A GLOBAL ALTERNATIVE ASSET MANAGER

ICG is a global alternative asset manager providing flexible and sustainable solutions across the capital structure to help companies develop and grow.

We manage capital on behalf of our global client base across four asset classes.

THIRD-PARTY ASSETS UNDER MANAGEMENT $BN

$68.5bn

(2021: $56.2bn)

NUMBER OF EMPLOYEES

525

(2021: 470)

PROFIT BEFORE TAX £M

£565.4m

(2021: £509.5m)

UNPRI ASSESSMENT RESULTS

A+ A+ A

(2021: A+A+A)

ORDINARY DIVIDEND PER SHARE

76.0p

(2021: 56.0p)

NUMBER OF CLIENTS

586

(2021: 476)

INVESTING CREATING GROWING

We are well placed to capitalise on future opportunities and continue to generate long-term value for our shareholders and clients through...

Our vision

Global leadership in alternative asset management focusing on an outstanding product offering and creating value for shareholders, clients and employees

Our purpose

Creating value by providing capital to help businesses develop and grow

+ Read more about how we are delivering on our purpose on page 19

Our asset classes

Investing across the capital structure to deliver our strategic objectives

Structured and private equity: providing structured and equity financing solutions to private companies

Private debt: providing debt financing to high-quality corporate borrowers

Real assets: providing financing solutions in the real estate and infrastructure sectors

Credit: investing in primary and secondary public credit markets

Sustainability

We invest responsibly across all our asset classes and are committed to being a Net Zero Asset Manager by 2040

+ Read more on page 28

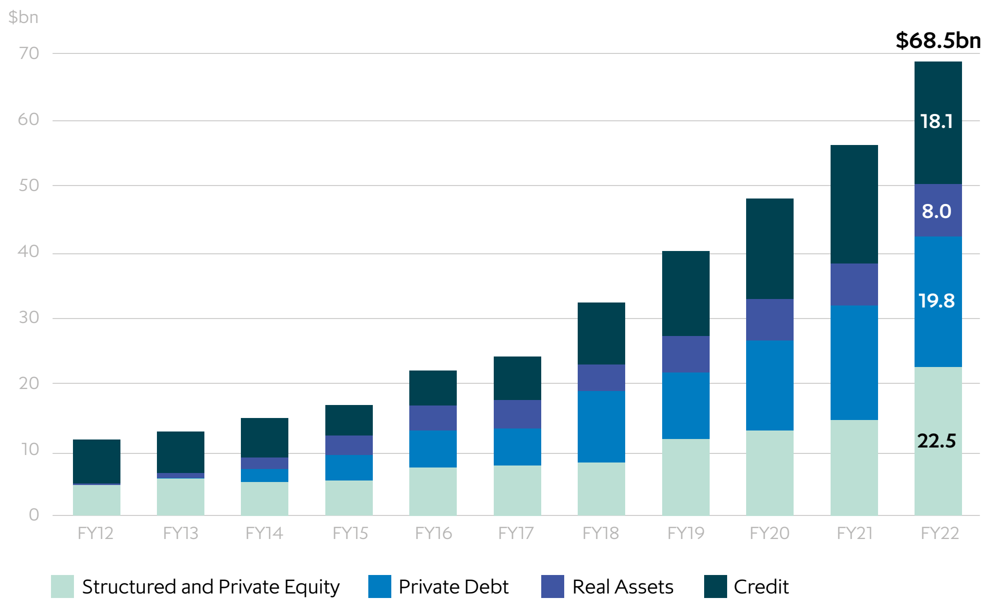
People

We succeed because of our people and culture, and a world-class team demonstrating integrity, diversity and collaboration

+ Read more on page 30

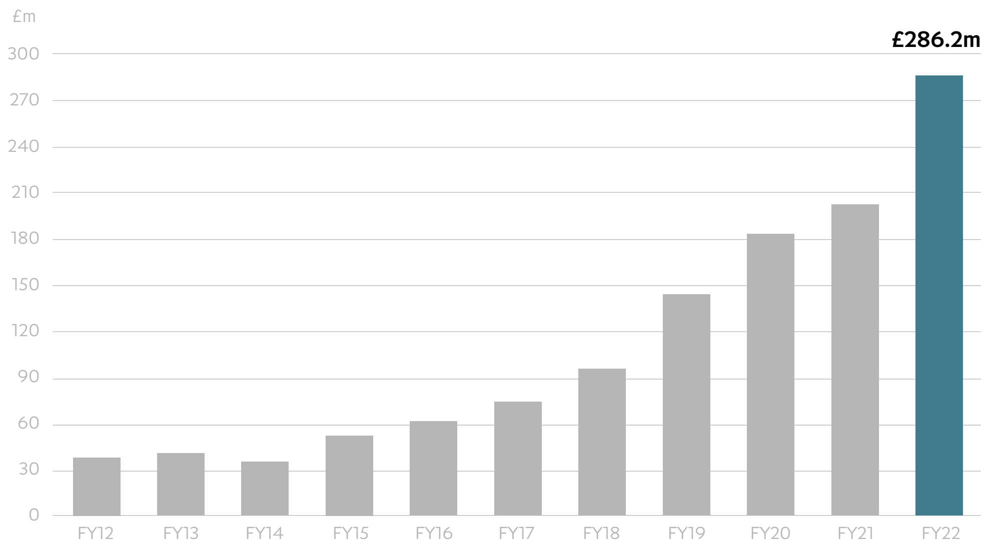
DELIVERING LONG-TERM GROWTH

Third-party Assets Under Management (AUM)



Read more about our business model on page 10

Fund Management Company (FMC) profit before tax



Read more about the ICG platform on page 8

RISING TO MEET GLOBAL CHALLENGES

"ICG has repeatedly demonstrated its resilience. We have focused on executing a clear strategy of expanding our product offering, client base, and AUM. We have delivered this strategy consistently and successfully, and in doing so, we have grown and diversified the sources of our fee income."

Andrew Sykes
Interim Chairman

To fellow shareholders,

It is a pleasure to write to you in my role as Interim Chairman of ICG[1]. As you are aware, Lord Davies of Abersoch, the Chairman since 2019, tendered his resignation in March 2022 due to the significant increase in time required by commitments to his other responsibilities. The Board is hugely grateful for his leadership through the challenges of the Covid-19 pandemic, and for the guidance and support he gave our management through a period of continued strong growth. We wish him all the very best for the future. In accordance with our protocols for Board succession, the Nominations and Governance Committee is undertaking the process to find a permanent successor for Lord Davies, and during this period the Board has appointed me as Interim Chairman. We will of course update shareholders in due course, and further details of this process, along with various changes to the Board's committees as a result of this change, can be found on page 92.

In his letter last year, Lord Davies spoke about the importance of innovation and resilience as the world looked to navigate a path out of the Covid-19 pandemic. Science has now enabled the daily lives of many people to return to something more normal following the pandemic, but as we shift from the acute stage of the pandemic to a more endemic phase, new and potentially enduring challenges are presenting themselves. Government responses to the pandemic in developed economies were extraordinary, mobilising the productive and economic power of the state to fund vaccine research, extend credit to businesses, and support individuals. The consequences socially and in the capital markets of unwinding such a dramatic and wide-ranging state intervention were always likely to be uncomfortable. Combined with an uncertain economic outlook, increased geopolitical instability, and pre-existing tensions in the social fabric of many countries, the coming years have the potential to be particularly unpredictable.

The economic and geopolitical background has been made even more uncertain and challenging with Russia's invasion of Ukraine. First and foremost, we are mindful of the terrible human suffering of innocent people that is occurring in Ukraine, and as a firm we have made a meaningful donation to help those fleeing the conflict. While we do not have a presence in Ukraine, a number of colleagues (including those in our Warsaw office) are personally and directly affected. We will continue to do all we can to support them and, more broadly, I am proud of the number of colleagues who have sought ways to personally help the relief effort.

1. Intermediate Capital Group plc and its subsidiaries.

From a commercial perspective, ICG has no material direct or indirect exposure to Russia or Ukraine. However, the second- and third-order consequences could have far-reaching effects on businesses, economies and capital markets globally. The increases in inflation and interest-rate expectations so far this year, accompanied by some quite significant movement in valuations of certain sectors, give an indication of how volatile this period might be.

There have of course been a number of other shocks and periods of economic uncertainty since the Global Financial Crisis, including the Great Recession, the Euro crisis, the 'taper tantrum', and Brexit. Throughout these periods, ICG has repeatedly demonstrated its resilience, as we did during the Covid-19 pandemic. We have focused on executing a clear strategy of expanding our product offering, client base, and AUM. We have delivered this strategy consistently and successfully, and in doing so, we have grown and diversified the sources of our fee income.

Today ICG has a broad range of products, spanning the entire capital structure from common equity to senior debt. From the perspective of our portfolio companies, we are a partner who can provide the most appropriate form of capital to meet their needs. For our clients, this diversification allows us to help them achieve their investment objectives in their private markets allocations – whether in structured and private equity, private debt, real assets, or credit. For shareholders, the diversity of our business is a powerful driver of resilience and growth, providing multiple streams of management fee income that are locked in over the life of our funds.

OUR GROUP

We are global, but multi-local rather than multinational, directly impacting local communities

525 employees

15 countries

We therefore take a long-term view when looking at the performance of our business, in line with our five- to ten-year investment cycle that generates value for clients over time. By consistently executing well, we are reinforcing strategic advantages that will provide the potential to capitalise on the opportunities ahead.

> **"Our resilient business model, increasing scale and the breadth of our platform mean we look to the future with confidence that we will continue to create long-term sustainable value for our shareholders and clients."**

On its own, however, our track record is not a guarantee of future success. We also need to have the right people and client offering to continue to develop and grow our business. Here, we benefit enormously from our long-term approach and robust capitalisation that enable us to invest in our people and to successfully innovate and scale new investment strategies.

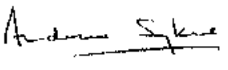
Our ability to attract, retain and develop the best people underpins every part of our business: investing our clients' capital; managing our client relationships; and keeping the infrastructure of the business operating in an environment of very rapid growth. We compete in a global marketplace for talent, and our successes at recruiting and retaining people at all levels are a testament to the dynamic, entrepreneurial and stretching career opportunities we offer.

The successful first-time fund raises for Sale and Leaseback and Infrastructure Equity during the year underline many facets of how we grow and create shareholder value, including how a thoughtful approach to sustainability can generate strong client demand, provide attractive economic returns and make a positive impact. They are also evidence of the emphasis ICG has placed on this critical aspect of our business. We will continue to assess our product offering in light of social and environmental concerns, ensuring that we both mitigate risks and capture new growth opportunities presented by these shifts.

In our conversations with shareholders over the last twelve months we have been encouraged by the level of engagement on these topics, as also evidenced by the positive response we received to our shareholder seminar on sustainability and people earlier this year. It is clear to all of us that the public markets are taking an increasingly sophisticated and nuanced approach to the qualitative issues of an organisation's culture, its impact on wider society and the environment, and how successes in these areas combine to help generate future shareholder value.

Volatility and uncertainty are never comfortable environments. As individuals, businesses and societies look to adjust to changing circumstances, we will be guided by a strong set of values, constantly seek to innovate, and be agile in capturing opportunities where they arise. Through multiple periods of uncertainty, ICG has successfully grown and developed. Our resilient business model, increasing scale and the breadth of our platform mean we look to the future with confidence that we will continue to create long-term sustainable value for our shareholders and clients.

Looking back over a year of notable growth and investment success, I salute the hard work, creativity and dynamism of the ICG team, and I would like to take this opportunity to thank them all on behalf of the Board.



Andrew Sykes
Interim Chairman

25 May 2022

INVESTING

"Our long-term success is underpinned by our track record of investing in attractive opportunities, managing those investments well, and being disciplined in our approach to realisations."

THE ICG PLATFORM

What we do

We help grow our clients' capital and provide flexible, sustainable financing solutions to companies

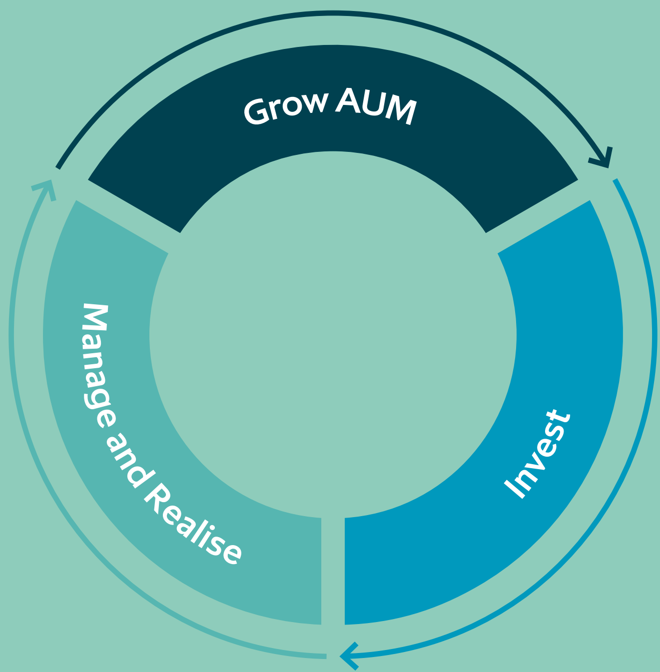
We manage capital, typically in long-term closed-end funds and across market cycles, on behalf of a global and diverse client base

We receive fee income for managing our clients' capital

We leverage our global footprint, local presence and long track record to source and execute attractive investment opportunities

We are committed to being net zero across our operations and relevant investments[1] by 2040, an ambition supported by approved and validated science-based targets

By investing successfully and growing our AUM, we create sustainable value for our clients, shareholders and broader stakeholders



+ **Read more about our performance in the year on page 12**

+ **Read more about our key performance indicators on page 19**

+ **Read more about our principal risks on page 57**

+ **Read more about our exposure to climate risk on page 64**

How we do it

We have 525 employees across 15 offices globally. Our business is organised to reflect our emphasis on investment performance, client focus, and operational excellence

Investment Teams	Marketing and Client Relations	Corporate and Business Services
Originate and manage investments on behalf of our funds, deploying our clients' capital in line with the stated investment objectives	Originate and manage client relationships, market new strategies and subsequent vintages of existing strategies to our clients	Support the business in areas such as finance and tax, operations and risk, legal, compliance and human resources, ensuring we have a scalable platform
271	46	208

+ **Read more about our people on page 30**

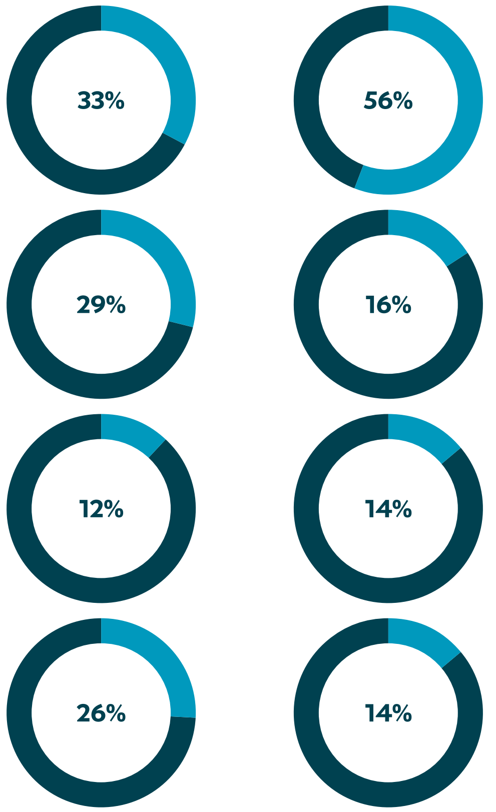
1. See Glossary on page 196 for definition of relevant investments

Our asset classes

We manage our AUM across four asset classes, providing capital to our portfolio companies across the capital structure in the most appropriate form to meet their needs, and to help clients meet their investment objectives.

Structured and Private Equity →	Provides structured and equity solutions to private companies, including both control transactions and minority investments	**6** strategies
Private Debt →	Provides debt financing to high-quality corporate borrowers	**3** strategies
Real Assets →	Provides debt and equity financing in the real estate and infrastructure sectors	**5** strategies
Credit →	Investing in primary and secondary credit markets	**6** strategies

Contribution to FMC

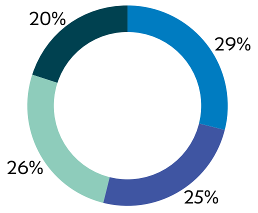


Read more about our funds on page 45

Our clients

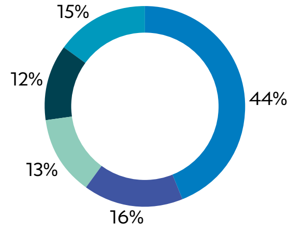
We develop long-term relationships and serve a global client base, helping them meet their investment objectives. Our clients include pension funds and insurance companies, and thereby indirectly we serve millions of individuals globally. Our strong client franchise enables us to grow existing strategies and launch new strategies. At 31 March 2022 we had 586 clients.

Client split by geography[1]



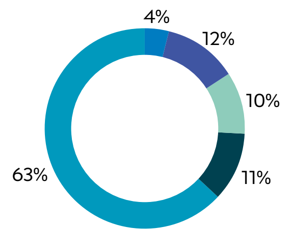
- EMEA (excl. UK and Ireland)
- Asia Pacific
- Americas
- UK and Ireland

Client split by type[1]



- Pension funds
- Insurance companies
- SWFs
- Asset managers
- Other

Client diversification[1]



- Largest client
- Top 2-5 clients
- Top 6-10 clients
- Top 11-20 clients
- Rest

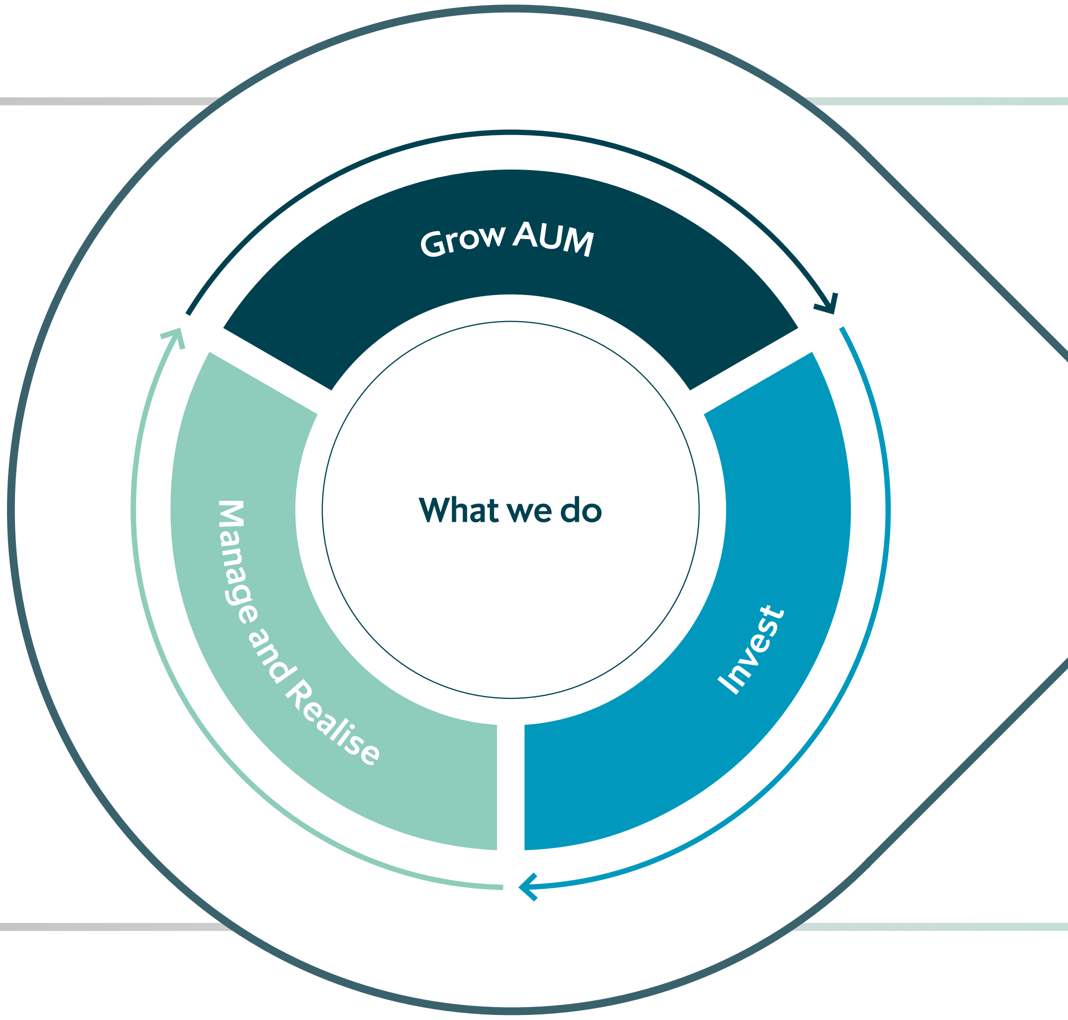
1. Weighted by % of third-party AUM, excluding CLOs and listed vehicles

GENERATING A POSITIVE IMPACT

ICG provides capital to help companies develop and grow. We develop long-term, resilient relationships to deliver value for shareholders, clients and employees, and work with our portfolio companies to foster positive impacts on society and the environment.

Our culture and values

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



+ Read more about our people on page 30

Our competitive advantages

Local presence, global network

525 employees in 15 countries underpin our ability to source, execute and manage investments

Ability to invest across the capital structure

We provide capital to companies in a form appropriate to their needs

Focus on clients' needs

Global client team ensures that we continue to understand and meet the requirements of our clients

Capital to support growth

Our balance sheet is a strategic advantage that enables us to seed and accelerate new strategies and align our interests with our clients

+ Read more about our Strategy and KPIs on page 19

Our resilient business model delivers stakeholder value

How we generate shareholder value

Grow AUM

Raise and manage third-party assets, largely in closed-end funds

Earn management fees on committed or invested AUM, generating long-term locked-in value

Invest

Identify and secure attractive investment opportunities

Earn performance fees if certain hurdle rates are met

Manage and Realise

Work with management teams in our investments to drive strategic change

Crystallise returns for clients and shareholders through successful realisation of investments

Shareholders and lenders

Read more on page 24

Clients

Read more on page 24

Employees

Read more on page 25

Suppliers

Read more on page 25

Community

Read more on page 26

Environment

Read more on page 26

Regulators

Read more on page 27

Underpinned by our unified platform

Our risk management on page 57

Our governance framework on page 73

Our fund distribution on page 8

A DEFINING YEAR

"This has been a defining year for ICG both in our market standing and in our growth trajectory. Our scale, diversification, brand and investment performance have combined to generate a record year on many levels."

