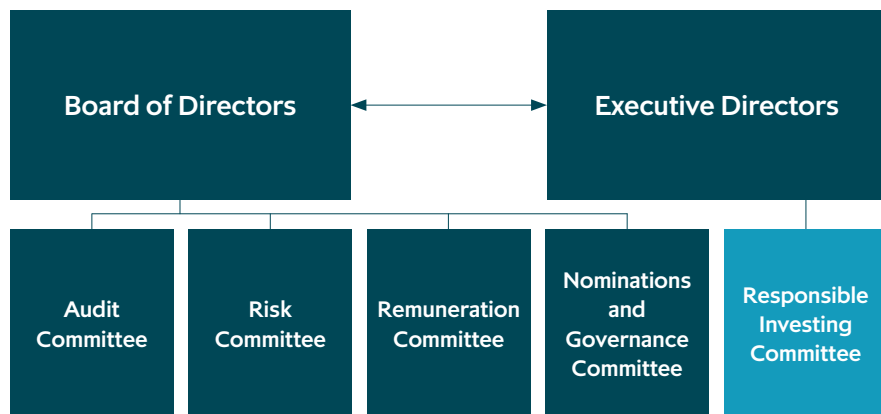
### Responsible Investing Committee

ICG has had a Responsible Investing Committee since 2014, made up of our Head of Investment Office (chair), Head of Responsible Investing and senior investment professionals from across ICG's investment strategies.

The Committee promotes, supports and helps to integrate responsible and sustainable business practices across ICG's investment strategies and the businesses in which we invest, in line with our RI Policy and Framework.

The Committee is also responsible for ensuring that ICG's investment teams have the required skills and understanding to effectively identify ESG risks and opportunities and engage with company management in our portfolio companies on ESG matters.

## Corporate Governance Framework



[See the Further Disclosures section for more information](#)

**“Our Responsible Investing Committee is accountable for the genuine purpose of our ESG initiatives. ‘ESG Champions’ work as a conduit across ICG’s products to ensure implementation of the ESG investment frameworks to drive sustainability at the core of our products.”**



Rosine Vitman,  
Head of Investment Office, ICG





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