Public Disclosure Statement

For the year ended 31 March 2022

Registered in England No. 02234775

1. Introduction

The Investment Firm Prudential Regime ('IFPR') is the new prudential regime introduced by the Financial Conduct Authority ('FCA') for MIFID Investment firms and came into force on 1 January 2022. This document sets out the public disclosures required under the IFPR.

1.1 ICARA Process

IFPR introduced the ICARA process as a new prudential requirement for investment firms. The ICARA process requires firms to conduct a risk assessment and quantify the amount and type of financial resources required to cover the nature and level of harms they may pose to others. The assessment considers its business model, internal governance, and risk-management processes.

1.2 Overall Financial Adequacy Requirement

Under IFPR a firm must, at all times, hold own funds and liquid assets that are adequate to ensure that a firm remains financially viable throughout its economic cycle whilst addressing material potential harms and can be wound down in an orderly manner whilst minimising harm to others. This is referred to as the Overall Financial Adequacy Requirement ('OFAR'). The ICARA process includes an assessment of the levels of own funds and liquid assets a firm must hold to comply with the OFAR.

Intermediate Capital Group plc (the 'Group', 'ICG') has two UK FCA regulated firms, namely:

- Intermediate Capital Managers Limited ('ICML'); and
- ICG Alternative Investment Limited ('AIL')

These two UK FCA regulated entities together with their parent entities constitute ICG's Investment Firm Group.

As such these two regulated entities must hold adequate own funds and liquid assets to meet their Own Funds Threshold Requirement ('OFTR') and their Liquid Asset Threshold Requirement ('LATR'). In addition to the regulatory own funds and liquidity requirements, ICG sets an internal target minimum own funds and liquidity requirement on an Investment Firm Group level.

As part of the ICARA process the Group performs an internal assessment of OFTR and LATR which assesses the potential harms the Group poses to others from its ongoing operations and in the event of an orderly wind down.

The ICARA report has been prepared on a non-consolidated basis and focuses on the Group's two FCA regulated entities.

The Group has concluded that the OFTR and the LATR as at 31 March 2022 for ICML and AIL are as follows:

	ICML	AIL
	£'000	**£'000**
OFTR	12,979	17,196
LATR	2,334	813

1.3 Basis of Disclosure

For the purposes of the ICARA, and in accordance with IFPR, the Group is classified as a non-small interconnected FCA investment firm (non-SNI).

Under the IFPR a MIFIDPRU investment firm is required to publish disclosures in accordance with the rules set out in MIFIDPRU 8.

Group Company	Regulatory Classification	Summary of Activities
Intermediate Capital Managers Limited ("ICML")	Non-SNI investment firm	• ICML provides investment services to ICG's European funds that are not within scope of the Alternative Investment Fund Managers Directive ("AIFMD"), and ICG's European CLOs. • ICML also acts as the investment manager / trading advisor on client Segregated Mandate Agreements.
ICG Alternative Investment Limited ("AIL")	Non-SNI investment firm	• AIL is a UK (non-EU) AIFM and Collective Portfolio Management Firm ("CPMI"). • ICG's EU AIFM, ICG Europe SARL, delegates portfolio management to AIL.

This disclosure has been prepared as at 31 March 2022 which is the firms' accounting reference date.

1.4 Transitional Provisions

The firm has adopted the transitional provisions as set out in MIFIDPRU TP12, and as such is not required to disclose the information about its risk management or its investment policy that would ordinarily be required by MIFIDPRU 8.2 or MIFIDPRU 8.7.

For year ended 31 March 2022, the firm is not required to disclose the information about its remuneration policies and practices that would ordinarily be required by MIFIDPRU 8.6. Instead, the remuneration information specified in BIPRU11.5.18R is disclosed.

1.5 Validation and Approval

The disclosures have not been audited by the Group's external auditors, do not constitute any form of audited financial statement and have been produced solely for the purposes of the public disclosure requirements and are not used by management for any other purpose. The disclosures should not be relied upon in making judgements about the Group.

These disclosures have been subject to internal review and oversight as part of ICG's governance.