Benoît Durteste
CEO and CIO

Our product breadth, global footprint, client relationships and brand strength have enabled ICG to perform very strongly. We have made clear progress across our three strategic objectives encompassing fundraising, deployment and realisations:

- "Grow AUM": record $22.5bn third-party AUM raised, bringing total AUM to $72bn
- "Invest": record $15.0bn third-party AUM deployed from our direct investment funds
- "Manage and realise": continued value creation within our portfolio, realisations of $6.4bn of third-party fee-earning AUM within our direct investment funds

We are delivering on our growth strategy. During the period we pulled forward the launch of our flagship strategy Europe VIII to take advantage of an attractive fundraising window; we closed two first-time funds at over €1bn each; and we continued to make seed investments on behalf of strategies that we expect to launch in future. At 31 March 2022 we had a total of 586 clients (31 March 2021: 476), and during the year attracted new clients both across our established and first-time strategies.

This has been a defining year in demonstrating the scale and breadth of our business. We have a number of large strategies across equity and debt, making us even more relevant to our clients and potential clients. With a growing presence in real assets, we are opening up potentially very substantial markets and pools of capital to ICG that we could not access a number of years ago. ICG is scaling substantially, and the strategic and financial benefits of our business model are becoming ever more visible in the growth of our client base and in our operational and financial results.

As anticipated, FY22 was a record year for fundraising in this cycle, raising $22.5bn from our clients. It exemplifies our strategy of "growing up" and "growing out", which generates an increasingly diverse and compounding stream of visible management fees. These fundraises lock-in streams of fee income for future years and demonstrate the benefits of scale we are experiencing: the larger our strategies grow, the more relevant we are becoming to our largest clients.

In absolute terms, fundraising was driven by established strategies. Notably, Europe VIII (which is still fundraising) raised €6.5bn of capital from clients during the financial year and, at the end of April, has already attracted 69% more third-party AUM than its predecessor vintage. During the year we also signed our two largest-ever mandates within Private Debt (Senior Debt Partners), at over $1bn each.

How we grow to $100bn AUM and beyond

Our growth strategy is built on the breadth of our product offering, the strength of our investment track record, and our ability to retain and grow our client base

We grow by raising larger successor vintages of existing strategies (growing up), and bringing new strategies to market (growing out), thereby building an attractive and increasingly broad waterfront of strategies

Growing up is very asset-light with significant operational leverage

Growing out broadens our product offering and revenue streams, increasing the size of the Group's addressable market and diversifying its future growth profile

By managing these two routes of growth effectively and efficiently, we create significant long-term value

Grow existing strategies

Develop new strategies

ICG balance sheet

2022 performance summary

We have made strong progress during the year against our strategic objectives:

- → Total AUM of £72bn with record fundraising of $22.5bn
- → Third-party fee income: £449m during the period, an increase of 34% compared to FY21
- → Fund Management Company: profit before tax of £286m an increase of 41% compared to FY21
- → Total dividends for FY22 of 76p per share, an increase of 36% compared to FY21 and the twelfth consecutive annual increase in ordinary dividend per share
- → Accelerating fundraising guidance by a year due to confidence in outlook and execution

1 Grow AUM

$22.5bn

Record third-party AUM raised, bringing total AUM to $72bn

2 Invest

$15.0bn

Record third-party AUM deployed from our direct investment funds

3 Manage and realise

Continued value creation within our portfolio, realisations of $6.4bn of third-party fee-earning AUM within direct investment funds

+ **Results presented on an APM basis (see page 45)**

Successfully raising first-time strategies is an important milestone in underpinning future diversified growth as we continue to broaden our waterfront of strategies. FY22 was a very impressive year in this regard, with Sale and Leaseback I closing at a total fund size of €1.2bn and Infrastructure Equity I at €1.5bn. Both funds have already made a number of attractive investments, have large addressable markets, and in the coming years have the potential to generate meaningful incremental shareholder value as we raise subsequent vintages.

Our long-term success is underpinned by our track record of investing in attractive opportunities, managing those investments well, and being disciplined in our approach to realisations. Our local footprint enables us to source and manage proprietary opportunities, and our investment strategies allow us to provide flexible financing solutions across the capital structure. Within our direct investment funds, these qualities have enabled us to deploy $15.0bn of our clients' capital and to realise $6.4bn of third-party fee-earning AUM during the period. Our funds in all asset classes continued to perform strongly during the period. In particular, a number of our equity strategies recorded significant increases in value and are showing the potential to be some of our best-ever vintages.

In the final quarter of our financial year there were a number of economic and geopolitical events, including rising inflation, rising interest rates and the invasion of Ukraine by Russia. Within this context, our levels of deployment and realisation activity remained robust; indeed, in absolute terms Q4 FY22 was in-line with or above what we saw in Q4 FY21. Furthermore, our funds continued to deliver attractive performance. And so while the markets are clearly more complex, we have the breadth and expertise to successfully navigate them.

Sustainability and people are integral to our success, and I enjoyed discussing this topic in depth during our shareholder seminar in January. More detail on our progress in this area during the year can be found later in this report, and I am particularly proud that during the period we committed to achieve Net Zero by 2040 across our operations and relevant investments (see Glossary on page 196 for definition). This is supported by ambitious emissions reduction targets that have been approved and validated by the Science Based Targets initiative. We are part of a small group leading the way in our industry in this field, and we believe there are powerful moral and commercial reasons to ensure we execute successfully on this ambition.

We are a long-term business, and take a long-term view when building for future growth. During this year we made a number of senior hires within investment teams to drive future growth, particularly in Real Estate, and we worked to further enhance how our colleagues collaborate to leverage the knowledge and capabilities across our organisation. Importantly, we also continue to reinforce our operating platform with a "fit for future" mindset.

These factors have culminated in strong financial performance, with third-party fee income of £448.7m, up 34% compared to FY21 and resulting in record Fund Management Company profit before tax of £286.2m, up 41% compared to FY21. We have declared a final dividend of 57.3p per share, bringing total dividends for the year to 76.0p per share, an increase of 36% compared to FY21. Our balance sheet is diversified and robust, with net gearing of 0.45x and total available liquidity of £1.3bn.

Looking ahead, we are well positioned to navigate the elevated levels of macro-economic and geopolitical uncertainty. We actively chose to pull forward fundraising in FY22, in particular for Europe VIII, which has resulted in us having significant levels of capital to deploy across our strategies. Our ability to invest across the capital structure and to execute on complex transactions puts us in advantageous position, and means we are able to provide flexible solutions at all points in a market cycle. While rising inflation and interest rates could have a range of potential impacts on the global economy, our investment approach and breadth of strategies – including those that directly benefit clients in rising interest rate environments – are strategic benefits supporting our long-term growth.

In FY23 we expect to hold final closes for Europe VIII and Strategic Equity IV, and will continue fundraising for Senior Debt Partners V and the first vintage of our LP Secondaries strategy. Depending on the pace of deployment of current vintages and the broader market conditions, we will consider launching subsequent vintages towards the end of the financial year for a number of existing strategies (including Sale and Leaseback II, Europe Mid-Market II and North America Private Debt III), as well as potentially launching some first-time strategies.

The enduring structural tailwinds that support successful platforms within our industry remain very much in place. We have exceptional people, a powerful client franchise, a strong origination capability, and a track record of creating sustainable value. With our focus and approach, I am confident we will continue to drive scalable growth in AUM and profitability.

As a result of our strong strategic and financial progress, we are accelerating our fundraising guidance: we now expect to raise at least $40bn in aggregate one year earlier than previously communicated. I look forward to building on this defining year in the development of ICG, and to continue delivering long-term success.

Benoît Durteste
CEO and CIO

Sustainability and people

Our people are at the heart of our success, and during the year we continued to focus on our employees. Our staff globally have largely returned to the office, and we are engaging with our colleagues to understand what we as an organisation can take from our experiences over the last two years to improve efficiency, work-life balance and employee wellbeing.

The record results we are reporting are testament to the hard work of our people and their collaborative, entrepreneurial approach. We would like to extend our thanks to each of our colleagues for their continued dedication to the success of ICG.

Diversity of thought has been a crucial ingredient in this success. We were pleased this year to achieve our UK Women in Finance Charter ambition a year early, with women accounting for 41% of our senior employees in the UK (35% globally). We continue to make progress internally through recruitment and development, and externally through partnering with other organisations to help make successful and fulfilling careers in the investment industry accessible to a wide range of people irrespective of their ethnicity, gender, sexual orientation or socio-economic background.

Strategic hiring across the organisation continues in order to ensure we have the breadth and depth of expertise to execute on the long-term opportunities ahead. The investments we have made in our people in recent years are meaningful, and our ability to successfully attract new colleagues highlights the appeal of ICG as a place to work as well as our growing reputation. The number of Group permanent employees grew by 12% during the period to 525 (31 March 2021: 470). In FY23 we expect to continue to invest in our platform, in particular in growing our Marketing and Client Relations team.

We are proud to be helping to lead the alternative asset management sector in the area of sustainability. During the year we committed to achieve Net Zero by 2040 across our operations and relevant investments (see Glossary on page 196 for definition). This commitment is supported by two ambitious emissions reduction targets, which have been approved and validated by the Science Based Targets initiative (SBTi):

- Ensure 100% of relevant investments will have SBTi-approved targets by 2030, with an interim target of 50% by 2026; and
- Reduce ICG's direct (Scope 1 and 2) emissions by 80% by 2030 from a 2020 base year.

The integration of sustainability into our existing and new strategies is fundamental to our offering to clients. During the year Europe VIII launched with an enhanced ESG engagement strategy, taking a thematic approach with a particular emphasis on climate change, human capital management and D&I. These topics will feed directly into the governance of portfolio companies, as well as into the tracking and reporting of their strategic, operational and financial performance. The first-time funds we raised during the year (Sale and Leaseback I and Infrastructure Equity I) are each aligned to specific

Charitable giving

The Group has increased its annual charitable donation budget beyond £2m annually and has entered into a number of major charitable partnerships to further our historic charitable philosophy of supporting educational and social mobility. We have sought appropriate and impactful partners for each stage of the journey to ensure that an impact is being made at every stage of young people's development, and will be partnering with The Access Project, UpReach and Seizing Every Opportunity (SEO)

Commitments of £3.75m in total are being made to these three partners over the next three years. This framework, together with our existing initiatives, positions ICG as a committed supporter of education as a means of improving social mobility outcomes, as well as confirming our contribution in the D&I space. They also allow us to build a more impactful profile at a global scale mirroring our business footprint, confirming us as both a global firm of note and a FTSE100 constituent taking responsibility locally

The three new partnerships are in addition to a number of other initiatives undertaken by the Group, working with local partners in London and New York to increase social mobility, donations in support of those affected by the conflict in Ukraine, our ongoing support for employee fundraising and donations, through matching amounts raised or donated; and the provision of two volunteering days for all employees worldwide in support of any charity they wish

UN Sustainable Development Goals, underlining how a thoughtful approach to sustainability can drive innovation and create value for all our stakeholders. Of the AUM raised during the year that is classified under the Sustainable Finance Disclosure Regulation (SFDR), 99% was categorised as Article 8.

We also continued to pursue a strategy of integrating ESG KPIs into our financing, and at 31 March 2022 we had $3.9bn of ESG-linked financing committed across Group- and fund-level facilities. At the Group level, we successfully executed an 8-year, €500m sustainability-linked bond in January 2022. This builds on the £550m ESG-linked RCF into which we entered during the last financial year. We also agreed ESG-linked fund facilities for Europe VIII and for Real Estate Partnership Capital VI during the period.

Our third-party ESG ratings reflect our focus in these areas. In 2021, ICG received a rating of AAA (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment. In October 2021 ICG received an ESG Risk Rating of 18.4 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. ICG's ESG Risk Rating places it 12th percentile in the Diversified Financials industry and 3rd percentile in the Asset Management and Custody Services subindustry assessed by Sustainalytics.

These areas will continue to be a focus in FY23, and we look forward to achieving further progress on these important matters.

Benoît Durteste and Antje Hensel-Roth

MARKET ENVIRONMENT

Market

Market activity	Interest rates	Inflation

Description

Market activity

- The alternative asset management industry saw a strong rebound in transaction volumes in 2021, with global buyout activity in 2021 increasing by 94% compared to 2020, over twice the five-year average
- For the majority of our financial year, global equity markets continued to rally. Between 1 April 2021 and 31 December 2021 the FTSE 100 was up 10.0%, STOXX 600 up 13.5% and S&P 500 up 20.0%
- The final quarter of our financial year (1 January 2022 to 31 March 2022) saw public market volatility rise, driven by concerns about rising inflation, interest rates and negative economic and financial spillover impacts from Russia's invasion of Ukraine

Interest rates

- Global interest rates fell to historically low levels during the Covid-19 pandemic as major central banks flooded markets with liquidity and slashed interest rates
- More recently, however, as economies have re-opened, economic growth has recovered and inflation has surged, central banks have moved to start normalising monetary policy. Markets have anticipated this with bond yields in most major developed economies rising quickly from their pandemic lows. However, real returns remain negative across the globe, underlining the challenge for investors seeking to grow wealth

Inflation

- In the US, the consumer price index rose 8.5% in the 12 months to 31 March 2022, the largest 12-month increase since December 1981
- In the UK the Consumer Prices Index (CPI) rose by 7.0% in the 12 months to March 2022, up from 6.2% in February, its highest level since March 1992
- Inflation in the EU, US and the UK is generally expected to peak in 2022 and moderate through 2023, although the outlook remains uncertain, with diverse views in particular around how long elevated levels of inflation may last

What this means for ICG

Market activity

- Our diverse range of strategies and ability to invest across the capital structure mean that we are positioned to invest throughout economic cycles
- We generate the majority of our fees from long-term closed-end funds and make investments on behalf of our clients for the long term. As such, short term market moves do not materially impact the performance of most of the funds that we manage
- Management fees on our closed-end funds are charged either on committed capital or invested capital, so are not impacted by movements in valuations
- Our Investment Company co-invests alongside our funds and therefore its performance will be correlated to the performance of the funds
- Lower mark-to-market volatility compared to public markets is one of the attractions of private markets to our clients, a benefit which is underlined in periods such as these

Interest rates

- The main driver of our profitability and growth is third-party fee income, which is not impacted by movements in interest rates
- We take a conservative approach to leverage in our portfolio companies
- Where our funds invest in a portfolio company's debt, these are typically 'floating rate' instruments, providing those portfolios with a natural hedge against higher interest rates
- All of our term debt at the ICG plc level is fixed rate

Inflation

- High inflation could make it harder for clients to achieve a 'real return', potentially making alternatives more attractive and supporting incremental client demand
- Our diverse range of strategies and ability to invest across the capital structure mean that we are positioned to invest throughout economic cycles
- Our investment management activities factor inflation risk into investment decisions that we make and how we engage with portfolio companies during our period of ownership
- At the Group level our largest cost is staff costs, and we continue to ensure we hire selectively and remain competitive as an employer

Read more

+ **Our business model → page 10**

+ **Our debt facilities → page 55**

+ **The valuation of our balance sheet → page 52**

1. Bain_report_global-private-equity-report-2022.pdf
2. Before seasonal adjustment. Source: Consumer Price Index-March 2022 (bls.gov)
3. Consumer price inflation, UK – Office for National Statistics
4. Alternatives in 2022 (preqin.com)

Industry

Demand for alternatives

Description

- Demand for alternatives remains very strong, underpinned by investors' search for attractive risk-adjusted returns; the ability for investors to allocate a portion of their capital to longer-term investments that are less volatile than public markets; and the historic outperformance of private market investments compared to public markets
- Globally, $1.2tn was raised in private capital during 2021, a 14% increase on 2020 and the highest level reached[1]
- Alternative assets under management have grown at a 13.9% CAGR from the end of 2015 to 2021 and are forecast to grow at an annualised rate of 14.8% between 2021 and 2026, taking alternatives AUM (excluding hedge funds) to $17.8tn globally. Within that, Private Equity is expected to grow at 15.9% CAGR, Private Debt at 17.4% CAGR and Infrastructure at 16.6% CAGR over the same period

What this means for ICG

- The structural tailwinds supporting our AUM growth are expected to remain in place, and we have the platform and expertise to successfully execute on the opportunity
- Our diversity of strategies allows us to help clients meet their investment objectives across a wide range of funds, and enables us to provide capital to portfolio companies in the form most appropriate to their needs
- Our global footprint with a local sourcing network underpins our ability to successfully invest and manage our clients' capital

Responsible investing

Description

- The long-term trend towards focussing on responsible investing continued in 2022, and clients' interest in strategies which incorporate Environmental, Social and Governance factors continued to increase
- Net zero carbon emissions achieved further prominence in both public and private sectors, given further prominence by COP 26 taking place during the year
- The EU's Sustainable Finance Disclosure Regulation (SFDR) came into force just before the start of this financial year
- Effective stewardship continued to gain momentum

What this means for ICG

- We aim to be an important voice in the alternative asset management space for ESG issues
- We have committed to the Net Zero Asset Manager Initiative, targeting net zero across our operations and relevant investments by 2040
- 99% of the new third-party AUM raised by the Group during the year was classified under SFDR as Article 8
- In March 2022 we were accepted by the FRC as a signatory to the UK Stewardship Code
- We have further enhanced our ESG reporting to shareholders, clients and other stakeholders
- We continue to develop new strategies that are linked to sustainability themes, for example Infrastructure and Sale and Leaseback, as well as enhancing our approach in existing strategies (for example Europe VIII)

Read more

+ Our clients → page 8

+ Sustainability → page 28

+ Our range of strategies → page 8

+ Task Force on Climate-related Disclosures → page 32

1. Bain_report_global-private-equity-report-2022.pdf
2. Before seasonal adjustment. Source: Consumer Price Index-March 2022 (bls.gov)
3. Consumer price inflation, UK – Office for National Statistics
4. Alternatives in 2022 (preqin.com)

ICG is well positioned to benefit from private market trends

Strong track record of investment performance

+ Read more on page 48

Structured and holistic approach to responsible investing

+ Read more on page 28

Multiple strategies to suit clients' investment objectives

+ Read more on page 8

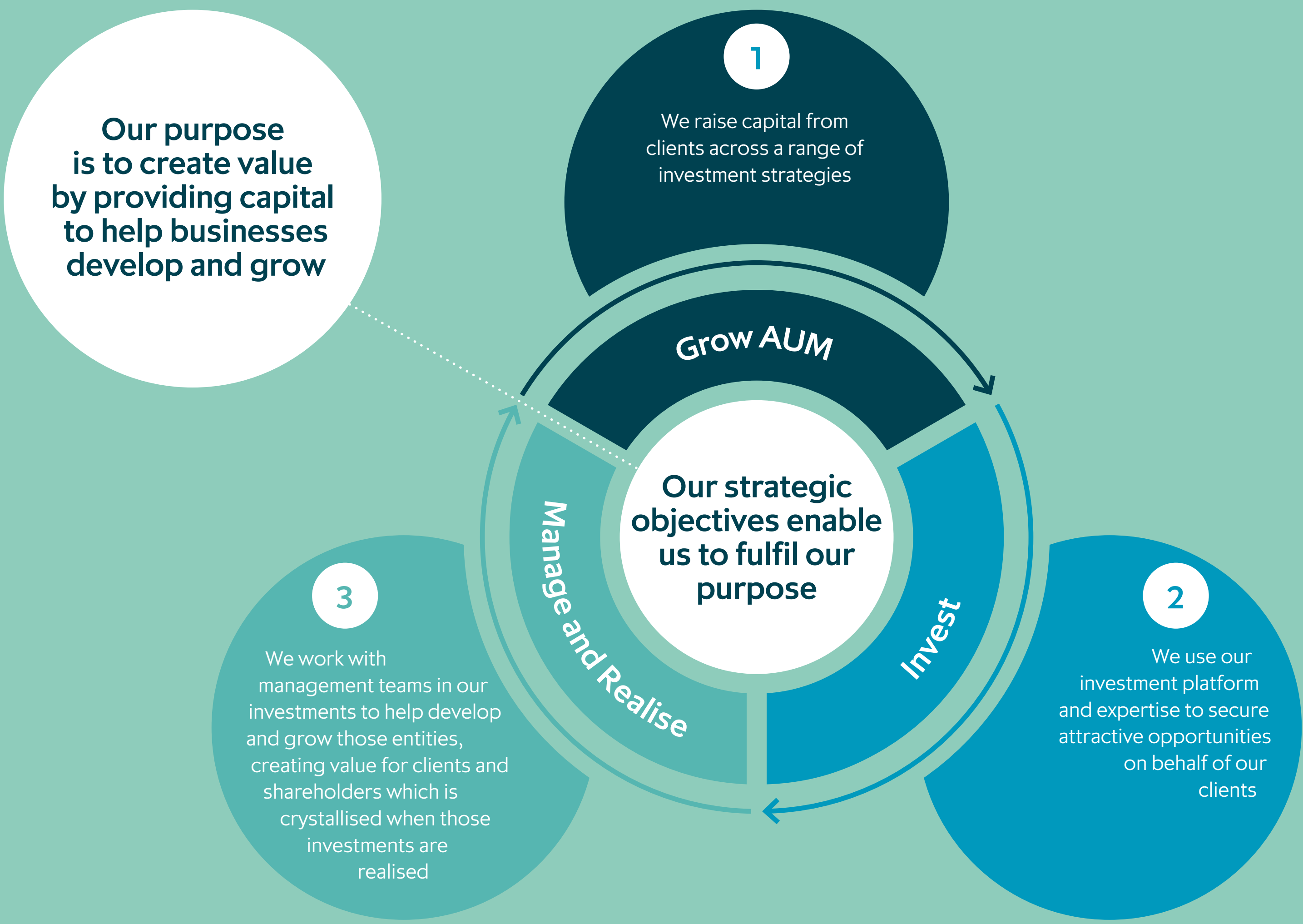
Proven ability to innovate and pioneer new strategies in response to client demand and market opportunity

+ Read more on page 12

Scalable and unified operating platform

+ Read more on page 10

DELIVERING OUR PURPOSE



Ⓐ Alternative performance measures

Our KPIs include alternative performance measures, providing additional insight into the performance of our business

The IFRS financial information on page 136 includes the impact of the consolidated funds which are determined by IFRS to be controlled by the Group, although the Group's loss exposure to these funds is limited to the capital invested by the Group in each fund

The glossary on page 196 includes the definitions of these alternative performance measures and reconciliation to the relevant IFRS measures

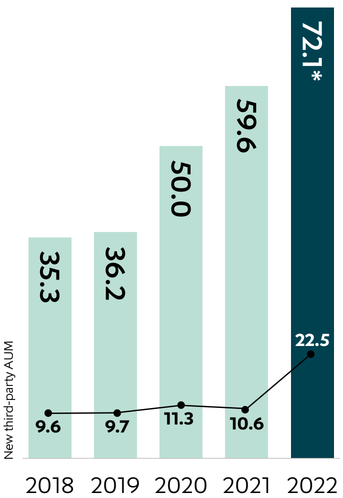
Our Key Performance Indicators (KPIs) help us monitor our progress:

Key Performance Indicator		Strategic objective alignment
Total AUM	A	1
Weighted-average fee rate	A	1
Fund Management Company operating margin	A	1 2
Deployment of direct investment funds		2
Percentage of realised assets exceeding performance hurdle		3
UK senior management diversity		1 2 3

MONITORING OUR PROGRESS

Total AUM ($bn) Ⓐ

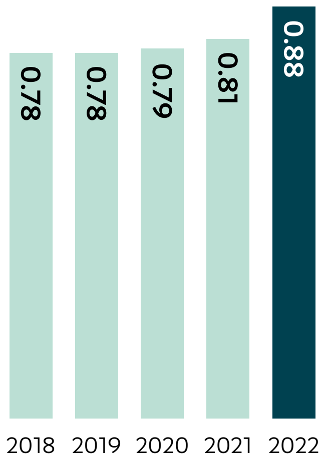
$72.1bn



* 2022 Total AUM includes Balance Sheet Investments portfolio of $3.5bn.

Weighted-average fee rate (%)[1] Ⓐ

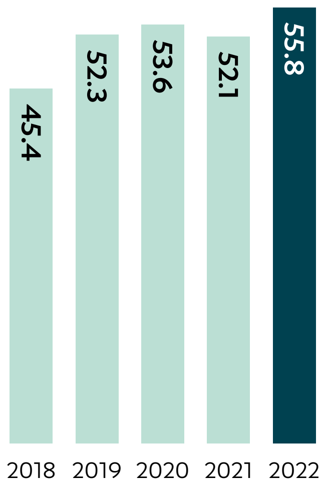
0.88%



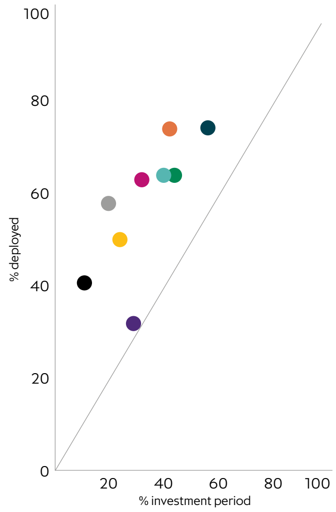
1. During the year the Group refined its calculation of weighted-average fee rate. Prior years are presented on a consistent basis.

FMC operating margin (%) Ⓐ

55.8%



Deployment of direct investment funds (%)



Rationale

Raising third-party funds is one of the leading indicators of the Group's profitability.

We expect to raise at least $40.0bn in aggregate over FY22 to FY24.

Outcome

As expected, FY22 was a very strong year for fundraising given the funds we had in the market, which drove a 22% increase in third-party AUM (27% on a constant currency basis) and a 21% increase in total AUM (26% on a constant currency basis).

Rationale

The weighted-average management fee rate on fee-earning AUM is a measure of profitability.

Fee rates vary across our strategies. The weighted-average fee rate will depend on the composition of fee-earning AUM.

Outcome

Our weighted-average fee rate continued to grow during the year. The increase was due to the substantial fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital.

Rationale

The Fund Management Company (FMC) operating margin is a measure of the efficiency of our fund management activities. The Group has invested substantially in its growth and the return on this investment is measured through the operating margin. The Group is targeting a margin above 50% for its fund management business.

Outcome

The FMC operating margin remains in line with our target of being above 50%. The operating margin for FY22 was supported by the rapid fundraising for Europe VIII as well as the catch-up fees that we earned during the year.

Rationale

Direct investment funds have a defined investment period. We monitor progress against a straight-line deployment basis as an indicator of timing for any subsequent fund raising.

Outcome

We saw strong levels of deployment during the year across many of our strategies. For many strategies our deployment pace is quicker than a straight-line basis (based on a fund's contractual maximum investment period) would imply.

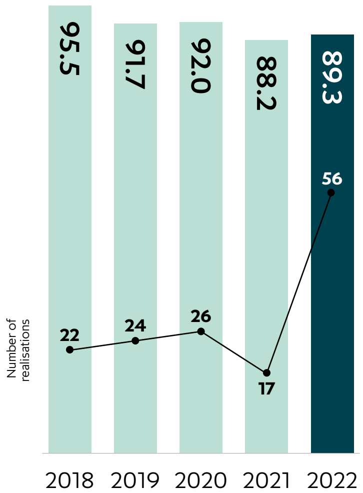
Strategic alignment

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

- North America Private Debt Fund II
- Senior Debt Partners IV
- Europe Mid-market Fund
- Sale & Leaseback Fund I
- Asia Pacific Fund IV
- Infrastructure Equity Fund I
- Real Estate Partnership Capital VI
- Europe Fund VIII
- Strategic Equity Fund IV

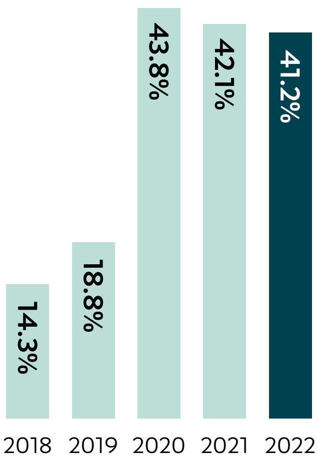
Percentage of realised assets exceeding performance hurdle (%)

89.3%



UK senior management gender diversity (%)[1]

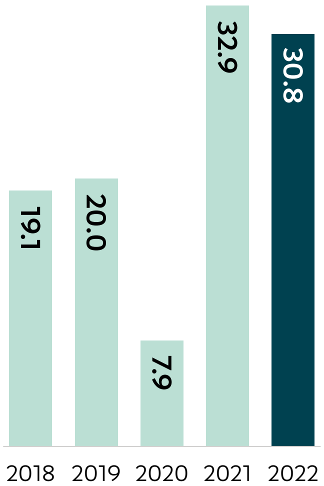
41.2%



1. During the year the Group updated its definition of senior management. Prior years are presented on a consistent basis.

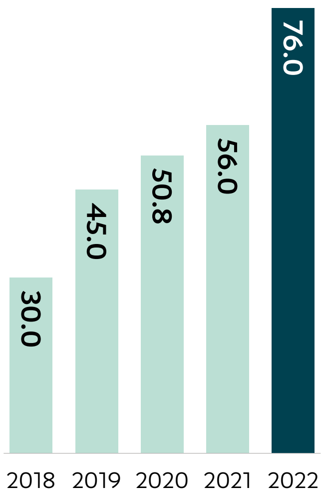
Return on equity (%) A

30.8%



Ordinary dividend per share (p)

76.0p



Rationale

An indicator of our ability to manage portfolios to maximise value is the level of realised assets for which the return is above the fund performance hurdle rate. This is the minimum return level clients expect and the point at which the Group earns performance fees.

Details of the hurdle rate per fund can be found on page 201.

Outcome

Our strategies continued to perform strongly, and we took advantage of market conditions to anchor the performance of a number of funds, realising $6.4bn of third-party AUM from direct investment funds. The outcome for the year on this KPI is in line with our 5-year average.

Rationale

We believe a more diverse and inclusive workforce will enhance the delivery of our strategic objectives and shareholder value. We have pledged to increase the number of women in senior management roles in an industry in which senior investment positions are predominantly held by men.

Outcome

We continued to see progress in improving our gender balance.

The impact of the change in definition was to refine the population of senior management to Executive Directors and a defined group of key leadership roles.

Rationale

Return on equity reflects the combined performance of the Fund Management Company and the Investment Company.

Outcome

Growth in Group profit after tax was partially offset by high average shareholders' funds (due to increased retained earnings and reduced net debt), resulting a 30.8% return on equity during the year, marginally down on FY21.

Rationale

The Group's ability to pay dividends and return value to shareholders is a measure of its ability to generate returns from managing third-party funds.

The Group's dividend policy is to recommend a dividend pay-out of 80-100% of the Fund Management Company profit after tax on an APM basis and this year's dividend is 36% higher than last year.

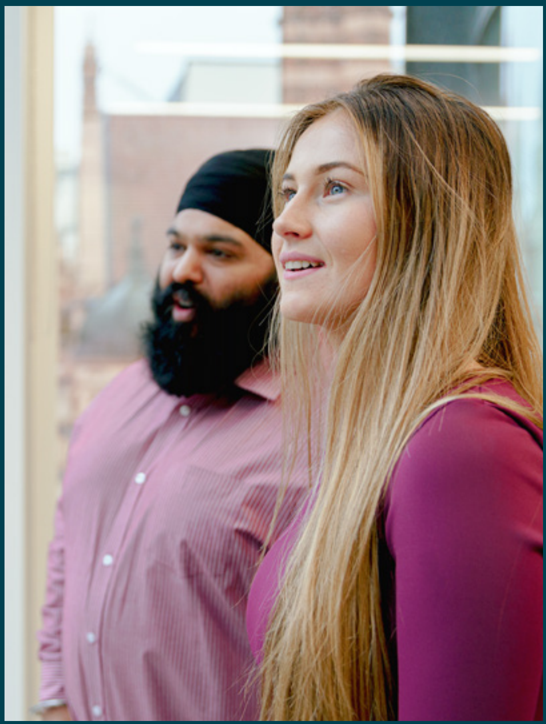
Outcome

Our progressive dividend policy has been maintained, and the 36% increase compared to FY21 is driven by the significant growth in FMC profit after tax during the year.

+ **Details of our Executive Director KPIs are shown on page 98**

CREATING

"We offer creative solutions, developing strategies which are increasingly shaped by our responsible and sustainable investment principles."



ENGAGEMENT WITH OUR STAKEHOLDERS

Our key stakeholder groups

The Directors consider that the following groups are the Group's key stakeholders. The Board seeks to understand the interests of each stakeholder group so that these may be properly factored into the Board's decisions. We do this through various methods including direct engagement by Board members where relevant; receiving reports and updates from management; and receiving input and counsel from external experts as appropriate.

+ Read about how the Board engages with stakeholders on page 68

Section 172 statement

As required by the Companies Act 2006, the Directors have had regard to wider stakeholders' needs when performing their duties under s.172. In particular, the Directors recognise the importance of acting in a way that promotes the long-term success of the Company to the benefit of its members as a whole

We set out on the following pages how the Directors considered the interests of stakeholders. The clearest example of this is in capital allocation and the use of our balance sheet to support the long-term growth of our Fund Management Company

During the year, in determining the level of commitments our balance sheet would make to new funds, management and the Board balanced a number of considerations including:

- Alignment of the Group's interests with its clients, co-investing in our strategies alongside our clients, while seeking to reduce the Group's commitments over time where appropriate
- Growing third-party fee income in the FMC, seeding investments to launch new strategies that will be a source of future incremental management fees
- Maintaining robust capitalisation, with strong liquidity and appropriate gearing

	Shareholders & lenders	Clients
Why is it important to engage?	Effective access to capital is crucial for the success of the Group, and fostering a supportive investor base that is interested in the long-term prospects of the Group is of strategic importance. We seek to foster a two-way dialogue with both current and potential shareholders and lenders. We strive to communicate clearly to them our performance and prospects. We also seek to understand their views on our industry and our business so that these perspectives can be factored into management and Board decisions.	Clients entrust us with their capital to invest on their behalf. The single largest driver of our long-term growth is continuing to attract increasing levels of capital from our clients. Ensuring that we understand our clients' needs and serve them appropriately is fundamental to the success of the Group.
How have the Board and management engaged?	The Group conducts an active Investor Relations programme, engaging with shareholders, lenders and rating agencies throughout the year using a variety of channels. The Board and management receive feedback on shareholder and lender views directly from our shareholders, rating agencies and balance sheet finance providers, the Group's Investor Relations function and from third parties such as our corporate brokers. The Chair undertook a series of meetings with our largest shareholders without management present to receive shareholder feedback on the Group, our growth plan and management.	We are continually considering the position of our clients, and how we can best engage with them. More information on our clients can be found on page 8. Our in-house distribution team engages regularly with all clients and potential clients, providing detailed updates on fund performance, new funds and other business developments, including ESG matters. We held regular client investor days and investor conferences, ensuring our clients have access to our in-house distribution team as well as senior management and members of our investment teams.
What were the key topics of engagement?	– Ability to deliver continued strong growth for shareholders – Investment performance – Clear communication of strategy – Understanding our shareholders' and lenders' ESG requirements – Clarity around our balance sheet's function in driving new business – Longer-term plans for the Group's balance sheet gearing	– Designing funds to meet clients' needs – Reporting of portfolio performance – Integrating ESG considerations into our client reporting and our investment processes
Outcomes as a result of that engagement	– Increased engagement with current and potential shareholders both through regular reporting and off-cycle – Focused engagement with selected ESG ratings providers to ensure shareholders viewing this information have accurate and up-to-date insight into ICG – Shareholder seminar hosted on Sustainability and People, with clear statement that we will host seminars on a range of topics more regularly in the future – Issued €500m ESG-linked bond, to ensure long term gearing aligned with expectations and requirements	– Continued to broaden our expertise and offering of funds to meet client needs – Offered successor vintages of established funds to meet client demand – Enhanced our monitoring, target setting and reporting for portfolio companies – Continued to offer a number of funds with sustainable elements

Employees

The success of the Group depends on collaboration and expertise across teams.

Effective two-way communication with our employees is essential to build and maintain engagement.

Our employee engagement informs us where we are doing well and where further actions should be considered and applied.

We have a number of formal and informal channels to achieve this, including a significant employee engagement survey held during the year, regular whole company business briefings and regular team meetings.

Amy Schioldager is the NED responsible for employee engagement, and she held a number of formal and informal sessions with employees during the year in individual and group forums.

Details of our employee engagement can be found on page 30.

- Growth and development of our employees
- Wellbeing of employees
- Managing the complexities of hybrid working
- Succession planning
- Ensuring that the employee experience is not adversely impacted by our growth trajectory

- Enhanced formal engagement with senior management through 'town halls' and more regular videos and information sharing
- Series of discussions and workshops with employees at all levels to review the results of the 2021 employee engagement survey and disseminate response points
- Launch of new internal communications system to ensure employees are informed about business developments
- Significant review of framework for performance management and reviews
- Rollout of enhanced training and development programme for employees
- Further enhancements of Diversity and Inclusion initiative led by our Diversity and Inclusion hub, including the launch of new networks
- Continued to hold significant global induction events for new joiners

Suppliers

We work to ensure that our key suppliers are engaged with our business and that each party understands the approach of the other.

This enables our suppliers to better meet our needs and us to understand their perspective, as well as delivering appropriate oversight of the supplier relationship.

We hold regular relationship meetings with our key suppliers to ensure that any issues in our interactions with them are fully considered and addressed and to review supplier performance.

- Ability of key providers, including third-party administrators, to continue to provide a high-quality service
- Enhancement of ethical and responsible procurement practices including conducting of Modern Slavery risk assessment of suppliers
- Building broader relationships with key supplier teams

- Review of key relationships by specialist in oversight of suppliers
- Reviewed prompt payment practices and processes to ensure that suppliers are not left unpaid for inappropriate lengths of time
- Enhanced invoice payment process

	Community	Environment
Why is it important to engage?	We are a people business, with offices in 15 countries and investing money on behalf of clients including pension funds and insurance companies worldwide. Our actions may have meaningful and direct impacts on local communities. It is incumbent upon us to ensure that we actively cultivate and maintain strong local relationships and help our local communities share in our success.	We are aware of the impact of our business operations on the environment. We are seeking to reduce our own negative impact, and those of our funds' portfolio companies where relevant.
How have the Board and management engaged?	We carried out a review of our charitable giving and we have decided to substantially increase our work in the area of social inclusion through education.	Details of our focus on environmental matters and climate risk can be found on pages 28 to 43.
What were the key topics of engagement?	– Identifying the most appropriate way for the Group to positively impact the wider community – Continued commitment of employee time to charitable initiatives	– How to integrate climate risks into our corporate and portfolio management decision making – The most appropriate and credible way to align the business and investments to commit to meeting Net Zero trajectory – Ensuring that investment decisions are made with appropriate regard to environmental factors, including our shareholders', lenders', client's and regulator's ESG requirements
Outcomes as a result of that engagement	– Established more robust internal governance around charitable giving – Launched major new charitable partnerships in support of social mobility across the educational spectrum – Continued to support our £1.5m, three-year relationship with the Education Endowment Foundation supporting the Nuffield Early Learning Intervention and Tutor Trust	– Continue to reduce greenhouse gas emissions from our operations – Committed to support the goal of achieving Net Zero emissions across our operations and relevant investments by 2040. The commitment is supported by targets approved by the Science Based Target Initiative (SBTi) (see page 28)

Commitment to Net Zero and SBTi

Following significant consideration, in November the Group committed to a goal of net zero greenhouse gas emissions by 2040 and became a signatory to the Net Zero Asset Managers initiative. The Group's commitment is supported by approved science-based targets (more details of our commitment can be found on page 28). This followed a detailed discussion at our Board offsite of the impact of climate change on global society and the economy, including a roundtable session led by Lord Turner of the Energy Transitions Commission. The Board is mindful of our responsibilities in respect of climate change to a variety of stakeholders, and seeks to use our influence to make a positive impact towards the net zero economy.

Key considerations:

- Our responsibility to wider society
- Impact, including costs and reduction of potential investment universe
- Operational readiness for making a commitment

Issuance of new sustainability-linked bond to maintain balance sheet diversification

The Board decided to issue a public bond to diversify its sources of debt and to ensure availability of funding for future growth. A €500m Bond was issued on 28 January 2022 with an eight-year maturity period and a sustainability linked coupon with links to the achievement of the Group's approved science-based targets. This followed the Board requesting a balance sheet review and consideration of a proposal from management. It was concluded that the issuance would benefit shareholders by providing long-term funding to the balance sheet on attractive terms.

Key considerations:

- Balance sheet position of the Group, with regard to overall gearing and forthcoming maturity dates for existing debt
- The projected cash flow of the Group over a multi-year period
- The potential to continue to grow the business
- A desire to engage with a diverse range of sources to provide debt
- ESG metrics and their impact on the coupon

Regulators

We are subject to regulation by a variety of financial regulators in a number of jurisdictions worldwide.

Understanding and adhering to the standards set by these bodies is of paramount importance to our standing as an asset manager and to meeting the expectations of our stakeholders.

We mandate our employees to comply with these standards, which are built into our business practices and processes.

We engage with regulators in a constructive and transparent manner, completing required filings and other submissions and acting responsively and thoughtfully to any inbound queries.

We participate in industry bodies and consultations and provide input to regulators through these and similar channels. Where requested or appropriate, we engage directly with regulators on specific topics.

- Amendment of certain line items in 2021 Annual Report compared to the prior year following constructive dialogue with the Financial Reporting Council.
- After participation in a number of industry round tables with regulators, we reviewed all internal operations in respect of the implementation of the Investment Firms Prudential Regime
- We have completed our project to ensure that our business practices move away from LIBOR-related benchmarks

Employee engagement

The Board is always mindful that attracting and retaining talent in a highly competitive sector is crucial to the success of the Group. As such, we are keen to understand the employee voice on an ongoing basis. Our annual programme includes a regular update from Amy Schioldager, the NED responsible for leading employee engagement. Amy hosts regular formal and informal discussion groups and roundtables to understand employee motivations and concerns, and this is reported back to the Board on an aggregated basis for discussion. This forms an important part of our consideration of the Group's culture and operations. In addition, during the year management reported on the in depth findings from a full employee engagement survey, which provided further detailed insight. Management has also determined that more regular 'pulse' engagement surveys will be carried out to ensure the Board, Executive Committee and senior management are able to effectively monitor employee engagement more actively.

Key considerations

- Obtaining the authentic employee voice to understand the business from the people who know it best
- Talent retention
- Articulation of our culture

Capital Allocation to support business growth

The Board approves the strategy and business plan of the Group, which defines the approach to capital allocation. Each new product is subject to approval by the Executive Directors who may approve allocations of capital within the limits specified within the Board terms of reference. In determining which strategies capital is allocated to, consideration is given to the requirements of different stakeholders. In allocating capital we consider how to best support the growth of the business for shareholders; how the widening of our product range would benefit clients by offering new opportunities and choice; and how different investment strategies benefit our potential portfolio companies by giving them access to capital to support their business and grow.

The Board receives regular updates on the current and proposed future investment strategies of the Group and approves allocations of capital which exceed limits defined in the Board terms of reference. The Board closely monitors the performance of all investment strategies and considers the implications of that performance for clients, portfolio companies and employees.

Key considerations

- Aligning the Group's interest with its clients
- Growing third-party fee income in the FMC
- The overall gearing and balance sheet position of the Group

Dialogue with Financial Reporting Council

In February 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2020 Annual Report and Accounts. The letter focused on (a) the significant judgement in respect of non-consolidation of carried interest partnerships and (b) the cashflow statement. This led to an exchange of correspondence with the FRC on these points, including a live meeting. Discussions were led by management, with detailed oversight by the Audit Committee. As disclosed in the annual report published in June 2021, certain line items were restated in the Group Statement of Changes in Equity, the Parent Company Cashflow Statement and the Parent Company Statement of Financial Position. The Company also adopted a number of recommendations in preparing its 2021 Annual Report and Accounts (and retained them for this 2022 Annual Report and Accounts). Discussions continued following June 2021, and in November 2021 the FRC concluded that its points of query had been answered and confirmed that their review had been closed without the need for further changes.

Key considerations

- Transparent and open dialogue with a key regulator
- Ensuring clarity in our accounts for shareholders and other stakeholders

HOW WE OPERATE MATTERS AS MUCH AS WHAT WE DO

"Our focus on sustainability and people is not an adjunct to our day-to-day work, it is a key pillar of our successful execution of that opportunity, and we treat it as such."

Benoît Durteste
CEO

To watch our Sustainability & People Seminar

To read our Sustainability & People Report

SUSTAINABILITY

THE GROUP

We are a long-term business that manages capital on behalf of our clients, looks to generate attractive returns for our shareholders, and seeks to have a positive impact on our broad range of stakeholders, including our employees.

By encouraging responsible and sustainable business practices in our investment strategies, in the companies in which our funds invest, and in our own operations, we can both enhance our investment performance and contribute to building a more sustainable global economy and inclusive society.

Our focus on sustainability impacts all that we do. During the year the Group:

- Issued a €500m sustainability-themed bond (read more on page 26)
- Committed to net zero by 2040 across our operations and relevant investments – one of only a handful of alternative asset managers worldwide to do so – and this commitment is supported by approved and validated science-based targets covering 100% of our relevant investments (read more on page 32)
- Raised AUM into SFDR-classified funds, 99% of which was into Article 8 funds including into three sustainability-themed funds

Industry Initiatives

INVESTING SUSTAINABLY

Sustainability-linked issues are an important driver of investment value and a source of investment risk. Effectively implementing our responsible business practices helps us to deliver long-term value to our stakeholders.

ICG has been a signatory to the UN-backed Principles for Responsible Investment (UNPRI) since 2013 and is an active contributor to a range of industry collaborative initiatives.