2. Governance & Risk Management

2.1.1 AIL and ICML Boards and Diversity

The AIL and ICML have boards comprised as follows:

AIL

Name	Number of external directorships
Benoît Laurent Pierre Durteste	0
Vijay Vithal Bharadia	0
James Gregory O'Connor	2

ICML

Name	Number of external directorships
Benoît Laurent Pierre Durteste	0
Vijay Vithal Bharadia	0

AIL and ICML have a rolling programme of board meetings – the board meet formally on both a scheduled and an ad hoc basis. The directors of AIL and ICML also meet regularly with each other to discuss important business matters and to review compliance and risk matters

The corporate and risk governance of the AIL and ICML boards follows that of the Group – ICG Board, which predominantly comprises of external Non-Executive Directors, the Executive Directors ('ED'), senior management of the Group and committee-based framework flow across AIL and ICML, offering close support and involvement so as to foster consistency across the Group. The application of the Group approach to the management of risk appetite, policies, procedures, controls and reporting is designed to ensure alignment and robustness with respect to compliance with relevant regulations, law, corporate governance and industry best practice. The Group Risk Committee has oversight and authority with respect to AIL and ICML risk matters - risk matters for AIL and ICML are escalated to the Group Risk Committee by the Head of Compliance and Risk, and Head of Risk; this approach has been duly notified to the FCA.

The AIL and ICML boards have adopted the Group Diversity policy, as can be found on the ICG website (see here: ICG Diversity and Inclusion Policy). Each of AIL and ICML is committed to promoting diversity and equal opportunities for staff, including on its own board.

ICG Diversity and Inclusion Policy: Summary Extracts

Audit Committee

Composed of NEDs

Oversees external and internal audit and the Group's financial reporting and disclosure

Committee liaises with:

CFOO

Head of Finance

Head of Investor Relations

Head of Internal Audit

External Auditors

Risk Committee

Composed of NEDs

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

Committee liaises with:

Head of Risk

Global Head of Compliance and Risk

Global Head of Legal and Company Secretary

Head of Internal Audit

Remuneration Committee

Composed of NEDs

Determines the Group's Remuneration Policy

Reviews the remuneration of senior management

Committee liaises with:

CPEAO

Human Resources

Global Head of Legal and Company Secretary

Nominations and Governance Committee

Composed of NEDs

Evaluates the Board's composition, performance, and succession planning

Oversees the Group's culture and diversity and inclusion initiatives

Considers candidates for Board positions

Committee liaises with:

CPEAO

Human Resources

Global Head of Legal and Company Secretary

2.1.3 Policy Framework

Our Risk Management Framework ('RMF') is underpinned by a set of Group policies that capture the standards and requirements for the management of risk, which are reviewed regularly to ensure they remain relevant. The policies help our employees understand the culture of the Group and the parameters within which we expect them to operate.

2.1.4 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, as follows:

- 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

The three lines of defence model is supplemented by a range of risk related committees at functional and operational business level, such as the Operational Risk Committee and Treasury Committee.

2.2 Risk Management Framework

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.

2.2.1 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 i.e., the Principal Risks. The assessment and identification of the Group's Principal Risks also considers which risks could materially harm client and other stakeholder relationships.

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). RCSA's require the business to assess the harm of each risk across 5 impact categories: Financial, Client, Regulatory, Business Process and Reputational.

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.

2.2.2 Principal & Emerging Risks

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. Consideration is given to the risks that could materially harm our client and stakeholder relationships.

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 could threaten the Group's business model, future performance, solvency, or liquidity. The Group's RMF identifies eight Principal Risks which are accompanied by associated responsibilities and expectations around risk management and control. Each of the principal risks is overseen by an accountable ED, who is responsible for the related framework, policies, and standards.

Emerging risks are newly developing risks that cannot yet be fully assessed but that could, in the future, affect the viability of the Group's strategy or impact our current Principal Risk exposures. On an ongoing basis emerging risks and lessons learnt from internal/external failings are considered and incorporated into the risk management processes as appropriate. We then analyse each risk and assess how they can be managed and mitigated and where they can be used to subsequently inform stress and scenario testing and capital adequacy requirements.

Examples of emerging risks which have been considered during the year include; current and developing macroeconomic and geopolitical 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 proposals to strengthen internal controls; and the increased importance of diversity and other social issues.

2.2.3 ESG 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. ESG is considered as a cross-cutting risk type that manifests through the Group's established Principal Risks and is integrated into the Group-wide operational risk management framework through existing policies, processes, and controls. Materiality is assessed from two angles: first at a Group level, and second, within our fund management activities. ESG and climate risks are monitored through the Group's Responsible Investing Framework.