@ **Our responsible investing policy, which cover 100% of our AUM, is available at www.icgam.com**

ICG's approach to Responsible Investing

Our approach to Responsible Investing is focused around four key activities which represent our Responsible Investing Fundamentals:

ENGAGE
with portfolio companies to drive sustainability

INNOVATE
to drive sustainability outcomes

REPORT
on company-specific ESG progress to enhance transparency to our stakeholders

COLLABORATE
on initiatives to drive industry best practice

KEY AREAS OF FOCUS FOR RELEVANT INVESTMENTS

Environment:
- Climate change

Social:
- Diversity and inclusion
- Human capital management

During the year we enhanced our reporting on these critical areas and published a comprehensive Sustainability & People Report

Key highlights

From our focus on sustainable investing during the year:

- Committed to support the goal of net zero with approved science-based targets (read more on page 26)
- Launched three sustainability-themed funds in the market which align to specific Sustainable Development Goals (SDGs), which are classified as SFDR Article 8 or 8+
- Raised $2.6bn of ESG-linked fund-level financing

+ **Read more about Task Force on Climate-related Financial Disclosures (TCFD) on page 32**

+ **Read more about our new funds on page 12**

"We have exceptional people who are thriving at the firm, giving us an excellent foundation to grow to $100bn AUM and beyond. We will continue to maintain and enhance our culture, as we have done successfully throughout our significant growth to date. Our hiring will remain targeted, ambitious and strategic."

Antje Hensel-Roth
CPEAO

Our people initiatives focus on four areas:

DIVERSITY AND INCLUSION

Cultivating a diversity of perspectives, improving our teams' performance

EMPLOYEE DEVELOPMENT

Helping our people reach their full potential and building the next generation of talent

WELLBEING AND BENEFITS

Supporting the physical and mental wellbeing of our employees, their families and dependants

ENGAGEMENT AND VOICE

Effective communication to build and maintain engagement

Our values support all we do

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

Progress in the year:

- Three new employee networks formed in FY22: NextGen (early professionals), Together (LGBTQ+) and Unify (ethnic minorities). These networks join alongside the groups for Women, Family & Carers, Wellbeing and Sport &Wellness
- Conducted the first Inclusion Survey, which had a 75% response rate, and acted swiftly on a number of suggestions for development
- Continued our Graduate Programme with a focus on diversity
- Ran a series of campaigns focused on working practices and maintaining a healthy work-life balance, and have also focused on hard-hitting topics such suicide prevention
- Conducted Group-wide employee engagement survey with 88% participation

Key employee metrics

	2022	2021
Number of permanent employees (total)	**525**	470
Number of permanent employees (FTE)	**523**	456
Employee turnover (%)	**16%**	8%
Female representation at Board (%) (see page 75)	**45%**	42%
Female representation in senior leadership (%) (see page 44)	**35%**	44%
Female representation in all employees (%)	**35%**	34%

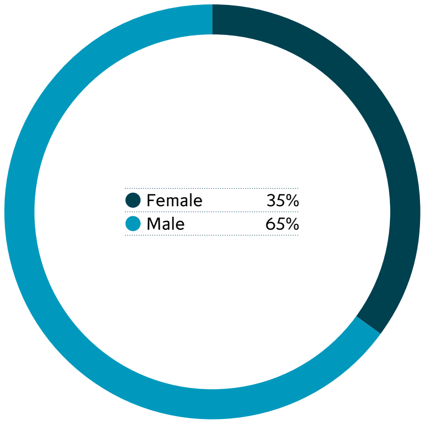
Read more about Employee matters on page 44

Read more about Board diversity on page 75

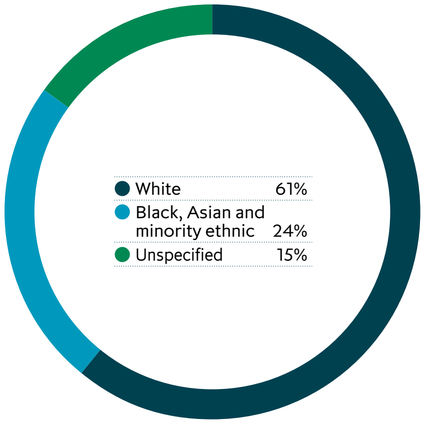
Read more about Gender pay gap disclosures on page 107

Gender

All employees (525)



Ethnicity (UK only)



OUR CLIMATE-RELATED FINANCIAL DISCLOSURES

The Group first reported against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) in 2020 and has continued to do so in each financial year thereafter.

The report below sets out the 11 TCFD recommended disclosures within each of the four pillars representing how our organisation operates and summarises the progress we have made over the past year. Please refer to the Group's 2022 Climate Change Policy for further details.

In this report we look at climate-related disclosure through two lenses: at the level of the Group's operations, and at the level of our third-party fund management activities. These funds are generally not consolidated; however, we consider the climate-related issues surrounding these funds and our fund management activities as an integral part of our business. We clearly outline in our disclosures whether we are discussing the Group's operations or our fund management activities.

@ **Our Climate Change Policy is available at www.icgam.com**

OUR COMMITMENT TO NET ZERO

In November 2021 the Group announced its commitment to support the goal of net zero greenhouse gas emissions across its operations and relevant investments by 2040

The Group's net zero commitment is underpinned by two ambitious emissions reduction targets by 2030, which have been approved and validated by the Science Based Targets initiative (SBTi)

The Group committed to systematically monitoring progress against its targets and reporting on an annual basis. Over the coming years, relevant investments in more recently launched strategies will also be included in the targets

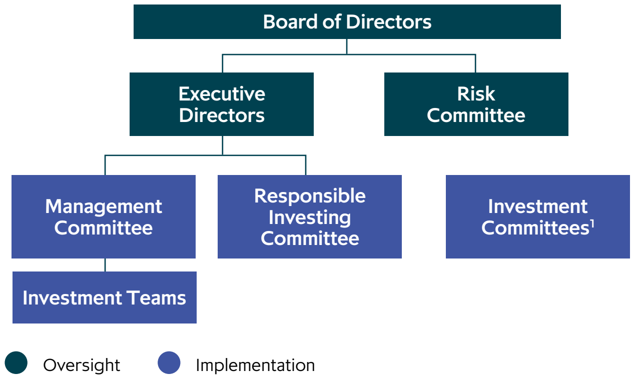
GOVERNANCE

(a) Describe the Board's oversight of climate-related risks and opportunities

Group operations

The diagram below gives a summary overview of our governance structure for the oversight of climate-related risks and opportunities.

Organisational oversight of climate-related matters



[1]Each third-party fund has its own Investment Committee (IC). The ICs are comprised of senior investment professionals and include members of the Management Committee.

The CEO has lead responsibility for climate-related issues. The Board sets the Group's strategic direction and, when setting strategic objectives, it considers all material influencing factors including those relating to climate change. The Executive Directors implement the strategy, including driving climate-related programmes across the organisation.

The Board receives formal updates on ESG-related matters, including climate-related issues, at least twice every financial year. For specific climate-related targets (see Metrics in this TCFD disclosure), the Board receives annual updates on progress. To facilitate the Board's engagement on these topics, the Board has nominated a non-executive director to oversee management's implementation of ESG matters (see page 68). In addition, the Board also considers climate risk, as relevant, when reviewing the annual strategy and business plans over the short, medium, and long term, for example, in annual budgets, performance objectives and determining the risk profile/ appetite of the Group.

Moreover, the Board Risk Committee oversees the Group's risk management framework and controls associated with it, including ESG and climate-related risks, and formally discusses climate risk as it relates to the Group at least annually (see page 85).

The CFOO, reporting to the CEO, is responsible for ensuring climate-related risks which might impact the Group's own operations are understood and mitigated.

Fund management activities

The CEO, who also serves as the Group's Chief Investment Officer, has ultimate accountability and oversight of investment processes and is therefore responsible for climate-related issues across the investment process and in our portfolios.

The overarching charters governing climate-related risks within our fund management activities are the Responsible Investing Policy and the Climate Change Policy, which cover 100% of our AUM. The Climate Change Policy contains an exclusion list and, furthermore, requires us to consider the implications of climate-related risk and opportunities in our investment research, valuation, and decision-making processes.

The Board has delegated responsibility for the implementation of the Responsible Investing and Climate Change policies to the Executive Directors. As part of the normal course of business, the Board receives updates on how these policies are being implemented.

(b) Describe management's role in assessing and managing climate-related risks and opportunities

Group operations

The Group has a comprehensive risk governance framework and compliance processes and procedures to ensure that all risks, including ESG and climate-related risks, are identified, managed, and monitored and that the Group is compliant with all applicable legislation. Given the limited direct impact of climate-related issues at a Group level, climate change is not deemed by the Board Risk Committee to be a Principal Risk, albeit it is considered a cross-cutting risk as described below (see page 64).

The Responsible Investing (RI) team and Legal and Compliance teams are jointly responsible for monitoring current and potential environmental legislative changes that could impact the Group and provide formal updates to the Executive Directors on a quarterly basis.

Fund management activities

The Management Committee supports the CEO in overseeing our climate-related policies and procedures for our fund management activities, addressing issues if there are any, and approving new investment strategies, including those with specific climate-related objectives and targets.

An assessment of climate-related risks and opportunities is included in all investment proposals, presented to, and considered by, the Investment Committees (IC) of all our investment strategies. Each IC is responsible for ensuring that climate-related issues are appropriately considered when taking an investment decision. This includes ensuring that the RI team's view is factored into the investment decision, where climate-related issues are material.

Once an investment is made, the investment teams and the RI team monitor climate-related risks and (as appropriate) the implementation of climate-related initiatives and performance relative to established targets by the portfolio companies, as described in Metrics within this TCFD disclosure. Where a Fund has significant influence in the capital structure, progress of climate-related initiatives are monitored by the relevant Fund's IC on a quarterly basis as part of the broader regular portfolio monitoring process.

Day-to-day implementation of the Climate Change Policy is the responsibility of all investment professionals, guided by the Group's RI Committee. The RI Committee meets four times a year and is comprised of the Head of Investment Office and the Head of Responsible Investing, along with senior investment professionals from across the investment strategies. Its role is to oversee the promotion, support and integration of responsible investing practices, including in respect of climate-related matters, across all asset classes. The RI Committee provides regular updates to the Executive Directors and escalates matters to the CEO, as necessary.

As part of the day-to-day activities of the RI team and investment professionals, there is frequent dialogue on climate-related issues for both potential investment opportunities and current investments.

STRATEGY

(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term

We look at three time horizons for climate-related risks and opportunities: short term (0 to 5 years), medium term (5 to 10 years) and long term (10 to 20 years). These are broadly related to the length of an individual investment (short term), the length of a fund's life (medium term) and a reasonable period of visibility for the Group as a whole (long term).

We consider climate change as a cross-cutting risk type that manifests through the Group's established principal risks (see page 64 of this Annual Report). The table below outlines the relevant climate-related risks and opportunities within the Group's operations and our fund management activities. The Board Risk Committee meets regularly to assess the Group's risk profile and factors climate-related risks and opportunities into its decision making when assessing which risks could have a material impact on the organisation.

Climate-related risks and opportunities

ICG	Risk/opportunity	Category	Description	Principal risks	Time horizon	Potential impact
Group operations	**Risks**	Acute physical	– Increased severity and frequency of extreme weather	6	– Short term	– Operational disruptions – Increased capital expenditure e.g., higher cost related to workforce impacts; higher insurance premiums factored into office leases
		Chronic physical	– Changes in precipitation patterns – Rising mean temperatures – Rising sea levels	6	– Long term	
		Policy and legal	– Enhanced emissions reporting and climate-related compliance obligations – Potential exposure to regulatory censure, fines and penalties for non-compliance	5	– Short term	– Increased cost of compliance – Reputational damage – Decreased profitability
	Opportunities	Resource efficiency	– Use of lower-emissions sources of energy in offices – Upgrade energy efficiency of, or move to, more efficient offices – Use of more efficient modes of transport for business travel or business conduct – Use of alternatives to travel such as online meetings	6	– Short term – Short term – Medium term	– Reduced operating cost and exposure to energy price volatility – Increased capital expenditure / operating expenditure associated with upgrade requirements – Increased profitability
Fund management activities	**Risks**	Policy and legal	– Enhanced climate-related disclosure obligations for funds – Increasing regulatory pressure (e.g. carbon price/tax) for current and potential investments	5	– Short term	– Increased cost of compliance including the requirement to ensure compliance during holding period of investments – Increased due diligence cost – Reduced fund performance – Loss of clients or reduced demand for our funds
		Technology	– Substitution of existing products and services with lower emissions options impacting portfolio companies	2 3	– Medium term	– Lower fund performance and impact on track record – Lower asset valuations impacting the Group's balance sheet and fund investments – Loss of clients or reduced demand for our products
		Market	– Changing client behaviour impacting demand for products and/or services of current or potential investments – Increasing production costs for portfolio companies due to changing input prices and/or output controls across current or potential investments	2 3	– Medium term	– Lower fund performance and impact on track record – Lower asset valuations impacting the Group's balance sheet and fund investments – Loss of clients or reduced demand for our funds

ICG	Risk/opportunity	Category	Description	Principal risks	Time horizon	Potential impact
Fund management activities	**Risks**	Reputation	– Changing client behaviour impacting demand for products and/or services of current or potential investments – Stigmatisation of specific industries, impacting existing investment exposure	2 3	– Short term	– Lower fund performance and impact on track record – Lower asset valuations impacting the Group's balance sheet and fund investments – Loss of clients or reduced demand for our products – Negative stakeholder perception
	Opportunities	Products and services	– Evolution of products that incorporate climate change mitigation and/or adaptation – Expansion of investment strategies that focus on climate solutions	2 3	– Short term	– Increased revenues in line with growing demand – Growth in AUM
		Technology	– Substitution of existing products and services with lower emissions options across current and potential investments	2 3	– Medium term	– Higher fund performance and enhanced track record – Higher asset valuations impacting the Group's balance sheet and fund investments – Increasing client demand
		Market	– Attracting new clients through strategies aligned with the Paris Agreement/Net Zero – Climate-linked financing reducing the cost of capital at portfolio company, fund, and corporate level	2 3	– Short term	– Growth in AUM – Retention of current and attraction of new clients – Enhanced brand and competitive reputation

Link to Principal Risks

Strategic & Business

1 External Environment Risk

2 Fund Performance Risk

Financial

3 Financial Risk

Operational

4 Key Personnel Risk

5 Legal, Regulatory & Tax Risk

6 Operational Resilience Risk

7 Third Party Provider Risk

8 Key Business Process Risk

(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Group operations

As a cross-cutting risk type, climate-related risk manifests through many of the Group's established principal risks. We consider that the Group's direct operations are not materially exposed to climate risk from changing climatic conditions because, amongst other factors, the Group does not have a complex supply chain, does not make capital investments in research and development, and is able to operate flexibly from a variety of locations.

From a real estate perspective, the Group operates from leased offices and our employees have the ability to work remotely. The Group has assessed the physical climate risk exposure of its office locations using an established external physical climate risk assessment tool. The results indicated that none of our key offices (London, New York, Warsaw and Paris) are likely to be materially exposed to physical climate-related risks.

The RI, Legal and Compliance teams work closely to ensure the Group's compliance with climate-related regulation, including the UK Streamlined Energy and Carbon Reporting (SECR).

The Group is committed to supporting the goal of net zero GHG emissions by 2040 or sooner, in line with global efforts to limit warming to 1.5°C. As part of this commitment, the Group has committed to reducing our direct (Scope 1 and Scope 2) emissions by 80% from a 2020 base year.

We seek to link our climate ambition to our third-party financing, where possible. At the Group level we have raised a total of £1.0bn ESG and sustainability-linked financing, including issuing a €500 million sustainability-linked Bond with adjustments to the coupon rate linked to progress against the Group's portfolio-level science-based target.

Fund management activities

We recognise that the financial impact of climate-related risk and opportunities is most likely to materialise through our investment decisions. The impact of climate change on the operations of portfolio companies or specific asset classes may impact the valuation of those assets in the short term, and the performance of funds in the medium term. Fund underperformance or a failure to develop funds that address our clients' requirements in respect of climate change is a long-term risk to the Group.

We have developed policies and processes to support us in understanding where climate-related risk may be realised, managing these risks and actively engaging as appropriate with portfolio companies on these matters. Ensuring our investment and RI teams have the necessary skills and expertise to deliver on these ambitious commitments and successfully launch new strategies has required careful planning in terms of headcount and budget.

The Group's Net Zero commitment is supported by approved and validated science-based targets covering 100% of our relevant investments. Relevant investments as at 31 March 2022 comprise 25.7% of AUM and include all investment strategies within Structured and Private Equity and Real Assets where a Fund has sufficient influence (defined as at least 25% equity ownership and at least one Board seat).

More detail on our science-based targets can be found here.

Retaining existing clients and attracting new clients through our climate commitments and sustainability-themed funds is an important part of our growth strategy and to date the Group has launched three sustainability-themed funds which, at 31 March 2022, managed a total of $3.2bn of client capital.

At a fund level, we seek to link our climate ambition to our third-party financing, where possible. We have raised a total of $2.6bn ESG-linked fund-level financing since 2021.

(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Group operations

The Group has a highly resilient business model, which is driven by management fee income. This fee income is paid by our clients for managing our funds, and as such is long-term and visible in nature. The fees are predominantly charged on the basis of invested or committed capital, so an increase or decrease in the valuation of funds (including as a result of climate-related issues) would not immediately impact the Group's financial position. At a Group level, we do not believe we are directly impacted by climate-related risks.

Fund management activities

Climate risk assessment of existing portfolio

We conduct a formal assessment of exposure to climate-related risks across the portfolio every two years with support from a third-party climate consultancy. We assess the impact of climate-related drivers associated with both changing climatic conditions (physical risks) and the transition to a low carbon economy (transition risks) related to policy, regulatory, market and technology changes. We then conduct a scenario analysis exercise on selected investments which we identified as having potentially higher exposure to climate-related risks.

In 2022, our climate risk assessment assessed approximately 900 portfolio companies across our four asset classes covering almost 90% of our AUM at 31 December 2021.

Scenario analysis of existing portfolio

In 2022 we conducted our second scenario analysis exercise. We expanded the number of scenarios from two to three in line with market practice and used the framework provided by the Network for Greening the Financial System. We considered both transition and physical risk against three scenarios:

- Hot House World: no new international or national policy action takes place to reduce greenhouse gas emissions, leading to warming of over 3°C and severe physical risks
- Orderly: immediate and global action to reduce emissions in a measured way, at a rate that is fast enough to keep climate warming within 2°C with 67% probability, leading to net zero carbon emissions before 2070
- Disorderly: ambitious new climate policies are introduced, but only in 2030. Emissions are sufficiently limited to keep global warming below 2°C, but the transition is faster than in the Orderly scenario as a result of delayed action, leading to larger transition risks for households and businesses

Our transition risk scenario analysis uses scenario indicators drawn from globally recognised datasets. Our physical risk assessment is undertaken at the country level, utilising data trends of countries in which our portfolio companies' key operations are located.

The principal mechanism we employ for assessing climate risk is a proprietary Climate Risk Assessment Tool (CAT), that we have developed in-house with the support of a third-party adviser. The initial step is to use CAT to identify all companies with a potentially heightened exposure to climate risk. The findings from the process helped us define the scope for conducting further climate risk scenario analysis.

Within our Structured and Private Equity and Private Debt asset classes, CAT identified 13 companies as having potentially heightened exposure to climate risk and with unrealised value above our materiality threshold[1]. Further scenario analysis has been conducted on these portfolio companies.

Within our Credit asset class, we conducted a sector-based scenario analysis across 10 sectors. This covered all companies with a potentially heightened exposure based on the results of our analysis with CAT and where the unrealised value exceeded our materiality threshold[1].

Our scenario analysis enables us to improve our understanding of the heightened exposure of these companies to transition and/or physical risks. This analysis is shared with the portfolio company management teams, where relevant, to support their strategic decision making. As appropriate, we then work closely with the management teams to help them address these issues and improve their resilience to climate-related issues.

Developing new investment strategies

We future proof our organisation in part by continually evolving our existing strategies and developing new strategies. This enables us to better serve the changing needs of our clients and to capitalise on a wider range of investment opportunities. An important component of considering new potential strategies is incorporating climate-related risk and opportunities into the decision-making process.

We have considered climate-related opportunities in the development of new strategies, including when developing our new sustainability-themed Sale and Leaseback, Infrastructure Equity, and Real Estate Partnership Capital investment strategies. During the year the Group raised a total of $1.7bn of capital for these sustainability-themed funds.

More broadly, 99% of capital raised[2] since 31 March 2021 has been in funds classified as Article 8 under the EU's Sustainable Finance Disclosure Regulation, which are funds that promote environmental or social characteristics. Please refer to our Sustainability and People Report for further details.

To read our Sustainability and People Report.

RISK MANAGEMENT

(a) Describe the organization's processes for identifying and assessing climate-related risks

Group

We consider climate risk broadly and have incorporated it into our Group-wide risk framework as a cross-cutting risk. We assess the following principal risks as currently most likely to be impacted, to varying degrees, as follows:

- **Fund Performance Risk:** Considering the varying climate-related risks that have the potential to affect our investment decisions, driven by changes in regulation and consumer preferences and other physical and business risks and adapting our screening and due diligence and monitoring processes, where appropriate
- **Financial Risk:** Recognising that climate risk will increasingly be incorporated into risk assessments and asset valuations, which could have a material impact on the attractiveness of existing and potential transactions impacting the Group's balance sheet and fund investments
- **Legal, Regulatory and Tax Risk:** Assessing increasing legal and regulatory requirements in relation to climate risk and ensuring that (where relevant) such requirements are embedded in our processes and disclosures
- **Operational Resilience Risk:** Recognising and understanding the potential for business disruption caused by climate change, including within the Group's key third-party providers, to ensure that the Group can adapt and increase our resilience where appropriate

1. Materiality for this assessment was £25m
2. 99% of capital raised that is classified under SFDR, from 1 April 2021 to 31 March 2022

Reputational risk, whilst not a principal risk, is also an important consideration and the Group recognises the increased scrutiny of its actions following a change in stakeholder perceptions of climate-related action or inaction.

Further details of the Group's risk management framework, including the processes used to determine which risks could have a material financial impact on the Group, are set out on page 57.

Fund management activities

For relevant investments, setting climate-specific targets and KPIs is a core component of our ESG engagement process, which we monitor and track over the life of the investment.

Our approach to identifying and assessing climate risk is summarised by key strategy below:

	Structured and Private Equity			Private Debt	Real Assets		Credit
	European and Asia Pacific Corporate	Strategic Equity	Fund of funds/ Secondaries	Senior Debt Partners	Real Estate debt and equity	Infrastructure Equity	Structured Credit CLOs Multi-Asset Credit
Pre-investment							
– Bespoke Climate Risk Assessment Tool	Y	Y	Y	Y	Y[2]	Y	Y
– Enhanced internal climate due diligence (as needed)	Y	Y	Y	Y	Y	Y	Y
– External climate due diligence (as needed)	Y	Y		Y[1]	Y	Y	
Post-investment							
– Ongoing portfolio monitoring process (incl. RepRisk, a third-party ESG research tool)	Y	Y	Y	Y	Y	Y	Y
– Annual ESG survey (including climate change)	Y	Y		Y	Y[2]	Y	
– Investment-specific climate-related KPIs	Y				Y[2]	Y	
– Investment-specific targeted SBT engagement	Y					Y	
– Bi-annual climate risk assessment and scenario analysis (see page 36)	Y	Y	Y	Y		Y	Y

1. ESG due diligence supplied by the third-party equity investment partner
2. Real Estate strategy conducts environmental due diligence as standard and is in the process of standardising its Annual ESG Survey. ICG Real Estate Debt Fund VI has specific climate targets.

(b) Describe the organization's processes for managing climate-related risks.

Further details of the Group's risk management framework, including the processes used to determine which risks could have a material financial impact on the organisation, are set out on page 57.

Group

The Group's exposure to climate risk arising from its co-investment portfolio is managed in line with our standard fund management activities, as outlined above.

All employees benefit from full remote working capability which minimises business risk and reduces reliance on our office locations for business continuity in the unlikely event of a physical climate risk being realised. In addition, 100% of our IT infrastructure systems and data resides in the cloud and the Group leverages cloud services from multiple providers, further reducing concentration risk.

The Group's consistent approach to the management of climate change is further demonstrated by a Sustainable Fit Out policy which sets out our expected minimum standards for the sustainable fit-out, as necessary, of offices to ensure lower carbon development and enable the reduction of carbon emissions during operation. This policy is applied to all new material leases into which the Group enters.

Fund management activities

The Group incorporates climate-risk assessment into the investment process for all funds. Where the Group has the necessary level of and influence over management, we undertake specific carbon footprint analysis and agree with the portfolio companies' management their bespoke climate-related targets. For relevant investments, the investment team and RI team engage directly with the board and management teams to help them calculate their carbon emissions, and then set emissions reduction targets aligned with the latest climate science and develop strategies to help deliver these targets. We support portfolio companies to get these targets approved and validated by the SBTi.

Across our investment portfolio we have integrated the review, assessment and monitoring of climate change considerations into our investment processes. In line with our commitment to support a more climate-resilient economy, in 2021 we introduced new prohibitions on any direct investments in companies that generate the majority of their revenue from:

- Coal exploration, extraction, production, transportation, power generation, distribution and/or storage
- Oil (including oil from tar sands) exploration, extraction, production, transportation, power generation, distribution and/ or storage; and
- Gas exploration, extraction and/or production

@ **Please refer to ICG's 2022 Climate Policy and Responsible Investing Policy for further details including our complete Exclusion List.**

For each potential investment opportunity, we identify whether there are any material climate change-related issues associated with the investment. We use our CAT to guide this process. The tool assesses potential climate risk associated with an investment by evaluating industry sub-sector, low-carbon economy transition, and physical climate risks. The tool draws upon various data sources (including the TCFD, Sustainability Accounting Standards Board (SASB), ThinkHazard, Climate Change Performance Index and the World Bank Carbon Pricing Dashboard which are regularly reviewed and updated as necessary. The CAT is a core component of our investment process; it is embedded within our mandatory ESG Screening Checklist, and the result of the assessment is recorded in each investment proposal for consideration by the IC. This ensures that exposure to climate-related risks and opportunities has been explicitly assessed by the relevant IC and considered when making the investment decision. Where investment opportunities are identified as having a higher potential exposure to climate-related risks, additional analysis is completed during the pre-acquisition due diligence process.

In situations where we have significant influence over portfolio companies, external ESG due diligence, including a specific analysis of climate-related risks and opportunities, is conducted as standard and the results incorporated in the IC review process. Following the enhancement of our Responsible Investing Policy in February 2021, we began to systematically track deals declined for climate-related reasons. Between February 2021 and March 2022, we have declined 67 deals where climate-related risk was a contributing factor to the decision. These include investments with significant exposure or dependency on fossil fuel-related products or industries. Where material climate-related issues are identified, the IC may decide not to proceed; may request further action is taken to ensure these issues are properly investigated; or may require further actions to be taken following the closing of an investment.

Following investment, material climate change-related risks and opportunities are monitored and reviewed as a standard part of the portfolio monitoring process. Depending on the nature of the issue and the level of influence, we may ask portfolio companies to disclose to us how they manage these issues through our annual ESG survey. Climate change is an integral part of this survey which monitors portfolio companies' governance and management of climate change, as well as their performance and plans for improvement. We publish summary results of our annual ESG survey in our Sustainability and People Report.

To read our Sustainability and People Report.

(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Group

Climate-related risks are considered within the Group's wider risk management framework (see page 57) and section (b) above.

METRICS AND TARGETS

(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Fund management activities

We undertake a carbon footprint analysis of key funds in our Structured and Private Equity and Real Assets asset classes, and the results of this analysis have been incorporated into our ESG reporting to clients.

During this financial year, we enhanced our monitoring and transparency of climate-related matters across our Private Debt and Credit asset classes with the development of a bespoke ESG and Climate Factsheet for our clients. This includes a Fund Climate risk assessment along with key climate metrics recommended by the TCFD for Asset Managers, such as portfolio carbon footprint and weighted average carbon intensity.

We are focused on decarbonising our relevant portfolio, integrating climate risk assessments into our investment decisions, and improving and monitoring energy efficiency and reducing emissions at both portfolio company and fund level.

1. Exposure by asset class to heightened climate-related risk

This metric supports the Group's management of climate-related risk by asset class

Fund Management activities

The table below discloses investments with heightened exposure to climate risk by asset class, based on investments identified as very high risk using the CAT. We take a conservative approach to climate risk assessment and the score is a combination of transition (sector and value chain) and physical risk, taking into account the geographical location of company headquarters and key operational assets. The CAT identifies the following sectors as having a heightened exposure to climate risk: energy, transportation, materials and building and agriculture, food and forestry sectors. The value of investments with heightened exposure to climate-related risks within our portfolios[3] is:

	Structured and Private Equity[1]	Private Debt	Real Assets[2]	Credit[3]
% of portfolio by unrealised value	3%	0%	0%	6%
% of portfolio companies assessed as material	3%	0%	0%	2%

1. Includes the top 30 largest investments of ICG Enterprise Trust Plc (as at 31 July 2021).
2. ICG Infrastructure Equity I only
3. Excluding Structured credit strategies

(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Group

We disclose the Group's GHG emissions in alignment with SECR requirements. We quantify and report our Scope 1 and Scope 2 GHG emissions and voluntarily report our Scope 3 indirect GHG emissions from business travel (see page 42).

(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The following targets and underlying metrics are used by the Group to assess climate-related risk and opportunities, support the Group's Net Zero commitment and are directly linked to the Group's approved and validated science-based targets:

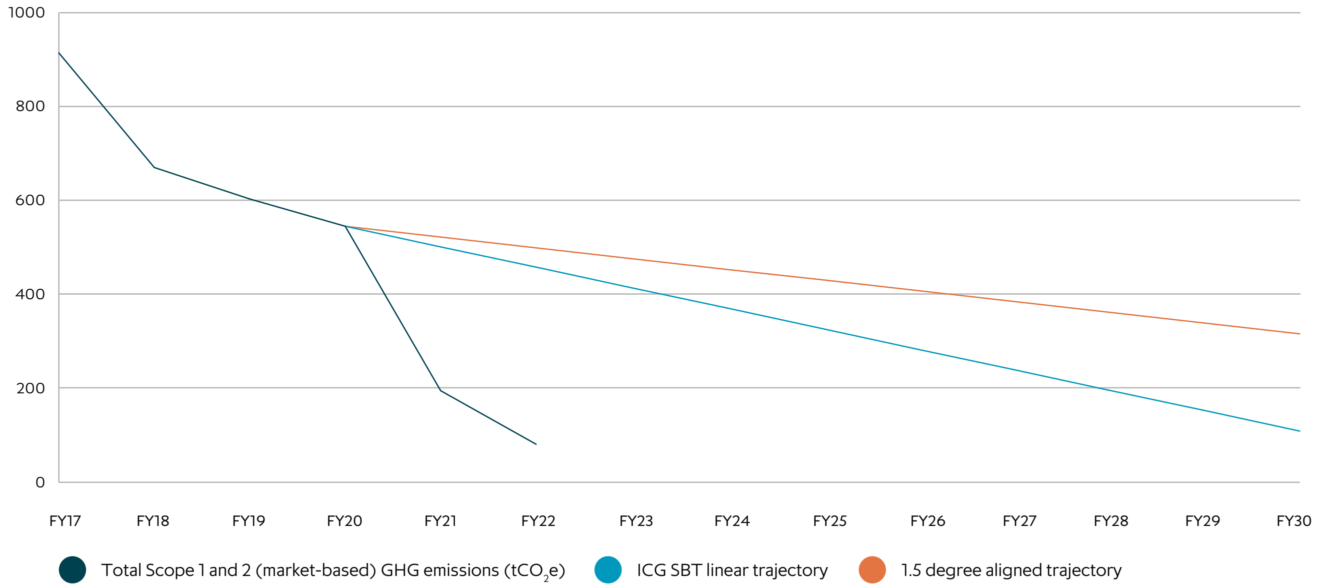
1. Total Scope 1 and Scope 2 GHG emissions

- This metric supports our operational GHG emissions reduction target, which has been approved by the SBTi, to reduce the Group's direct Scope 1 and Scope 2 GHG emissions by 80% by 2030 from a 2020 base year
- The chart below illustrates the Group's emission reduction versus our SBT trajectory and a 1.5 degree aligned trajectory (see page 42 for our annual disclosure table)

2. Relevant investments with SBTi-approved science-based targets (%)

- The Group's target for 100% of relevant investments to have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026, was approved by the SBTi in November 2021. This supports our ambition to reduce portfolio emissions
- Relevant investments were 25.7% of AUM as at 31 March 2022

Group Scope 1 & 2 (market-based) greenhouse gas (GHG) emissions (tCO_2e)



3. As at 31 December 2021 or the latest available at the time of assessment

FUTURE PRIORITIES

We are pleased with our progress to date but recognise the way we address certain TCFD recommendations could be further enhanced. As the Group looks to increase its investment and focus on climate-related risks and opportunities, our future priorities will include:

- Continuing to build on existing knowledge at the Board-level to support its work on overseeing climate-related risks and opportunities within the Group's overall business strategy
- Continuing to monitor progress against the Group's Net Zero commitment and particularly the Group's approved science-based targets
- Further embed climate-related risk and opportunities in due diligence, where information is available, to provide more detailed understanding of the impacts of physical climate change and the transition to a lower carbon economy. The Group recognises this is a rapidly evolving area, and improved access to standardised information will facilitate improved due diligence
- Enhancing reporting to clients in respect of climate-related matters through the deployment of our standardised ESG disclosure framework, including fund-level climate metrics, particularly across investing funds
- Expanding product-specific climate-related disclosures to include Scope 3 emissions reporting
- Continuing to assess how each investment strategy might be affected by the transition to a lower carbon economy
- Continuing to closely monitor developments in TCFD disclosures across our market to ensure we can provide information which suitably meets stakeholder requirements and market practice

Metrics: working with peers to improve industry-wide disclosure

One of the challenges facing private market investors is the lack of consistent, comparable climate-related data. As a member of private equity investor-led Initiative Climat International (iCI), we actively participate in three working groups focusing on Carbon Footprinting, Regulation and Net Zero

As part of the Net Zero working group, during 2021, we engaged directly with the SBTi, and were a member of the industry-wide Expert Advisory Group, to develop and road test sector-specific science-based target guidance for the private equity industry. In order to improve and standardise carbon disclosures we have worked with our peers to develop guidance for the private equity industry to measure and report on Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

We are also an active member of the CDP Private Markets Technical Working Group. The aim is to improve the availability and consistency of climate-related metrics and facilitate the benchmarking of climate-related data across the private market

ANNUAL GHG EMISSIONS STATEMENT

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

GHG Emissions Performance

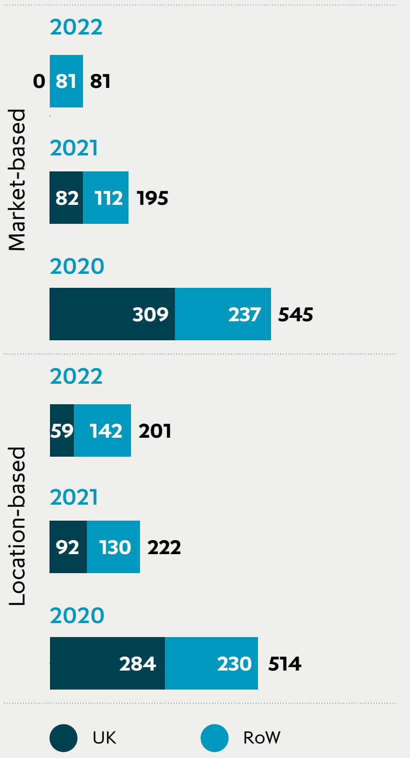
During the reporting period **1 April 2021** to **31 March 2022**, our measured Scope 1 and Scope 2 (market-based) emissions totalled 81 tCO_2e. This equated to 0.13 tCO_2e/FTE or 0.08 tCO_2e/ £m revenue.

Office and business travel-related GHG emissions:

GHG emissions (tCO_2e)		2022	2021	2020
Direct emissions (Scope 1)	Combustion of fuel and operation of facilities	**7**	11	66
Indirect emissions (Scope 2)	Purchased electricity/heat (location-based)[1]	**194**	211	448
	Purchased electricity/heat (market-based)	**74**	184	479
Indirect emissions (Scope 3)	Business travel (flights, rail, vehicles & taxis)	**749**	41	2,640
	Water supply and waste generation (offices)	**4**	0.6	8
	Total Scope 3	**753**	42	2,647

1. 2021 Scope 2 (location-based) emissions for the UK have been restated following an update of the electricity consumption data. Therefore, the UK total found here will differ from previously reported.

Scope 1 & 2 emissions (tCO_2e)



Overall, our Scope 1 and 2 (market-based) emissions decreased by 58% this reporting period, primarily due to a rise in the number of offices procuring 100% renewable electricity. This is despite a growth in the number of employees in the Group and their return to more frequent work from the office. As shown in the next section, our offices are consuming a comparable amount of electricity, which explains why total Scope 2 (location-based) emissions have only decreased slightly as national energy mixes continue to decarbonise.

With business travel rebounding, Scope 3 emissions have risen though still significantly below pre-Covid-19 reporting periods. Air travel emissions make up 96% of the Scope 3 total. Water consumption and waste generation in offices has also increased as people are not working from home as often as before.

Our emissions were verified to a limited level of assurance by an independent third party according to the ISO 14064-3 standard.

Metrics	2022	2021	2020
Scope 1 & 2 (market-based) emissions per FTE[2] (tCO_2e)	**0.13**	0.35	1.07
Scope 1 & 2 (market-based) emissions per £M revenue (tCO_2e)	**0.08**	0.24	1.32

Selected fund investments:

GHG emissions (tCO_2e)	2022	2021	2020
Measured emissions related to fund investments[3]	**234,102**	54,997	–

2. FTE figures include all staff: permanent employees and contractors.
3. These emissions represent the total absolute Scope 1 and 2 (market-based) emissions of the portfolio companies in ICG Europe Fund VII and ICG Infrastructure Equity I. Figures reported for 2022 reflect a more comprehensive coverage of Scope 1 and 2 emissions related to the portfolio companies in each fund as well as an increase in the number of portfolio companies in each fund compared to 2021.

Energy Consumption

During the year, our total fuel and electricity consumption in our operations totalled 677 MWh, of which 41% was consumed in the UK. The split between fuel and electricity consumption is displayed below; with 58% of our electricity from renewable sources (vs 23% in the previous year).

Energy Consumption (kWh)	2022	2021	2020
Electricity	650,729	686,572	1,468,177
Of which, from renewable sources	379,161	154,744	–
Fuels[1]	25,992	37,927	316,156

1. Natural gas and transportation fuels (petrol and diesel).

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. We consolidate our organisational boundary according to the operational control approach, which includes all our offices around the world. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year are:

- **Scope 1:** Natural gas combustion within boilers and refrigerants from air-conditioning equipment
- **Scope 2:** Purchased electricity consumption for our own use
- **Scope 3**: Business travel (grey fleet, rail, taxis, and air), water supply, and waste generation

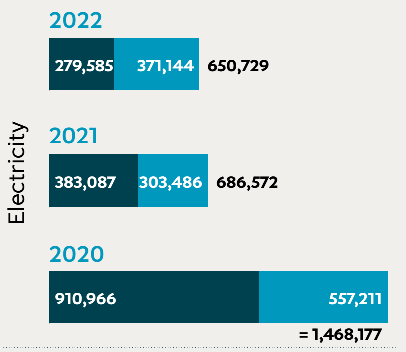
In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year as a proxy.

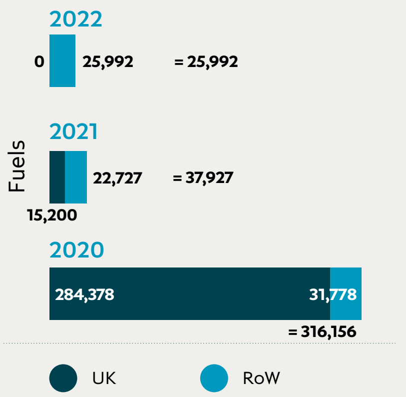
The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

Consumption data has been converted into CO_2 equivalent using:

- UK Government 2019, 2020 and 2021 Conversion Factors for Company Reporting
- International Energy Agency international electricity conversion factors (to calculate emissions from corresponding activity data)

Energy Consumption (kWh)





NON-FINANCIAL INFORMATION STATEMENT

The Group complies with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. This information is intended to help stakeholders better understand how we address key non-financial matters. This aligns with the work we already do in support of the Taskforce on Climate-related Financial Disclosures, UN Global Compact and UN Sustainable Development Goals (see pages 28 and 32). Further details of the activities we undertake in supporting these frameworks are available on our website. Details of our principal risks and how we manage those risks are included in the Strategic Risk section.

Employee matters

We aim for employees to have a sense of wellbeing and promote an inclusive working culture where they can freely question practices and suggest alternatives. We support agile working and offer access to a range of flexible benefits. We ensure our levels of overall remuneration are without gender bias and designed to attract, develop and retain talented employees.

Employee diversity

As at 31 March 2022, the Group has a permanent employee population of 525 of which 184 are women and 341 are men. There are three Executive Directors including one woman and one from an ethnic background. Of the 17 senior managers reporting to the Executive Directors (including those based outside the UK), 35% are women.

Board diversity

Biographical details of the Board are set out on page 70 with information on diversity on page 75.

Measurement

The Board approved a target of increasing the number of women in UK senior management to 30% by 2023 and a shareholder KPI has been established to reinforce a culture of inclusivity which supports a diverse and thriving workforce and lays the foundation for sustainable success (see page 19).

We have published our gender pay gap data which is set out on page 107.

Human rights and social matters

We do not tolerate discrimination of any nature and comply fully with appropriate human rights legislation.

Policies and standards

We are committed to preventing any form of Modern Slavery and human trafficking. We seek to ensure there are no such practices in our business and supply chain. During the year, we have carried out employee training and awareness raising and continued to include anti-slavery considerations in supplier selection and due diligence. We have also conducted a review of our own business, our portfolio companies that are covered by our statement, and material suppliers. No concerns were raised in any of our due diligence.

@ **The Group's full policy on Modern Slavery can be found at www.icgam.com.**

Anti-bribery and corruption

We are committed to ethical business across all our operations and investments. Our policy is never to offer, request or receive bribes, and to refuse any request to pay them. We actively seek to reduce opportunities for corruption. We do not invest in companies or projects that engage in corruption or appear to have a high risk of such behaviour and we investigate and deal with all reported or identified cases of corruption in line with our policy. The policy applies to all entities within the Group wherever we do business.

Environmental matters

The Group's disclosures in response to the recommendations of the Task Force on Climate-related Financial Disclosures are set out on page 32.

The Group's disclosures in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements are set out on page 42.

A DISCIPLINED APPROACH TO INVESTING FOR FUTURE GROWTH

Vijay Bharadia
Chief Financial and Operating Officer

The Board and management monitor the financial performance of the Group on the basis of Alternative Performance Measures (APM), which are non-IFRS measures. The APM form the basis of the financial results discussed in this review, which the Board believes assists shareholders in assessing their investment and the delivery of the Group's strategy through its financial performance.

The substantive difference between APM and IFRS is the consolidation of funds and related entities deemed to be controlled by the Group, which are included in the IFRS consolidated financial statements but excluded from the APM.

Under IFRS, the Group is deemed to control and therefore consolidate entities where it can make significant decisions that can substantially affect the variable returns of investors. This has the impact of including the assets and liabilities of these entities in the consolidated statement of financial position and recognising the related income and expenses of these entities in the consolidated income statement. Details of the reconciliation of APM to IFRS can be found in note 4 to the IFRS financial statements on page 146.

The Group's profit after tax on an IFRS basis was above the prior year at £525.1m (FY21 £461.0m). On the APM basis it was also above the prior year at £538.0m (FY21 £462.7m).

AUM and fund performance

Total AUM

Total AUM for the Group grew 21% during the year (26% on a constant currency basis) and at 31 March 2022 was $72.1bn (31 March 2021: $59.6bn). The balance sheet investment portfolio (excluding warehoused assets) accounted for 5.0% of the Total AUM (31 March 2021: 5.8%).

Third-party AUM

Third-party AUM grew 22% (27% on a constant currency basis), or $12.3bn, during the period to $68.5bn (FY21: $56.2bn).

Third-party AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party AUM
At 1 April 2021	14,548	17,289	6,317	17,998	**56,152**
Additions	11,064	4,239	3,017	5,064	**23,384**
Realisations	(2,642)	(860)	(576)	(4,607)	(8,685)
FX and other	(463)	(862)	(730)	(328)	(2,383)
At 31 March 2022	**22,507**	**19,806**	**8,028**	**18,127**	**68,468**
Change $m	7,959	2,517	1,711	129	**12,316**
Change %	55%	15%	27%	1%	**22%**
Change % (constant exchange rate)[1]	61%	19%	34%	4%	**27%**

1. Please see page 56 for an explanation of constant exchange rate calculation methodology.

At 31 March 2022 we had $17.3bn of third-party AUM available to deploy in new investments, $10.1bn of which is not yet paying fees but will do so when the capital is invested or enters its investment period.

Additions to third-party AUM include $0.9bn of capital that we have called during the period from vintages of funds that have previously had a step-down and are therefore reflected in third-party AUM on a net invested cost basis. Of this, $0.7bn was in Structured and Private Equity and $0.2bn in Private Debt. This is not included in the fundraising performance discussed below.

The movement in "FX and other" during the year of $(2.4)bn was largely due to the strengthening of the US dollar against the euro during the year.