2.2.4 Group Risk Profile

The effectiveness of the RMF is periodically reviewed to ensure continuous improvement of risk management in the Group. This involves reviewing the assessment criteria used in the RMF to ensure they remain relevant to the size and complexity of the business.

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 employee well-being, and the ability of the Group to attract talent and retain key people, in what is currently a candidate driven market.

3. Own Funds

3.1.1 Own Funds Regulatory Requirement

A MIFIDPRU investment firm must at all times maintain own funds that are at least equal to its own funds requirement which consists of a basic own fund's requirement plus an Additional Own Funds requirement to meet the Overall Financial Adequacy Rule.

The basic own funds requirement of a non-SNI MIFIDPRU investment firm is the highest of:

1. its permanent minimum capital requirement ("PMR"), which for AIL and ICML is £75,000; or

2. its fixed overheads requirement ("FOR"), which amounts to 25% of its most recently audited annual expenditure less discretionary cash bonuses; or
3. its K-factor requirement, a series of risk parameters/indicators representing the specific risks investment firms face and the risks they pose to customers/markets. IFPR uses nine K-factors and AIL and ICML are only subject to K-AUM, which is equal to 0.02% of the average AUM

The Additional Own Funds requirement is derived from the ICARA process where the Group is required to produce a reasonable estimate of the own funds that AIL and ICML need to hold to address any potential material harms identified, which cannot be adequately mitigated through proportionate systems and controls.

3.1.2 OFAR Compliance

The Group was compliant with the OFAR as at 31 March 2022 and the OFTR and LATR are continually monitored on both an individual basis and consolidated basis. The Group sets internal requirements for both the OFTR and LATR, to ensure that there are sufficient buffers in place so that the OFAR is met. These metrics are monitored at least monthly on both an individual and consolidated basis.

In addition, the consolidated and individual own funds are reported in the KRI's for the Risk Committee and are compared against thresholds set in line with the internal OFTR. Any breach of these thresholds is escalated in line with internal processes. The consolidated liquid assets are monitored and compared to the LATR on a monthly basis and form part of the reports sent to the Treasury Committee.

As part of the ICARA process, the Group considers the risk of disorderly wind-down and assesses the level of financial resources required to ensure the business can close without undue disruption to clients or the market. ICG has prepared a wind down plan in line with the Wind Down Planning Guide published by the FCA. The wind down plan is reviewed and updated as part of the annual ICARA process, most recently of which, concluded that ICML and AIL do not need to hold additional Own Funds or Liquidity to cover the cost of an orderly wind-down.

3.2 ICML

ICML Own Funds Requirement

The table below shows ICML's Own Funds Requirement as at 31 March 2022.

	£k
Basic Own Funds Requirement	
Higher of:	
Permanent Minimal Requirement (£75,000)	75
Fixed Overhead Requirement (FOR)	7,001
K-Factors:	1,818
K-AUM	*1,818*
Basic Own Funds requirement	**7,001**
Additional Capital to meet ICARA Overall Financial Adequacy Rule (OFAR)	
Additional Own Funds requirement	**5,978**
Total Own Funds Threshold Requirement (OFTR)	
Total Own Funds Threshold Requirement (OFTR)	**12,979**

Table OF1: Composition of Regulatory Own Funds – ICML

The own funds of a firm are the sum of its common equity tier 1 capital ('CET1'), additional tier 1 capital ('AT1') and tier 2 capital ('T2'). ICML's own funds consist of fully paid up capital instruments, share premium and accumulated retained earnings .

Item		Amount GBP'000	Source based on reference Numbers / letters of the balance sheet in the audited financial statements
1	OWN FUNDS	186,783	
2	TIER 1 CAPITAL	186,783	
3	COMMON EQUITY TIER 1 CAPITAL	186,783	
4	Fully paid up capital instruments	400	Note 9
5	Share premium	140,000	Note 9
6	Retained earnings	46,383	Statement of changes in equity
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
12	CET1: Other capital elements, deductions, and adjustments		
13	ADDITIONAL TIER 1 CAPITAL		
14	Fully paid up, directly issued capital instruments		
15	Share premium		
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
17	Additional Tier 1: Other capital elements, deductions, and adjustments		
18	TIER 2 CAPITAL		
19	Fully paid up, directly issued capital instruments		
20	Share premium		
21	(-) TOTAL DEDUCTIONS FROM TIER 2		
22	Tier 2: Other capital elements, deductions and adjustments		