Fundraising

- We raised $22.5bn of third-party AUM during the period, a record amount for ICG. Fundraising was strong across existing and first-time strategies
- Structured and Private Equity was the key driver of fundraising, contributing $10.4bn. Within this, Europe VIII raised $7.7bn from clients and Strategic Equity IV raised $1.5bn during the year. At 31 March 2022, Strategic Equity IV's total fund size was $3.0bn. Both funds are still raising, and we expect to hold final closes for them during FY23
- Private Debt raised a total of $4.1bn, including $2.9bn across two mandates for our SDP strategy, our two largest-ever single-client mandates within ICG

AUM drives visible and contractual management fee income

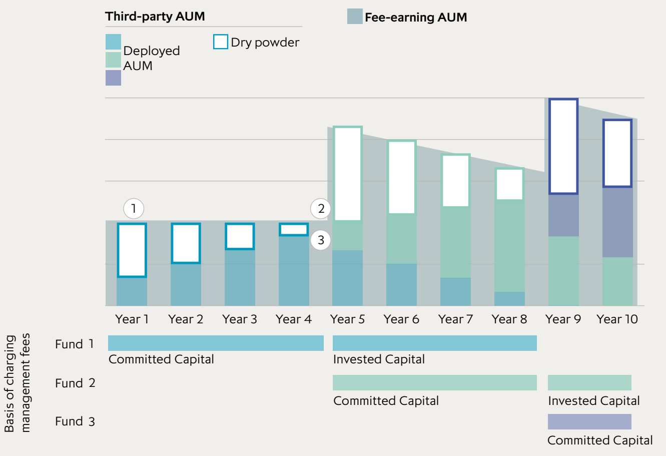
Management fees for closed-end funds are charged on one of two bases:

- Fees on committed capital; or
- Fees on original cost of invested capital

Management fees for closed-end funds are not subject to market movements

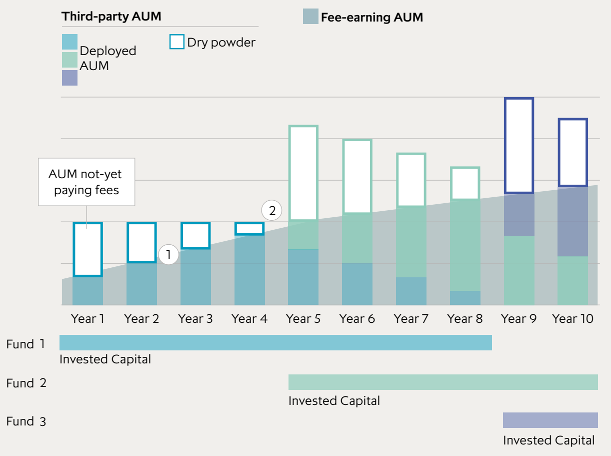
As subsequent vintages of funds are raised, we generate fees from multiple vintages concurrently, creating a compounding fee stream profile.

A strategy charging fees on committed capital



1. Fees are charged on total committed capital during a fund's investment period. *All commitments to the fund are charged fees from the date of the 'first close'.*
2. Successor funds are launched typically once a fund is 85 – 90% invested.
3. At this point, the previous vintage of the fund 'steps down' to charge fees on invested capital, potentially with a reduction in fees of ~25bps. *As the fund realises investments, the invested capital base is reduced.*

A strategy charging fees on invested capital



1. Fees are charged on the original cost of total invested capital for the entirety of the fund's life. The fee-earning AUM therefore increases as capital is deployed, and reduces as the fund realises investments.
2. No 'step down' in fees when a successor fund is launched.

+ **In addition to management fees, the Group receives performance fees from certain funds if performance thresholds are met: see page 50**

- Real Assets raised $3.0bn, with real estate debt raising a total of $1.6bn across a number of strategies. In addition Infrastructure Equity I raised $1.0bn and Sale and Leaseback I raised $0.5bn during the year. Both funds had final closes during the period (with total fund sizes of €1.5bn / $1.7bn and €1.2bn / $1.3bn at 31 March 2022 respectively), and both represent very strong first-time funds, embedding the future growth potential of those strategies
- Credit raised $5.1bn, of which $0.9bn was in liquid funds and $4.2bn was in CLOs. During the year we raised three new CLOs, accounting for $1.2bn of fundraising. We also took advantage of attractive market conditions by amending the terms of eight existing CLOs to extend the duration of our management fees and lock-in enhanced future returns. This accounted for $3.0bn of fundraising, for which we recorded an equivalent level of realisations

Realisations

- We continued to take advantage of attractive valuations and elevated levels of market activity to anchor fund performance by realising assets as appropriate. We had $8.7bn of realisations within third-party AUM and $11.0bn of realisations of third-party fee-earning AUM (of which $6.4bn was from direct investment funds)
- Structured and Private Equity accounted for $2.6bn of realisations within both third-party AUM and third-party fee-earning AUM, with particularly notable activity in Europe VI and Europe VII (2015 and 2018 vintages respectively)
- Realisations of third-party AUM in Private Debt were $0.9bn, whilst realisations within third-party fee-earning AUM were $2.8bn. The difference between the two is that the majority of realisations were from funds and mandates within Senior Debt Partners where we can re-deploy the capital we realised. While we do not earn fees on uninvested capital on these funds and mandates, and so it is no longer within third-party fee-earning AUM, it remains within our third-party AUM (and we will earn fees on the capital once it is re-deployed)
- Credit accounted for $4.6bn of realisations within both third-party AUM and third-party fee-earning AUM, of which $3.0bn were due to the eight CLOs we amended during the year and for which we recorded an equivalent level of fundraising. The remainder primarily came from liquid credit ($1.2bn)

Deployment

During the year we deployed a total of $15.0bn of AUM on behalf of our direct investment funds (FY21: $7.2bn), split between our asset classes as follows:

$m	FY22
Structured and Private Equity	**8,027**
Private Debt	**4,843**
Real Assets	**2,280**
Group	**14,950**

- Within Structured and Private Equity we saw particularly strong activity in our European Corporate strategies ($5.2bn) and Strategic Equity ($2.5bn)
- Within Private Debt, deployment was driven by Senior Debt Partners ($4.3bn from combination of co-mingled funds and SMAs)
- Within Real Assets, real estate debt strategies deployed $1.2bn, Sale and Leaseback I deployed $0.5bn and Infrastructure Equity deployed $0.2bn

Third-party fee-earning AUM

Third-party fee-earning AUM grew 25% (30% on a constant currency basis), or $11.6bn, during the period to $58.3bn (FY21: $46.7bn).

Third-party fee-earning AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party fee-earning AUM
At 1 April 2021	13,878	10,315	5,331	17,205	46,729
Funds raised: fees on committed capital	9,598	–	1,388	–	10,986
Deployment of funds: fees on invested capital	1,534	4,843	1,403	5,064	12,844
Total additions	11,132	4,843	2,791	5,064	23,830
Realisations	(2,642)	(2,756)	(1,005)	(4,607)	(11,010)
FX and other	(268)	(449)	(244)	(253)	(1,214)
At 31 March 2022	**22,100**	**11,953**	**6,873**	**17,409**	**58,335**
Change $m	8,223	1,637	1,542	204	11,606
Change %	59%	16%	29%	1%	25%
Change % (constant exchange rate)[1]	66%	20%	35%	5%	30%

1. Please see page 56 for an explanation of constant exchange rate calculation methodology.

Deployment levels of key funds

Deployment levels are lead indicators of our potential fundraising timetable. The deployment level for funds that charge fees on invested capital also has an impact on our profitability. The table below details the deployment levels for funds whose fundraising cycle for the subsequent vintage is dependent on the deployment level of the current vintage (excluding funds that were still fundraising at 31 March 2022):

	Percentage deployed at 31 March 2022
Fees charged on committed capital	
Structured and Private Equity	
Europe Mid-Market I	**64%**
Real Assets	
Infrastructure Equity I[1]	**32%**
Sale and Leaseback I	**74%**
Fees charged on invested capital	
Private Debt	
North American Private Debt II	**74%**
Senior Debt Partners IV[1]	**64%**

1. Co-mingled fund, excluding mandates, and, for Senior Debt Partners IV, excludes mandates and undrawn commitments.

To ensure continuity between two fund vintages, ICG's fundraisings usually follow a cycle whereby successor vintages start investing when the predecessor fund is close to being fully invested. This means that the investment period of the predecessor fund typically ends when approximately 90% of its total commitments are invested (with the remaining commitments being used primarily for add-on acquisitions and other capital injections as well as for ongoing expenses).

Performance of key ICG funds

Our funds have continued to perform very strongly this year. We saw particularly significant value creation across all our strategies within Structured and Private Equity. Equity strategies within Real Assets (Sale and Leaseback I and Infrastructure Equity I) are at relatively early stages of their fund lives, and both are showing very promising signs at this point. Our debt strategies are performing well, and the floating-rate nature of many of these strategies is attractive to clients in the current environment, who benefit from rising rates.

We take a disciplined approach to portfolio management. This is reflected in our core sectors such as software, healthcare services, education and renewable energy, as well in how we structure our transactions (typically with lower leverage and a focus on downside protection). Across all our strategies, we ensure that our portfolio companies are appropriately hedged to protect them against interest rate rises, and this is an area we have been spending time on during the last twelve months.

Gross MOIC (Multiple of Invested Capital) is an indication of the returns our funds have made before fees, including both realised and unrealised returns, and therefore of the value that we have created. The target MOIC will vary between strategies and within strategies, and newer vintages with more recent investments will typically have a lower MOIC as the investments have not had time to grow in value. The Gross MOIC of key ICG funds is set out below:

	Investment period started	31 March 2022	31 March 2021
Structured and Private Equity			
Europe V	September 2011	**1.8x**	1.8x
Europe VI	March 2015	**2.1x**	1.9x
Europe VII	April 2018	**1.7x**	1.5x
Europe VIII	April 2021	**1.1x**	–
Europe Mid-Market I	May 2019	**1.2x**	1.1x
Asia Pacific III	July 2014	**2.1x**	1.7x
Asia Pacific IV	February 2020	**1.4x**	1.2x
Strategic Secondaries II	March 2016	**2.8x**	1.8x
Strategic Equity III	November 2018	**2.2x**	1.5x
Strategic Equity IV	March 2021	**1.3x**	–
Private Debt			
Senior Debt Partners II	March 2015	**1.3x**	1.2x
Senior Debt Partners III	December 2017	**1.2x**	1.2x
Senior Debt Partners IV	January 2020	**1.1x**	1.1x
North America Private Debt I	June 2014	**1.4x**	1.4x
North America Private Debt II	January 2019	**1.2x**	1.2x
Real Assets			
Real Estate Partnership Capital III	December 2012	**1.4x**	1.4x
Real Estate Partnership Capital IV	February 2015	**1.3x**	1.3x
Real Estate Partnership Capital V	April 2018	**1.2x**	1.2x
Infrastructure Equity I	March 2020	**1.2x**	1.1x
Sale & Leaseback I	September 2019	**1.3x**	1.0x

Overview: Group financial performance

Third-party fee income grew 34% to £448.7m, driving a 32% increase in our Fund Management Company (FMC) revenue to £512.8m. FMC profit before tax was £286.2m, an increase of 41% compared to FY21, resulting in an FMC operating margin of 55.8% (FY21: 52.1%).

Strong performance of our funds led to a significant net investment returns (NIR) for the co-investment by the Investment Company (IC) of £485.7m, driven predominantly by Structured and Private Equity.

In aggregate the Group reported profit before tax of £568.8m (FY21: £507.7m).

Group earnings per share grew by 16% to 187.6p (FY21: 162.3p).

We remain committed to our progressive dividend policy, and the proposed final dividend of 57.3p per share brings the total dividend per share to 76.0p for FY22, an increase of 36% compared to FY21.

Our balance sheet remains strong and well capitalised, with net gearing of 0.45x, total available liquidity of £1,311.5m and a net asset value per share of 696p. We have a long-term objective to have zero net gearing.

Recognition of performance fees

In addition to management fees (see page 46), the Group receives performance fees from certain funds if performance thresholds are met (see page 201).

Performance fees are a relatively small but important part of the Group's revenue.

The Group receives approximately 20 – 25% of performance fees from the funds that it manages, with the remainder going to the investment teams.

Over the medium term we expect performance fees to be ~10 – 15% of our total third-party fee income.

Accrual of unrealised performance fees is a matter of judgement (see note 3 on page 144) and we take a conservative approach to minimise the possibility of any significant reversals.

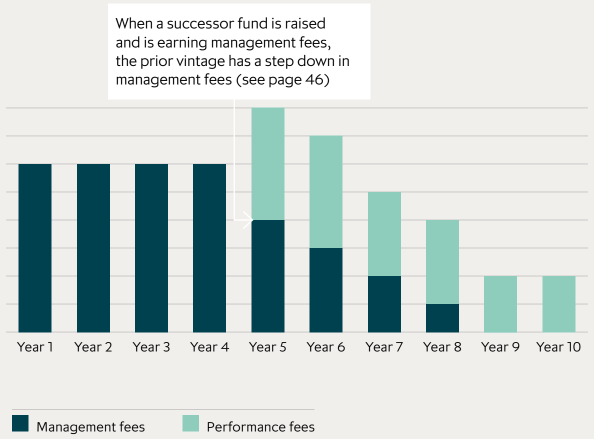
Illustrative recognition of performance fee accrual under IFRS for a fund that charges fees on committed capital (see page 144)

Performance fees are recognised only if it is highly probable that there will not be a significant reversal in the future.

In practice recognition generally occurs after a number of realisations have been made.

Timing of recognition depends on deployment, exits and fund performance.

Where the hurdle date is expected to be reached within 24 months of the year end, a constraint will be applied to the performance fee that is recognised but not yet paid. For FY22, this constraint was 46% (see page 145).



Certain funds that charge fees on invested capital also charge performance fees, which the Group benefits from. The process for recognising performance fees in these funds is the same as outlined above, and the illustrative profile in the graph would change to reflect the management fee being charged on invested. For more detail on how we charge management fees (see page 46).

£m unless stated	31 March 2022	31 March 2021	Change %
Third-party management fees	**392.7**	280.5	40%
Third-party performance fees	**56.0**	53.2	5%
Third-party fee income	**448.7**	**333.7**	**34%**
Other income	**64.1**	54.8	17%
Fund Management Company revenue	**512.8**	**388.5**	**32%**
Fund Management Company operating expenses	**(226.6)**	(186.2)	22%
Fund Management Company profit before tax	**286.2**	**202.3**	**41%**
Fund Management Company operating margin	**55.8**	52.1%	7%
Investment Company revenue	**451.7**	419.0	8%
Investment Company operating expenses	**(118.6)**	(58.1)	104%
Interest expense	**(50.5)**	(55.5)	(9%)
Investment Company profit before tax	**282.6**	**305.4**	**(7%)**
Group profit before tax	**568.8**	**507.7**	**12%**
Tax	**(30.8)**	(45.0)	(32%)
Group profit after tax	**538.0**	**462.7**	**16%**
Earnings per share	**187.6p**	162.3p	16%
Dividend per share	**76.0p**	56.0p	36%
Net gearing	**0.45x**	0.63x	(0.18)x
Net asset value per share	**696p**	566p	23%

Fund Management Company

The Fund Management Company (FMC) is the Group's principal driver of long-term profit growth. It manages our third-party AUM, which it invests on behalf of the Group's clients.

During the year the FMC generated profit before tax of £286.2m, a 41% increase compared to FY21 (FY21: £202.3m).

Third-party fee income

Third-party fee income grew 34% to £448.7m in FY22 (FY21: £333.7m).

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Structured and Private Equity – management fees	**206.2**	131.4	57%
Structured and Private Equity – performance fees	**47.3**	42.0	13%
Structured and Private Equity	**253.5**	**173.4**	**46%**
Private Debt – management fees	**66.5**	52.9	26%
Private Debt – performance fees	**6.1**	2.9	110%
Private Debt	**72.6**	**55.8**	**30%**
Real Assets – management fees	**61.4**	36.5	68%
Real Assets – performance fees	**0.1**	–	–
Real Assets	**61.5**	**36.5**	**68%**
Credit – management fees	**58.6**	59.7	(2%)
Credit – performance fees	**2.5**	8.3	(70%)
Credit	**61.1**	**68.0**	**(10%)**
Third-party fee income	**448.7**	**333.7**	**34%**
Of which management fees	**392.7**	**280.5**	40%
Of which performance fees	**56.0**	**53.2**	5%

Our third-party fee income is largely comprised of management fees, which have a high degree of visibility and are directly linked to our third-party fee-earning AUM. The increase in management fees during FY22 was largely due to fundraising for Europe VIII and Strategic Equity IV, both of which charge fees on committed capital. Real Assets also saw a notable year-on-year increase due to fundraising for Sale and Leaseback I and Infrastructure Equity I.

Management fees during FY22 include a total of £14.3m catch-up fees, primarily due to Sale and Leaseback I and Infrastructure Equity I.

The effective management fee rate on our third-party fee-earning AUM at the period end was 0.88% (FY21: 0.81%). The increase was due to the substantial fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital. The fee rate is split between asset classes as follows:

	31 March 2022	31 March 2021
Structured and Private Equity	**1.24%**	1.21%
Private Debt	**0.83%**	0.82%
Real Assets	**0.87%**	0.88%
Credit	**0.47%**	0.45%
Group	**0.88%**	**0.81%**

Performance fees are a relatively small but integral part of our revenue, and during the five years to 31 March 2022 accounted for an average of 12.3% of our third-party fee income. In FY22 performance fees totalled £56.0m (FY21: £53.2m) and accounted for 12.5% (FY21: 16.0%) of our third-party fee income.

Third-party fees are 88% denominated in euros or US dollars. The Group's policy is to economically hedge non-sterling fee income to the extent that it is not matched by costs and is predictable. Third-party fee income in FY22 included a negative impact of £(14.7)m due to FX (FY21: £(1.6)m).

Other income

The FMC recorded dividend receipts of £38.0m (FY21: £33.4m) from investments in CLO equity and recognised £24.8m for managing the IC balance sheet investment portfolio (FY21: £21.4m).

Operating expenses and margin

Operating expenses of the FMC were £226.6m (FY21: £186.2m). The increase was driven by employee-related expenses due to the full year impact of hires made in FY21 and new hires made in FY22, as well as an increase in incentive costs due to the strong performance of the Group during the year.

During the year we have hired across the business, particularly into investment teams and corporate functions (CBS), ensuring that we have the platform to continue to execute on our growth ambitions. We expect to continue to invest in our business during FY23, as well as to see the full-year impact of the hires made in FY22.

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Salaries	**76.0**	63.3	20%
Incentive scheme costs	**87.2**	73.1	19%
Administrative costs	**55.1**	43.2	28%
Depreciation and amortisation	**8.3**	6.6	26%
FMC operating expenses	**226.6**	**186.2**	**22%**
FMC operating margin	55.8%	52.1%	7%

The FMC therefore recorded a profit before tax of £286.2m (FY21: £202.3m) and an operating margin of 55.8% (FY21: 52.1%). The operating margin for FY22 was supported by the rapid fundraising for Europe VIII as well as the catch-up fees that we earned during the year. For FY23 we continue to expect an operating margin in excess of 50%, consistent with our medium-term guidance.

Investment Company

The Investment Company (IC) invests the Group's proprietary capital to seed and accelerate emerging strategies, and invests alongside the Group's more established funds to align interests between our clients, employees and shareholders. It also supports a number of costs including for certain central functions, a part of the Executive Directors' compensation, and the portion of the investment teams' compensation linked to the returns of the balance sheet investment portfolio (Deal Vintage Bonus, or DVB).

Balance sheet investment portfolio

The balance sheet investment portfolio (excluding warehoused investments) was valued at £2,727.1m at 31 March 2022 (31 March 2021: £2,491.8m). The growth was due to valuation gains of £473.1m, largely within Structured and Private Equity. On a cash basis, it experienced net realisations during the year of £269.9m, being new investments of £748.3m and realisations of £1,018.2m.

In addition, the balance sheet had £94.6m (FY21: £64.6m) of warehoused investments at 31 March 2022 that are held in anticipation of being transferred to a third-party fund once the relevant fund has had a first close. Within the warehoused assets, we made new investments of £203.7m during the year including on behalf of LP Secondaries and Life Sciences, and transferred £187.1m to funds that were launched (primarily Real Estate Partnership Capital VI and LP Secondaries I).

The total value of the balance sheet investment portfolio at 31 March 2022 was therefore £2,821.7m (31 March 2021: £2,556.4m).

£m	As at 31 March 2021	New investments	Realisations	Gains / (losses) in valuation	FX & Other	As at 31 March 2022
Structured and Private Equity	1,564.6	509.5	(706.8)	454.2	4.4	**1,825.8**
Private Debt	158.8	37.6	(75.8)	24.6	3.6	**148.8**
Real Assets	303.8	107.7	(117.7)	(5.2)	16.4	**305.0**
Credit[1]	464.8	93.5	(117.9)	(0.5)	7.5	**447.5**
Total balance sheet investment portfolio (excluding warehoused investments)	**2,491.8**	**748.3**	**(1,018.2)**	**473.1**	**31.9**	**2,727.1**
Warehoused investments	64.6	203.7	(187.1)	7.7	5.7	**94.6**
Total balance sheet investment portfolio (including warehoused investments)	**2,556.4**	**952.0**	**(1,205.3)**	**480.8**	**37.6**	**2,821.7**

1. Within Credit, at 31 March 2022 £162.0m was invested in liquid strategies, with the remaining £285.5m invested in CLO debt (£105.6m) and equity (£179.9m)

The balance sheet investment portfolio is 45% euro denominated, 28% US dollar denominated and 19% sterling denominated. We hedge the majority of the FX exposure on our balance sheet.

Net Investment Returns

Net Investment Returns (NIR) of £485.7m (FY21: £445.1m) were primarily driven by Structured and Private Equity, and was split by asset class on an absolute basis as follows:

£m	As at 31 March 2022	As at 31 March 2021	Change %
Structured and Private Equity	**457.7**	342.1	34%
Private Debt	**24.9**	19.2	29%
Real Assets	**(4.1)**	20.9	n/m
Credit	**(0.5)**	57.9	n/m
Total net investment returns (excluding warehoused investments)	**478.0**	440.1	9%
Warehoused investments	**7.7**	5.0	54%
Total net investment returns (including warehoused investments)	**485.7**	**445.1**	**9%**

This translated into the following NIR as a percentage of the average balance sheet investment portfolio:

£m	Balance sheet investment portfolio at 31 March 2022	FY22 average balance sheet investment portfolio	FY22 net investment returns %
Structured and Private Equity	1,825.8	1,695.2	27.0%
Private Debt	148.8	153.8	16.2%
Real Assets	305.0	304.4	(1.4%)
Credit	447.5	456.0	(0.1%)
Total net investment returns (excluding warehoused investments)	**2,727.1**	**2,609.4**	18.3%
Warehoused investments	94.6	79.6	9.7%
Total net investment returns (including warehoused investments)	**2,821.7**	**2,689.0**	**18.1%**

During the five years to 31 March 2022, NIR have averaged 12.8% and we continue to expect NIR of low double-digit percentage points over the medium term.

Our NIR in FY22 were driven by a strong performance in Structured and Private Equity, which reported a 27.0% NIR in the year. The main contributors to that performance were our European Corporate, Asia Pacific Corporate and Strategic Equity strategies. Real Assets was impacted by a write-down on one legacy asset. Within Credit, FY21 was a particularly strong year given write-ups following FY20, and there was also a modest (£2.6m) negative impact on our NIR in Q4 as a result of our liquid funds mark-to-market. Structured and Private Equity and Private Debt both continued to see positive NIR in Q4 of FY22.

Over 50% of the NIR generated during the period were from assets that were sold or for which sale prices were agreed during the period.

In addition to the NIR, the IC recorded other operating income of £2.6m, paid a fee of £24.8m (FY21: £21.4m) to the FMC and recorded a fair value loss of £11.8m (FY21: loss of £7.3m) in movements on derivatives (which are now reported through the revenue line). This resulted in the IC recording revenues of £451.7m (FY21: £419.0m).

Investment Company expenses

Operating expenses in the IC of £118.6m increased from £58.1m in FY21. The increase is predominantly due to a £52.1m increase in incentive scheme costs, which were higher following the strong performance of certain investments within the balance sheet investment portfolio that are eligible for the deal vintage bonus (DVB) scheme. This relates to the performance of relevant balance sheet investments and is paid to investment professionals. It is accounted for on an accrual basis but is distributed only when assets are realised. For more information on the DVB scheme, see page 162.

Employee costs for teams who do not yet manage a third-party fund are allocated to the IC. Once those funds have a first close, the costs of those teams are reported in the FMC from that date onwards. For FY22, the costs within the Investment Company attributable to teams that have not had a first close of a third-party fund were £15.4m (FY21: £11.6m).

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Salaries	**16.7**	12.4	35%
Incentive scheme costs	**82.5**	30.4	171%
Administrative costs	**16.0**	13.0	23%
Depreciation and amortisation	**3.4**	2.3	48%
IC operating expenses	**118.6**	**58.1**	**104%**

Interest expense was £50.5m (FY21: £55.5m) and the IC therefore recorded a profit before tax of £282.6m (FY21: £305.4m).

Group

Tax

The Group recognised a tax charge of £30.8m (FY21: £45.0m), resulting in an effective tax rate for the period of 5.4% (FY21: 8.9%). The decline in the Group's effective tax rate was largely due to the mix of earnings, resulting in lower taxable income in FY22, as well as a number of reversals of previous accruals.

As detailed in note 14, the Group has a structurally lower effective tax rate than the statutory UK rate. This is largely driven by the Investment Company, where certain forms of income benefit from tax exemptions. The effective tax rate will vary depending on the income mix.

Dividend

We have a progressive dividend policy, distributing 80-100% of FMC profit after tax, to be paid twice-yearly (with the interim dividend being one-third of the previous year's total dividend).

For FY22, in addition to the 18.7p per share interim dividend, the Board is proposing a 57.3p per share final dividend. This would result in a total dividend of 76.0p per share being paid for the year, and increase of 36% compared to FY21 (56.0p). We continue to make the dividend reinvestment plan available.

Balance sheet

Balance sheet strategy

Delivering our strategy and maximising shareholder value require a clear approach to managing our balance sheet. We have a robust, diversified balance sheet and strong liquidity position that allows us to weather crises whilst continuing to invest in the business and support our long-term growth prospects.

Our approach to managing our balance sheet is structured around three priorities. These ensure we have the financial and operational flexibility to successfully execute our strategic objectives:

- Align the Group's interests with its clients
  - co-invest in our strategies alongside our clients, whilst seeking to reduce the Group's commitments over time where appropriate

- Grow third-party fee income in the FMC
  - fund and warehouse seed investments to launch new strategies that will be a source of future incremental management fees in the FMC

- Maintain robust capitalisation
  - retain strong liquidity
  - long-term objective of zero net gearing

Net debt and liquidity

At 31 March 2022, the Group had net financial debt of £893.5m, total available liquidity of £1,311.5m, and net gearing of 0.45x. Over time we expect our net gearing to continue to reduce.

In January 2022 the Group issued a sustainability-linked, €500m 8-year bond with a fixed coupon of 2.5%. This provides ample liquidity for repaying outstanding instruments as they mature, at an attractive rate below our current blended cost of debt. The bond features a coupon adjustment based on the progress ICG makes in achieving its science-based targets, underlining our commitment to achieving Net Zero by 2040 across all of our operations and relevant investments.

Net financial debt decreased during the year to £893.5m (31 March 2021: £1,027.2m), with cash increasing from £296.9m to £761.5m due to positive operating cashflow along with the proceeds from the bond issuance:

£m	
Cash at 1 April 2021	**296.9**
Net cash generated by operating activities	324.9
Debt issuance – term debt	300.6
Dividend paid	(165.7)
FX and other movements	4.8
Cash at 31 March 2022	**761.5**
Available undrawn ESG-linked RCF	**550.0**
Cash and undrawn debt facilities (total available liquidity)	**1,311.5**

The Group has a credit rating of BBB (stable outlook) / BBB- (positive outlook) from Fitch and S&P respectively. The Group's drawn debt is provided through a range of facilities and in a range of currencies (the Group hedges certain material foreign currency exposures).

All facilities, except the ESG-linked RCF, are fixed-rate instruments. The weighted average cost of term debt at 31 March 2022 was 3.29% (31 March 2021: 3.59%), with the reduction driven by the attractive rate of the bond issuance we undertook during the year as well as a repayment of a more expensive private placement that matured.

Committed debt facilities in place at 31 March 2022 were as follows:

	Currency	Drawn £m	Undrawn £m	Total £m	Interest rate	Maturity
ESG-linked RCF	**GBP**	**–**	**550.0**	**550.0**	**SONIA +1.41%**	**Jan-25 +1 yr**
Eurobond 2020	EUR	421.0	–	**421.0**	1.63%	Feb-27
ESG Linked Bond	EUR	421.0	–	**421.0**	2.50%	Jan-30
EMTN 2015	GBP	160.0	–	**160.0**	5.00%	Mar-23
Total bonds		**1,002.0**	**–**	**1,002.0**		
PP2013 – Class B	USD	48.7	–	**48.7**	6.25%	May-23
Private Placement 2013		**48.7**	–	**48.7**		
PP 2015 – Class B	USD	32.0	–	**32.0**	4.95%	May-22
PP 2015 – Class C	USD	60.9	–	**60.9**	5.21%	May-25
PP 2015 – Class F	EUR	37.0	–	**37.0**	3.38%	May-25
Private Placement 2015		**129.9**	–	**129.9**		
PP 2016 Class B	USD	86.0	–	**86.0**	4.66%	Sep-24
PP 2016 Class C	USD	41.1	–	**41.1**	4.96%	Sep-26
PP 2016 Class F	EUR	25.3	–	**25.3**	3.04%	Jan-25
PP 2016 Class E	EUR	18.5	–	**18.5**	2.74%	Jan-27
Private Placement 2016		**170.9**	–	**170.9**		
PP 2019 – Class A	USD	95.1		**95.1**	4.76%	Apr-24
PP 2019 – Class B	USD	37.1	–	**37.1**	4.99%	Mar-26
PP 2019 – Class C	USD	76.1	–	**76.1**	5.35%	Mar-29
PP 2019 – Class D	EUR	95.2	–	**95.2**	2.02%	Apr-24
Private Placement 2019		**303.5**	**–**	**303.5**		
Total Private Placements		**653.0**	**–**	**653.0**		
Total		**1,655.0**	**550.0**	**2,205.0**		

The weighted-average life of drawn debt at 31 March 2022 was 4.6 years (31 March 2021: 4.2 years). The maturity profile of our term debt is set out below:

£m	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Term debt maturing	192.0	48.7	301.6	135.0	480.6	–	76.1	421.0

Net asset value

Shareholder equity increased to £1,995.0m (31 March 2021: £1,619.5m), equating to 696p per share (31 March 2021: 566p), due to the retained profits generated during the year.

Net asset value	£m	Pence per share
At 1 April 2021	1,619.5	566
Group profit after tax	538.0	188
Dividends paid	(165.7)	(58)
FX and other	3.2	–
At 31 March 2022	**1,995.0**	**696**

Net gearing

The movements in the Group's cash position, debt facilities and shareholder equity resulted in net gearing declining to 0.45x at 31 March 2022 (31 March 2021: 0.63x).

In line with our prudent approach to balance sheet management, we have a long-term objective to have zero net gearing. As we continue to launch a number of new equity funds in the coming years, supported by our balance sheet, we view this as an appropriate trajectory.

£m	As at 31 March 2022	As at 31 March 2021	Change %
Cash	**761.4**	296.9	156%
Gross drawn debt	**1,655.0**	1,324.1	25%
Net financial debt (A)	**893.5**	**1,027.2**	**(13%)**
Shareholder equity (B)	**1,995.0**	1,619.5	23%
Net gearing (A/B)	**0.45x**	**0.63x**	**(29%)**

Russia and Ukraine

ICG does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or the Ukraine, nor do we have any Russian or Ukrainian clients. From an investment perspective we do not have any investment strategies whose investment focus is Central and Eastern Europe (including Russia). Operationally, with the exception of Warsaw, we do not have any offices in Central and Eastern Europe (including Russia).

We extend our sympathies and thoughts to those impacted by the ongoing conflict as a result of Russia's invasion of Ukraine. At a corporate level we have made donations to support humanitarian relief efforts, and a number of our colleagues and portfolio companies have also taken direct action to help those in need.

Medium-term guidance

We are accelerating our fundraising ambition given the strength and breadth of our platform, along with the strong continued operational performance of the business we are seeing. We now expect to raise at least $40bn in aggregate between 1 April 2021 and 31 March 2024 (previously: $40bn between 1 April 2021 and 31 March 2025).

Guidance on performance fees, FMC operating margin and net investment returns remains unchanged.

Fundraising	Performance fees	FMC operating margin	Net investment returns
At least $40bn fundraising in aggregate between 1 April 2021 and 31 March 2024	Performance fees to represent 10 – 15% of third-party fee income over medium term	In excess of 50%	Low double-digit percentage points over the medium term

Foreign exchange rates

The following foreign exchange rates have been used throughout this review.

	Average rate for FY22	Average rate for FY21	31 March 2022 year end	31 March 2021 year end
GBP:EUR	**1.1755**	1.1254	**1.1876**	1.1750
GBP:USD	**1.3626**	1.3173	**1.3138**	1.3783
EUR:USD	**1.1595**	1.1705	**1.1063**	1.1730

At 31 March 2022 our third-party AUM was $68,469m. If GBP:USD had been by 5% higher 1.3795 our reported third-party AUM would have been $473m higher. If EUR:USD had been 5% higher 1.1616 our reported third-party AUM would have been $1,979m higher.

Where noted, this review presents changes in AUM on a constant exchange rate basis. For the purposes of these calculations, FY21 AUM numbers have been translated from their underlying fund currencies to USD at the respective FY22 period end exchange rates. This has then been compared to the FY22 closing AUM to arrive at the change on a constant currency exchange rate basis.

MANAGING RISK

Effective risk management is a core competence underpinned by a strong control culture.

Our approach

The Board is accountable for the overall stewardship of the Risk Management Framework (RMF), for internal control assurance, and for determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives. In so doing, the Board sets an appetite for risk within a strong control environment to generate a return for clients and shareholders and protect their interests.

The risk appetite is reviewed by the Risk Committee, on behalf of the Board, and covers the principal risks that the Group seeks to take in delivering the Group's strategic objectives.

The Risk Committee is provided with regular management information and monitors performance against set thresholds and limits to support the achievement of the Group's strategic objectives, within the boundaries of the agreed risk appetite. The Board also seeks to promote a strong risk management culture by encouraging acceptable behaviours and attitudes towards taking and managing risk throughout the Group.

+ **Read more in the Risk Committee report on page 85**

Managing risk

Risk management is embedded across the Group through the RMF, which ensures that current and emerging risks are identified, assessed, monitored, mitigated, and appropriately governed based on a common risk taxonomy and methodology. The RMF is designed to protect the interests of all stakeholders and meet our responsibilities as a UK listed company and parent of several regulated entities. The Board reviews the RMF regularly, and it forms the basis on which the Board reaches its conclusions on the effectiveness of the Group's system of internal controls.

Taking risk opens up opportunities to innovate and further enhance our business, for example new investment strategies or new approaches to managing our client relationships. Therefore, we maintain a risk culture that allows for entrepreneurial leadership within a framework of prudent and effective controls to enable effective risk management.

Taking responsibility and managing risk is one of our key values that drive our success. For more information about our culture and values, see page 10.

Lines of defence

We operate a risk framework consistent with the principles of the 'three lines of defence' model. This ensures clarity over responsibility for risk management and segregation of duties between those who take on risk and manage risk, those who oversee risk and those who provide assurance.

- The first line of defence is the business functions and their respective line managers, who own and manage risk and controls across the processes they operate
- The second line of defence is made up of the control and oversight functions, including the Legal, Risk and Compliance teams, who provide oversight and assurance that risk management policies and procedures are operating effectively
- The third line of defence is Internal Audit who provide independent assurance over the design and operation of controls established by the first and second lines to manage risk

Assessing risk

The Group adopts both a top-down and a bottom-up approach to risk assessment:

- The Risk Committee undertakes a top-down review of the external environment and the strategic planning process to identify the most consequential and significant risks to the Group's businesses. These are referred to as the principal risks
- The business undertakes a bottom-up review which involves a comprehensive risk assessment process designed to facilitate the identification and assessment of key risks and controls related to each business function's most important objectives and processes. This is primarily achieved through the Risk and Control Self-Assessment process (RCSA)

The risk assessment process is supported by the Group's Risk Taxonomy which is a top-down comprehensive set of risk categories designed to encourage those involved in risk identification to consider all types of risks that could affect the Group's strategic objectives.

Key developments in FY22

During the year the risk management development plan which commenced in 2019 has delivered its key objectives, including implementing effective policies, procedures, and frameworks to help direct the Group's risk management strategy and enhance the execution of an effective end-to-end risk management process across all three lines of defence.

Other key initiatives included:

- Assessing the Group's risk exposure to the potential impacts of the Russia-Ukraine conflict and the sanctions imposed on Russia. The Group does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or Ukraine
- Refining the RCSA's and updating the documentation and assessment of key controls into this one process
- Project managing the business response to the Covid-19 pandemic, with employee well-being, business resilience and risk management at the core of our approach
- Developing a combined assurance mapping process to provide an integrated and coordinated approach to aligning the Group's assurance activities, focusing on key risk exposures across the Group
- Assessing the Group's response to the Investment Firm Prudential Regime, including the Group's preparedness for implementation
- Making appropriate preparations for potential changes arising from the proposed audit reform developments made by the UK government, including that the UK should adopt a strengthened internal controls regime, to assess the implications for the Group
- Enhancing the annual fraud risk assessment, to better identify and prioritise areas of fraud risk with a focus on increasing the coverage of potential fraud schemes and the internal controls in place to prevent or detect those schemes

Covid-19

The current outlook is more encouraging than at this point last year, with vaccine programmes having a positive effect and restoring confidence and stability. The Group continues to operate with limited disruption and responding to the operational impacts of the pandemic has become part of our day-to-day operations.

Our employees have continued to adjust to the changes necessitated by the pandemic, and we have recognised the importance of these changes as they evolved throughout the year. We have transitioned to new ways of working that acknowledges both external change and employee sentiment, whilst remaining mindful to the challenges of collaboration and ensuring continued high standards of performance.

We also continue to work closely with the management of our funds' portfolio companies, and any relevant impacts of Covid-19 are subject to regular updates and assessments as part of enhanced portfolio monitoring.

The Group has been able to demonstrate resilience in the face of the Covid-19 pandemic, from a financial, investment and operational perspective, and we remain confident in our ability to withstand further challenges that may or may not emerge. We will remain alert to the uncertainties that persist which may present new competitive risks and opportunities for the Group.

Principal risks and uncertainties

The Group's principal risks are individual risks, or a combination of risks, that can seriously affect the performance, prospects, or reputation of the Group. These include those risks that would threaten the Group's business model, future performance, solvency, or liquidity. The Group considers its principal risks across three categories:

1. **Strategic and business risks**
   The risk of failing to respond to developments in our industry sector, client demands or the competitive environment, impacting the successful delivery of our strategic objectives
2. **Financial risks**
   The risk of an adverse impact on the Group due to market fluctuations, counterparty failure or having insufficient resources to meet financial obligations
3. **Operational risks**
   The risk of loss resulting from inadequate or failed internal processes, people or systems and external events

Reputational risk is not in itself one of the principal risks. However, it is an important consideration and is actively managed and mitigated as part of the wider risk management framework.

We use a principal and emerging risks process to provide a forward-looking view of the potential risks that may threaten the execution of the Group's strategy or operations over the medium to long term. We proactively assess the internal and external risk environment, as well as review the themes identified across our global businesses for any risks that may require additional monitoring, updating our principal and emerging risks as necessary.

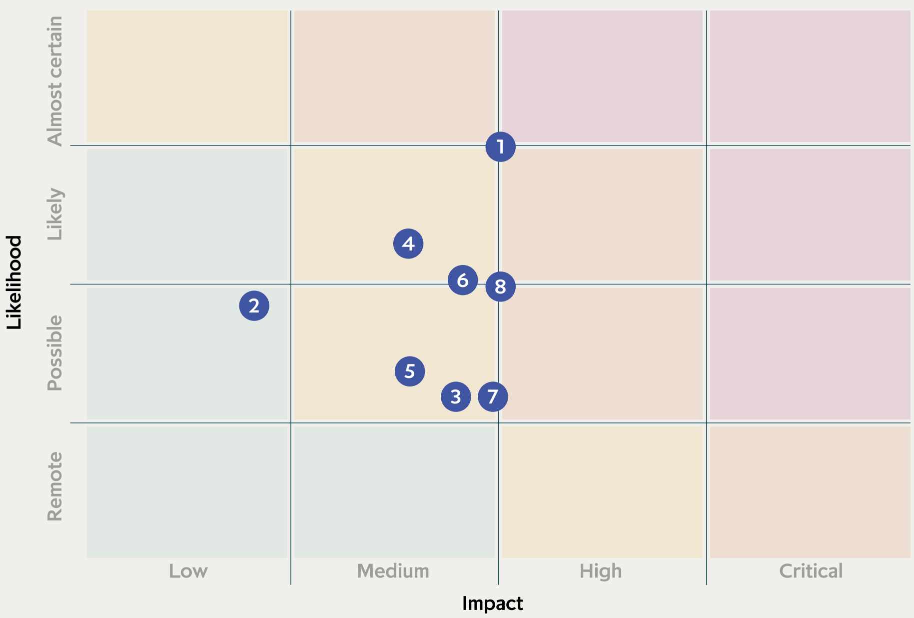
The Group's RMF identifies eight principal risks, within the three categories mentioned above, which are accompanied by associated responsibilities and expectations around risk management and control. Each of the principal risks is overseen by an accountable Executive Director, who is responsible for the related framework, policies and standards.

The Directors confirm that they have undertaken a robust assessment of the principal risks in line with the requirements of the UK Corporate Governance Code and that no significant failings or weaknesses in internal controls have been identified. In making their assessment the Directors consider the likelihood of each risk materialising, in the short and long term. This is supported by an annual material controls assessment and fraud risk assessment, facilitated by the Group Risk function, which provides the Directors with a detailed assessment of related internal controls. Additionally, Internal Audit findings, compliance monitoring findings, and risk events reported during the period are reviewed to assess whether any deficiency has been identified which is a significant failing or weakness.

The Group's risk profile has not changed materially since 2021. However, Key Personnel Risk has been a focus and consideration has been given to the residual impacts of Covid-19 on the well-being of our employees, and the ability of the Group to attract talent and retain key people, in what is currently a candidate driven market. As a result of this an increasing likelihood has been reported against Key Personnel Risk. Other risks are stable or reducing after assessing the performance of existing, additional, and ongoing enhancements to processes and controls.

The diagram below shows the Group's principal risks and risk trend compared to the previous year. The horizontal axis shows the estimated impact of a principal risk if it were to materialise, and the vertical axis illustrates the estimated likelihood of this occurring. The assessments are based on the residual risk exposure remaining after mitigating controls.

Risk profile



Strategic & Business	Risk trend
1 External Environment Risk	↔
2 Fund Performance Risk	↔
Financial	
3 Financial Risk	↓
Operational	
4 Key Personnel Risk	↑
5 Legal, Regulatory & Tax Risk	↓
6 Operational Resilience Risk	↓
7 Third Party Provider Risk	↓
8 Key Business Process Risk	↔

External Environment Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Moderate

Executive Director Responsible
Benoît Durteste

Risk Description

Geopolitical and macroeconomic concerns and other global events such as pandemics and natural disasters that are outside the Group's control could adversely affect the environment in which we, and our fund portfolio companies, operate and we may not be able to manage our exposure to these conditions and/or events. In particular, these events have contributed and may continue to contribute to volatility in financial markets which can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our funds, making it more difficult to find opportunities for our funds to exit and realise value from existing investments and to find suitable investments for our funds to effectively deploy capital. This could in turn affect our ability to raise new funds and materially reduce our profitability.

Key Controls and Mitigation

- The Group's business model is predominantly based on illiquid funds which are closed-end and long-term in nature. Therefore, to a large extent the Group's fee streams are 'locked in'. This provides some mitigation in relation to profitability and cashflows against market downturn. Additionally, given the nature of closed-end funds, they are not subject to redemptions
- A range of complementary approaches are used to inform strategic planning and risk mitigation, including active management of the Group's fund portfolios, profitability and balance sheet scenario planning and stress testing to ensure resilience across a range of outcomes
- The Board, the Risk Committee and the Group Risk function monitor emerging risks, trends, and changes in the likelihood of impact. This assessment informs the universe of principal risks faced by the Group

Trend and Outlook

The risks and uncertainties arising from the immediate consequences of the Covid-19 pandemic are receding. However, macroeconomic uncertainty and geopolitical risks are increasing from other angles. Several macro challenges have developed, including increased inflation and interest rate concerns. At a Group level we are somewhat insulated from the direct impact of these risks, with our debt financing being fixed rate and with limited supply chain risk. We continue to work closely with the management of our funds' portfolio companies to identify and mitigate these risks, where appropriate.

At the time of writing, the Russia-Ukraine conflict is bringing additional turbulence and uncertainty to the markets. ICG does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or Ukraine.

Despite the uncertainty, these challenges are not new to the Group, and we are well positioned to navigate this investment environment in the long-term interests of our clients. This is evident for the period, where we have experienced very strong fundraising, raising significant third-party AUM, and deploying a substantial amount of capital across all our strategic asset classes.

We remain alert to the current macroeconomic and geopolitical uncertainty and continue to monitor the potential impact as regards our investment strategies, clients, and portfolio companies, as well as the broader markets. While the uncertainty remains elevated, we do not see an increased risk to our operations, strategy, or client demand as a result.

Fund Performance Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Moderate

Executive Director Responsible
Benoît Durteste

Risk Description

Current and potential clients continually assess our investment fund performance. There is a risk that our funds may not meet their investment objectives, that there is a failure to deliver consistent performance, or that prolonged fund under-performance could erode our track record. Consequently, investors in funds might decline to invest in future investment funds we raise and might withdraw their investments in our open-ended strategies. Poor fund performance may make it more challenging to raise new funds, thereby impacting our ability to grow and compete effectively. This could in turn materially affect our profitability and impact our plans for growth.