Table OF2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements - ICML

The table below shows the reconciliation of own funds to the balance sheet of ICML as at 31 March 2022. The balance sheet below is as per the audited financial statements.

		a	b	c
Amount in GBP'000		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
As at period end		As at 31 March 2022		
Assets				
1.	Financial assets designated as FVTPL: non-current	192,135		
2.	Trade and other receivables	30		
3.	Trade and other receivables	25,151		
4.	Derivative financial assets: current	425		
5.	Cash at bank	656		
	Total Assets	**218,397**		
Liabilities				
1.	Derivative financial liabilities: non-current	(108)		
2.	Trade and other payables	(31,154)		
3.	Derivative financial liabilities: current	(352)		
	Total Liabilities	**(31,614)**		
Shareholder Equity				
1.	Called up share capital	400		Item 4
2.	Share premium	140,000		Item 5
3.	Retained earnings	46,383		Item 6
	Total Shareholder Equity	**186,783**		

Main features of Own Instruments issued by the Firm – ICML

Capital Item	£'000s	
Tier 1 capital	186,783	Includes 400,003 ordinary shares of £1, share premium of £139,999,997 and audited retained earnings of £46,383,000 as at 31 March 2022
Tier 2 capital	0	
Total capital resources, net of deductions	**186,783**	

3.3 AIL

AIL Own Funds Requirement

The table below shows AIL's Own Funds Requirement as at 31 March 2022.

	£k
Basic Own Funds Requirement	
Higher of:	
Permanent Minimal Requirement (£75,000)	75
Fixed Overhead Requirement (FOR)	2,439
K-Factors:	168
K-AUM	*168*
Basic Own Funds Requirement	**2,439**
Additional Capital to meet ICARA Overall Financial Adequacy Rule (OFAR)	
Additional Own Funds requirement	**14,757**
Total Own Funds Threshold Requirement (OFTR)	
Total Own Funds Threshold Requirement (OFTR)	**17,196**

Table OF1: Composition of Regulatory Own Funds - AIL

The own funds of a firm are the sum of its common equity tier 1 capital ('CET1'), additional tier 1 capital ('AT1') and tier 2 capital ('T2'). AIL's own funds consist of fully paid up capital instruments, share premium and accumulated retained earnings.

Item		Amount GBP'000	Source based on reference Numbers / letters of the balance sheet in the audited financial statements
1	OWN FUNDS	239,897	
2	TIER 1 CAPITAL	239,897	
3	COMMON EQUITY TIER 1 CAPITAL	239,897	
4	Fully paid up capital instruments	0	Note 9
5	Share premium	1,500	Note 9
6	Retained earnings	238,397	Statement of changes in equity
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
12	CET1: Other capital elements, deductions, and adjustments		
13	ADDITIONAL TIER 1 CAPITAL		
14	Fully paid up, directly issued capital instruments		
15	Share premium		
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
17	Additional Tier 1: Other capital elements, deductions, and adjustments		
18	TIER 2 CAPITAL		
19	Fully paid up, directly issued capital instruments		
20	Share premium		
21	(-) TOTAL DEDUCTIONS FROM TIER 2		
22	Tier 2: Other capital elements, deductions and adjustments		

Table OF2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements - AIL

The table below shows the reconciliation of own funds to the balance sheet of AIL as at 31 March 2022. The balance sheet below is as per the audited financial statements.

		a	b	c
Amount in GBP'000		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
As at period end		As at 31 March 2022		
Assets				
1.	Derivative financial assets: non-current	173		
2.	Trade and other receivables	259,740		
3.	Derivative financial assets: current	3,499		
4.	Cash and cash equivalents	3,095		
	Total Assets	**266,507**		
Liabilities				
1.	Derivative financial liabilities: non-current	(280)		
2.	Trade and other payables	(25,559)		
3.	Derivative financial liabilities: current	(771)		
	Total Liabilities	**(26,610)**		
Shareholder Equity				
1.	Called up share capital	0		Item 4
2.	Share premium	1,500		Item 5
3.	Retained earnings	238,397		Item 6
	Total Shareholder Equity	**239,897**		

Main features of Own Instruments issued by the Firm - AIL

Capital Item	£'000s	
Tier 1 capital	239,897	Includes 101 ordinary shares of £1, share premium of £1,499,900 and audited retained earnings of £238,397,000 as at 31 March 2022
Tier 2 capital	0	
Total capital resources, net of deductions	**239,897**	

4. Remuneration

The Group is subject to the FCA's Remuneration Code and is required to produce remuneration disclosures in accordance with BIPRU11.5.18R. The disclosures detailed below refer to the Group in total and as such include ICML and AIL. ICG is considered a Proportionality tier 3 firm under the FCA Remuneration Code guidance.

4.1 Remuneration Committee (the "Committee")

The Committee is authorised by the Board to determine and agree the framework for the remuneration of the Chair of the Company, the Executive Directors, and such other employees as it is instructed by the Board to consider. It is also responsible for determining the total individual remuneration package of each Executive Director, having given due regard to the contents of the Code, as well as the Listing Rules; as well as the policy for pension arrangements for each Executive Director; and for the overall remuneration policy for all the Group's staff. The committee considers the requirement that the Remuneration arrangements should:

- be consistent with and promote sound and effective risk management, and to not encourage excessive risk taking
- be in line with business strategy, objectives, values, and long-term interests of the Group
- include measures to avoid conflicts of interest; consider the long-term interests of shareholders, fund investors and other stakeholders; and

- be formulated on the basis of advice from the Group's compliance function, particularly in relation to performance measurement

The Committee comprised four independent Non-Executive Directors on 31 March 2022 and held four meetings in the financial year ended 31 March 2022.

4.2 Remuneration review

There have been no major changes in the way that staff are remunerated during 2021/22. The Group remains comfortable that staff reward remains strongly linked to the performance of the business and that:

- It is appropriate to drive all of our incentives off a cash profit measure as this encourages and reflects sustained, long-term performance.
- The remuneration structure provides alignment with shareholders through delivering parts of variable pay in ICG shares, the proportion of which increases with seniority and size of award; deferral for Executive Directors is at least 70% (and there is also significant deferral for other senior ICG employees)..
- "Malus and Clawback" applies for variable compensation awarded to Executive Directors which ensures that the Executive Directors are exposed to the longer-term impact of their actions.

4.3 Remuneration Policy (the "Policy")

A full copy of the Policy (based on remuneration principles) approved by shareholders at the 2020 AGM, and which applied to this year's remuneration is available on the ICG website https://www.icgam.com/wp-content/uploads/2022/02/2021-governance-report.pdf#page=45.

4.4 Remuneration principles

ICG has adopted five guiding principles that are reflected in the design of the Group's compensation arrangements:

- *Alignment between staff and shareholders*: A central function of the Group's remuneration policy is the Annual Award Pool ("AAP") which is limited to 30% of pre-incentive cash profit over a rolling 5-year period which ensures long-term affordability.
- *Support of the long-term corporate strategy*: Compensation for the Executive Directors is directly linked to the strategic objectives of the firm through the assessment of both qualitative and quantitative key performance indicators. The AAP under which compensation is awarded for all employees of the Group is a function of profits made through Balance Sheet investment realisations as well as fee income generated and therefore is also linked to the Group's strategic goals of growing assets under management (and thus fee income); investing well; and managing and realising investments successfully.
- *Promotion of staff equity ownership*: The significant majority of variable incentives for Executive Directors is delivered in the form of equity and shareholding guidelines have been introduced. Variable incentives for other employees also typically incudes deferrals in ICG shares.
- *Transparency*: All aspects of remuneration are clear to employees and openly communicated to employees and shareholders.
- *Reward on cash*: The "reward on cash" principle ensures that employees are only rewarded for realised gains.

4.5 Quantitative Disclosure

The table below analyses remuneration for Remuneration Code Staff (as defined under BIPRU) in total for the Group for 2022.

	Senior Management	Other Code Staff	Total
Number of Remuneration Code Staff	18	51	69
Fixed Remuneration (Note 1) £m	4.51	11.82	16.33
Variable Remuneration (Note 2) £m	20.74	41.51	62.25
TOTAL Remuneration £m	25.25	53.33	78.58

Note 1: Salary paid during FY22

Note 2: Bonus payments and long-term incentive awards received and granted in 2022.

4.6 Ratio between fixed and variable remuneration

As a BIPRU regulated firm, there is no requirement for a specific ratio between fixed and variable remuneration.