Key Controls and Mitigation

- A robust and disciplined investment process is in place where investments are selected and regularly monitored by the Investment Committees for fund performance, delivery of investment objectives, and asset performance
- All proposed investments are subject to a thorough due diligence and approval process during which all key aspects of the transaction are discussed and assessed. Regular monitoring of investment and divestment pipelines is undertaken on an ongoing basis
- Monitoring of all portfolio investments is undertaken on a quarterly basis focusing on the operating performance and liquidity of the portfolio
- Material ESG and climate-related risks are assessed for each potential investment opportunity and presented to, and considered by, the Investment Committees of all investment strategies. Further analysis is conducted for opportunities identified as having a higher exposure to climate-related risks

Trend and Outlook

The strength of our resilient and growth-orientated business model has been evident in our performance for the financial year. We have experienced positive momentum across the whole of the ICG platform during the period and our portfolios have demonstrated resilience and adaptability, in particular to the impacts of the Russia-Ukraine conflict where our exposures are minimal.

Our funds have performed strongly across several dimensions: deployment, realisations and returns. At 31 March 2022, realised portfolio returns (see page 98) reached 15.4% with virtually all funds with hurdles performing above their hurdle rate. Our more equity-focused strategies have seen significant increases in valuation, whilst our debt strategies continue to observe very low impairment rates. The successful and broad-based performance during the last two years against the background of the Covid-19 pandemic provides a strong track-record that will be beneficial in marketing our future funds to clients for many years to come.

Looking ahead, the outlook remains positive. We continue to hire selectively to help drive future growth, most recently in Real Estate where we have hired a Global Head of Real Estate. We have a powerful local sourcing network and a diversified product offering of successful investment strategies that enable us to navigate dynamic market conditions, which helps to mitigate this risk.

+ **Read more detail about the performance of the Group's funds on page 12**

Strategic alignment

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

Financial Risk

Strategic alignment	Risk trend
1 2 3	↓

Risk appetite
Low to moderate

Executive Director Responsible
Vijay Bharadia

Risk Description
The Group is exposed to liquidity and market risks. Liquidity risks refer to the risk that the Group may not have sufficient financial resources to meet its financial obligations when they fall due. Market risk refers to the possibility that the Group may suffer a loss resulting from the fluctuations in the values of, or income from, assets and liabilities held on the Group's balance sheet. The Group does not deliberately seek exposure to market risks to generate profit; however, on an ancillary basis we will invest alongside clients into our funds, warehouse assets in preparation for new fund launches or hold investments in Collateralised Loan Obligations (CLOs) in accordance with regulatory requirements. Consequently, adverse market conditions could impact the carrying value of the Group's investments resulting in losses on the Group's balance sheet. In addition, the Group is exposed to having insufficient liquidity to meet its financial obligations, including its commitments to its fund co-investments.

Key Controls and Mitigation
- Debt funding for the Group is obtained from diversified sources and the repayment profile is managed to minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee
- Hedging of non-sterling income and expenditure, and matching assets vs liabilities and revenue vs cost is undertaken to minimise short-term volatility in the financial results of the Group
- Market and liquidity exposures are reported monthly and reviewed by the Group's Treasury Committee
- Long-term forecasts and stress tests are prepared to assess the Group's future liquidity as well as compliance with the regulatory capital requirements
- Investment Company (IC) commitments are reviewed and approved by the CEO and the CFOO on a case-by-case basis assessing the risks and return on capital

Trend and Outlook
Global markets remain susceptible to volatility from several macroeconomic and geopolitical factors. We have implemented measures to mitigate the impact of foreign exchange and interest rate fluctuations in line with Group policy and we will continue to monitor and respond to the prevailing market environment.

Our balance sheet makes commitments to our funds as well as seeding new strategies. Accordingly, we take a conservative approach to managing our capital resources. We manage our balance sheet prudently, with a strong focus on liquidity. The commitments to funds are legally binding so the Group is required to ensure it has sufficient resources to meet capital calls as they arise. During the year, the Group made several commitments to funds, all of which were carefully reviewed by the CEO and CFOO to ensure that they were in the long-term interest of the Group and that we have sufficient resources to meet such commitments.

The Group remains well capitalised, with £1,311.5m available cash and unutilised bank lines as of 31 March 2022. In addition, the Group has significant headroom to its debt covenants. During the year we successfully priced an eight-year, €500m sustainability-linked Eurobond, which will enhance our financial flexibility, lengthen the duration of the Group's liabilities, and provide further liquidity to fund upcoming maturities in the coming years. All the Group's debt is fixed rate, with the exception of the revolving credit facility, which was undrawn as of 31 March 2022 and which is only intended to provide short-term working capital for the Group if required.

+ **Read more about the Group's liquidity, gearing and headroom on page 54**

Key Personnel Risk

Strategic alignment	Risk trend
1 2 3	↑

Risk appetite
Low to moderate

Executive Director Responsible
Antje Hensel-Roth

Risk Description
The Group depends upon the experience, skill and reputation held by our senior executives and investment professionals. The continued service of these individuals, who are not obligated to remain employed with us, is uniquely valuable and a significant factor in our success. Additionally, a breach of the governing agreements of our funds in relation to 'Key Person' provisions could result in the Group having to stop making investments for the relevant fund or impair the ability of the Group to raise new funds if not resolved in a timely manner. The loss of key personnel, or the inability to attract and develop talent, could have a material adverse effect on our revenues, profitability and cashflows and could harm our ability to maintain or grow assets under management in existing funds or raise additional funds in the future.

Key Controls and Mitigation
- An active and broad-based approach to attracting, retaining, and developing talent, supported by a range of complementary approaches including a well-defined recruitment process, succession planning, a competitive and long-term approach to compensation and incentives, and a focus on development through the appraisal process and mentoring programmes which is supported by a dedicated Learning and Development team
- Continued focus on the Group's culture by developing and delivering initiatives that reinforce appropriate behaviours to generate the best possible long-term outcomes for our employees, clients, and shareholders
- Promotion of a diverse and inclusive workforce with active support across a wide range of health and wellbeing activities
- Regular reviews of resourcing and key person exposures are undertaken as part of business line reviews and the fund and portfolio company review processes
- The Remuneration Committee oversees the Directors' Remuneration Policy and its application to senior employees, and reviews and approves incentive arrangements to ensure they are commensurate with market practice

Trend and Outlook
Despite the encouraging vaccination programmes, the pandemic still represents a risk to our employees' wellbeing and morale and navigating the pandemic and its aftermath remains an ongoing challenge. The importance of employee wellbeing remains elevated, with an increasing focus amongst existing and potential employees on work-life balance and flexible working arrangements, which is being addressed through our enhanced engagement and wellbeing initiatives.

Our people are critical to our success and attracting and retaining key people is a significant operational risk. This is made more challenging in what is currently a candidate-driven market. We have focused this year on ensuring that ICG is well positioned to attract, retain, and develop the necessary calibre of employees, through our enhanced learning and development programmes, targeted engagement on topics of importance to our employees, and our efforts around diversity and inclusion. We have also continued to hire across the business to support our growth ambitions, enhancing our onboarding programme to welcome new colleagues, with a stronger emphasis on collaboration to ensure that the culture and identity of the Group are maintained.

Looking ahead, we intend to utilise quarterly pulse surveys to remain even closer to our employees and to enable us to focus more dynamically on specific areas for potential development.

+ **Read more about our people on page 30**

Legal, Regulatory and Tax Risk

Strategic alignment	Risk trend
1 2 3	↓

Risk appetite
Low

Executive Director Responsible
Vijay Bharadia

Risk Description

Regulation defines the overall framework for the investment management and distribution of the Group's funds and our supporting business operations. The failure of the Group to comply with the rules of professional conduct and relevant laws and regulations could expose the Group to regulatory censure, penalties or legal or enforcement action.

Additionally, the increase in demand for tax-related transparency means that tax rules are continuing to be designed and implemented globally in a more comprehensive manner. This raises a complex mix of tax implications for the Group, in particular for our transfer pricing, permanent establishment and fund structuring processes. The tax authorities could challenge our interpretation of these tax rules, resulting in additional tax liabilities.

Changes in the legal and regulatory and tax framework applicable to our business may also disrupt the markets in which we operate and affect the way we conduct our business. This could in turn increase our cost base, lessen competitive or market opportunities, reduce our future revenues and profitability, or require us to hold more regulatory capital.

Key Controls and Mitigation

- Compliance and Legal functions dedicated to understanding and fulfilling regulatory and legal expectations on behalf of the Group, including interactions with our regulators and relevant industry bodies. The functions provide guidance to, and oversight of, the business in relation to regulatory and legal obligations
- Compliance undertakes routine monitoring and deep-dive activities to assess compliance with regulations and legislation
- The Tax function oversees the Group's business activities and fund structures, and actively seeks to evaluate, monitor, and manage tax risks and ensure compliance with all relevant tax requirements and principles
- Regulatory, legislative and tax developments are continually monitored to ensure we engage early in any areas of potential change

Trend and Outlook

During the year, the Group has closely monitored several significant regulatory change and oversight programmes to ensure successful execution, notably the Investment Firm Prudential Regime (IFPR), which came into effect on 1 January 2022. IFPR introduces a wide-ranging set of new requirements spanning capital, liquidity, reporting and disclosure, and remuneration. The Group has completed the necessary preparations to meet the requirements of the new regime. Enhancements have also been made to the Group's subsidiary governance framework to strengthen accountability and flows of information, appropriate for the Group's subsidiary activities and complexity.

Our plan to transition away from LIBOR-equivalents is complete for GBP-based products and we are now focused on the USD transition.

We continue to monitor the UK Government's audit reform proposals and to strengthen internal controls.

In December 2021 the Organisation for Economic Co-operation and Development published model legislation to give effect to the Pillar Two Model rules (also referred to as the 'Anti Global Base Erosion' or 'GloBE' rules), which are designed to ensure that large multinational corporations pay a minimum effective tax rate on income arising in each jurisdiction in which they operate. The Group's trading activities within the FMC are subject to tax at the relevant statutory rates in the jurisdictions in which income is earned. The Group is closely monitoring developments in respect of the implementation of the Pillar Two rules and the potential impact of the rules on the Group's tax position. The Pillar One proposals provide for new profit allocation and nexus rules for multinational corporations in scope. Pillar One is not expected to apply to the Group based on the proposed minimum €20bn worldwide revenue threshold.

The Group remains responsive to a wide range of developing regulatory areas and the increase in regulatory scrutiny around private markets more generally, and continues to invest in our Legal, Compliance and Tax teams to meet these new challenges, recruiting specialist roles to optimise our coverage and enhance our monitoring and oversight capabilities.

Operational Resilience Risk

Strategic alignment	Risk trend
1 2 3	↓

Risk appetite
Low to moderate

Executive Director Responsible
Vijay Bharadia

Risk Description

The Group is exposed to a wide range of threats which can impact our operational resilience. Natural disasters, cyber threats, terrorism, environmental issues, and pandemics have the potential to cause significant disruption to our operations and change our working environment. Our disaster recovery and business continuity plans may not be sufficient to mitigate the damage that may result from such a disaster or disruption. Additionally, the failure of the Group to deliver an appropriate information security platform could result in unauthorised access by malicious third parties, breaching the confidentiality, integrity and availability of our data and systems. Regardless of the source, any critical system failure or material loss of service availability could negatively impact the Group's reputation and our ability to maintain continuity of operations and provide services to our clients.

Key Controls and Mitigation

- Operational resilience, in particular cyber security, is top of the Group's Board and senior management agenda, and the adequacy of the Group's response is reviewed on an ongoing basis
- Business Continuity and Disaster Recovery plans are reviewed and approved on at least an annual basis by designated plan owners, and preparedness exercises are complemented by an automated Business Continuity Planning tool
- Providing laptops for all employees globally removes the physical dependency on the office and allows employees to work securely from home
- The Group's technology environment is continually maintained and subject to regular testing, such as penetration testing, vulnerability scans and patch management. Technology processes and controls are also upgraded where appropriate to ensure ongoing technology performance and resilience
- An externally managed security operations centre supplies the Group with skilled security experts and technology to proactively detect and prevent potential threats and to recover from security incidents, including cyber attacks

Trend and Outlook

The Covid-19 pandemic has been pervasive, simultaneously impacting the Group and our employees, investors and suppliers for a duration previously not considered a possibility. Despite the challenges, our response to the pandemic has demonstrated the resilience of our employees and the strength of the infrastructure supporting our business processes. There has been no significant impact on business operations, notwithstanding a significant number of employees working remotely at various times over the period.

We continue to enhance the resilience of systems that underpin our critical business processes and strengthen our response to disruption, particularly considering the current heightened cyber threat landscape as a result of the Russia-Ukraine conflict. Business continuity and contingency planning processes are regularly reviewed and tested and have enabled us to minimise disruption for people working from home. We also manage relationships with key strategic technology suppliers to avoid any disruption to service provision which could adversely affect the Group's businesses.

The Group continues to invest in technology and the maturity of our cyber mitigation controls. Cyber threat is expected to persist in 2022 with increasing levels of sophistication anticipated. The Group's technology and resiliency requirements will continue to be kept under review to ensure that the management of our cyber risk remains appropriate to mitigate the continued and changing nature of the threat and to support the growth of the business.

Third-Party Provider Risk

Strategic alignment

1 2 3

Risk trend

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Risk appetite

Moderate

Executive Director Responsible

Vijay Bharadia

Risk Description

The Group outsources several critical functions to Third-Party Service Providers (TPP) as part of our business model, as well as managing outsourcing arrangements on behalf of our funds. The risk that the Group's key TPPs fail to deliver services in accordance with their contractual obligations could compromise our operations and impair our ability to respond in a way which meets client and stakeholder expectations and requirements. Over-reliance on one or only a very limited number of TPPs in a specific and critical business area could also expose the Group to heightened levels of risk, particularly if the service is not easily substitutable. Additionally, the failure of the Group to maintain sufficient knowledge, understanding and oversight of the controls and processes in place to proactively manage our TPPs could damage the quality and reliability of these TPP relationships.

Key Controls and Mitigation

- The TPP oversight framework consists of policies, procedures, and tools to govern the oversight of key suppliers, including our approach to selection, contracting and on-boarding, management and monitoring, and termination and exit. In particular, we undertake initial and ongoing due diligence of our TPPs to identify and effectively manage the business risks related to the delegation or outsourcing of our key functions
- Ongoing monitoring of the services delivered by our TPPs is delivered through regular oversight interactions where service levels are measured against the expected standards documented in service agreements and agreed-upon standards
- Regular TPP management includes validation and ongoing oversight of our TPP business continuity practices, to ensure they align with ICG Group standards

Trend and Outlook

Strong governance processes and mechanisms are key to the successful implementation and operation of the Group's outsourced TPP arrangements. During the year, the Group enhanced the TPP governance and oversight framework to optimise commercial contracts, service levels and improve monitoring capabilities. An internal TPP oversight team has been developed to formally lead the oversight framework and activities across our key outsourcers. Additional measures, including clarity of oversight roles and responsibilities and a new suite of key indicators, have been put in place to better understand our TPP relationships by tracking key metrics related to third-party controls, performance, and activities. Additionally, contracts have been re-evaluated and re-negotiated, as needed, to ensure the provision and coverage of TPP services align with the growth of the Group.

The Group will continue to develop the TPP governance and oversight framework to increase the resilience of our outsourced arrangements against a backdrop of evolving risks and to meet any changes to regulatory requirements.

Business Process Risk

Strategic alignment

1 2 3

Risk trend

↔

Risk appetite

Low to moderate

Executive Director Responsible

Vijay Bharadia

Risk Description

All key operational activities at the Group follow defined business processes that are designed to maximise efficiency, deliver operational excellence, and grow profitability. We face the risk of errors in existing processes, or from new processes because of ongoing change activity which inherently increases the profile of operational risks across our business. The Group operates within a system of internal controls that provides oversight of business processes, which enables our business to be transacted and strategies and decision making to be implemented effectively. The risk of failure of significant business processes and controls could compromise our operations and disadvantage our clients, or expose the Group to unanticipated financial loss, regulatory censure, or damage to our reputation. This could in turn materially reduce our profitability.

Key Controls and Mitigation

- Key business processes are regularly reviewed, and the risks and controls are assessed through the RCSA process
- A 'three lines of defence' model is in place, which ensures clarity over individual and collective responsibility for process risk management and to ensure policies, procedures and activities have been established and are operating as intended
- Ongoing monitoring of underlying causes of operational risk events, to identify enhancements that require action
- A well-established incident management process for dealing with system outages that impact important business processes
- An annual review of the Group's material controls is undertaken by senior management and Executive Directors

Trend and Outlook

The Group continues to make good progress on improving the scalability of our operations platform by increasing fungibility of resources, mitigating individual-specific knowledge, making better use of outsource providers, and optimising and adapting our business processes to new organisational needs. Transformation and project activity, including workflow automation, is yielding more efficient and automated processes and a reduction in operational risk. It is recognised that systematisation of process is likely to increase automation risk, and this is feeding into future IT plans for disaster recovery and business continuity.

To compliment the delivery of key transformation activities, the Group has undertaken a reorganisation of our operations teams, which is now embedded. Additionally, the Group continues to invest in recruitment, bringing additional experience and coverage to key operations areas.

Significant aspects of the Group's target operating model assessment are moving to a state of completeness; however, we recognise and continue to respond effectively to the ongoing challenges to ensure the successful embedding of change, including ongoing system and platform enhancements.

There were no significant changes to the Group's RMF's overall approach to risk governance or its operation in the period, but we continued to refine our framework for risk management where appropriate.

Climate Risks

The Group's risk management framework is how climate risk, and broader ESG risks, are assessed for their proximity and significance to the Group. Climate risk is considered as a cross-cutting risk type that manifests through ICG's established principal risks and is integrated into the Group-wide operational risk management framework through existing policies, processes, and controls. We assess materiality from two angles; first at a Group level, and secondly within our fund management activities.

Close monitoring of Climate risk and ESG risks continues through the Group's Responsible Investing Framework.

Emerging Risks

Emerging risks are thematic risks with potentially material unknown components that may crystallise beyond a one-year time horizon. If an emerging risk were to materialise, it could have a material effect on the Group's long-term strategy, profitability, and reputation. Existing mitigation plans are likely to be minimal, reflecting the uncertain nature of these risks at this stage.

Emerging risks are identified through conversations and workshops with stakeholders throughout the business, reviewing academic papers, attending industry events (webinars and in person), and other horizon scanning by Group Risk and Compliance. The purpose of monitoring and reporting emerging risks is to give assurance that the Group is prioritising our response to emerging risks appropriately in our strategy, which is the primary risk management tool for longer-term strategic risks.

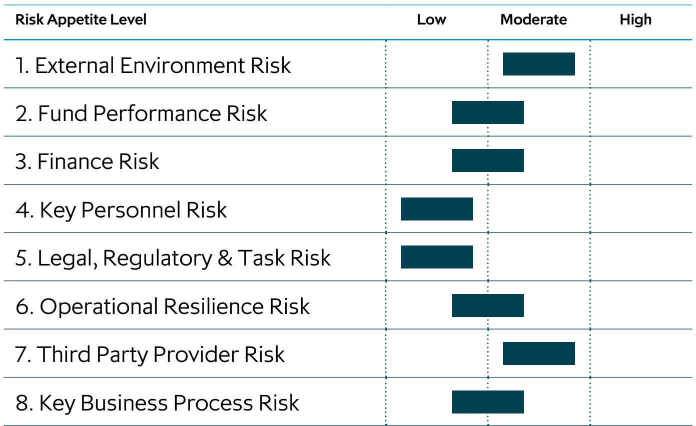
Examples of emerging risks which have been considered during the year include; current and developing macro challenges, including the Russia-Ukraine crisis; elevated levels of inflation and the potential for interest rate rises that could impact the Group and our fund investments; ongoing risks related to the transformation programmes underway to deliver our strategy for growth; implications of the UK Government's audit reform proposals and strengthening internal controls; cyber security; and the increased importance of diversity and other social issues.

Risk appetite for the principal risks

Risk appetite is defined as the level of risk which the Group is prepared to accept in the conduct of our activities. It sets the 'tone from the top' and provides a basis for ongoing dialogue between management, Executive Directors, and the Board with respect to the Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

Each risk appetite statement is supported by several metrics and tolerances to enable us to provide an assessment of risk profile against risk appetite, which is formally assessed on an annual basis and challenged by the Risk Committee and Board. The current risk profile is within our risk appetite and manageable exposure limits.

Risk Appetite Summary



VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have carried out a comprehensive and robust assessment of the prospects and viability of the Group.

The Group's long-term prospects are primarily assessed through the strategic and financial planning process. The main output of this process is the Group's strategic plan. The strategic plan is approved by the Board following a robust review and challenge process. This assessment also reflects the Group's strategic priorities (see page 19).

The review of the strategic plan is underpinned by the regular briefings received by the Board on macroeconomics, markets, new products and strategies, people management and processes (see page 68). New strategy reviews consider both the market opportunity for the Group and the associated risks, principally the ability to raise third-party funds, and deliver strong investment performance.

Period for assessing viability

The period covered by the Group's strategic plan, regulatory capital reporting, shareholder fundraising guidance and the deployment duration for some of the larger strategies is three years. This, combined with an assessment of the period over which forecasting assumptions are most reliable and taking into account the recommendations of the Financial Reporting Council in their 2021 thematic review publication, has led the Directors to choose a period of three years to March 2025 for their formal assessment of viability. The Directors are satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable statement of viability.

Assessment of viability

The assessment of the Group's viability requires the Directors to consider the principal risks that could affect the Group, which are outlined on the previous pages. The Directors review the principal risks regularly and consider the options available to the Group to mitigate these risks so as to ensure the ongoing viability of the Group is sustained.

Stress testing is performed on the Group's strategic plan, which considers the impact of one or more of the key risks crystallising over the assessment period. The severe but plausible stress scenario applied to the strategic plan is a significant reduction in AUM arising as a result of one or more of the following principal risks crystallising:

- External environment risk
- Fund performance risk

Having reviewed the results of the stress tests, the Directors have concluded that the Group would have sufficient resources in the stressed scenario and that the Group's ongoing viability would be sustained. The stress scenario assumptions include maintaining the Group's dividend policy but this and other assumptions would be reassessed if necessary over the longer term.

In addition, the Group undertakes a reverse stress test to identify the circumstances under which the business model becomes unviable. The most likely scenario to cause the business model to be unviable is investment write-downs causing a breach of debt covenants. The reverse stress test determines the level of investment write-downs required to breach debt covenants and trigger a business model failure point, in the absence of any management actions.

Analysis of this scenario concluded that write-downs significantly in excess of those experienced during the global financial crisis or the Covid-19 related market downturn experienced in early 2020, without any mitigating actions, would be required in order for the Group to breach its banking covenants. The Directors however consider this level of write down as extremely remote.

Viability statement

Based on the results of the analysis, and in accordance with the provisions of the UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite, the Group's principal risks and the management of those risks, as detailed in the Strategic Report on pages 2 to 65.

Given the above, the Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on pages 120 and 143.