



# Introduction

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

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# CEO FOREWORD



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

I am pleased to share our 2022 Sustainability & People Report, which builds on last year’s efforts to make the report more comprehensive and reflective of ICG’s progress, and to ensure more robust communication with our stakeholders.

Over the last year, against an increasingly challenging macro environment, ICG continued to grow – in AUM, in client base, in profitability, and in number of employees. We have maintained a strong focus on sustainability and people, as both are integral to our continued success.

I believe leadership on ESG is not only the right thing to do – enabling us to contribute to a more sustainable global economy, more equitable workplaces and communities, and more robust and transparent governance practices – but it also makes good business sense.

While we consider numerous environmental, social and governance matters on an ongoing basis, this year three themes emerged as particular priorities across both our investment approach and our own operations: climate change, diversity and inclusion (D&I), and digital resilience as a governance matter. These topics are not only timely, but worthy of focus as they contribute to greater business resilience – in our own firm and in the ambitious companies in which we invest.

Last year I was proud to announce our commitment to achieving net zero greenhouse gas emissions across our operations and relevant investments by 2040, supported by two ambitious targets which have been approved and validated by the Science Based Targets initiative (SBTi) (see pg. 12). While it is exciting to be one of the first alternative asset managers to have set a net zero commitment, it’s even more important to show progress against that goal. Hence, I’m pleased to share that on the first anniversary year of ICG’s net zero commitment, nine portfolio companies have led the way in setting science-based GHG emissions reduction targets: 15% of relevant investments in our first year alone. And, many other companies have advanced their target-setting plans, placing ICG well on track to achieve its interim target of 50% of relevant investments having such targets by 2026 (see pg. 12).

We continue to build a culture that promotes ESG through our people (see pg. 32) and in the expansion of our investment strategies. During the year we enhanced our approach to ESG integration in order to enable our investment teams to better evaluate ESG factors and engage on ESG matters with our portfolios – with results demonstrated throughout this report.

We have approached the Sustainable Finance Disclosure Regulation (SFDR) with thoughtfulness and intent, and I’m pleased to note that the vast majority of the funds we manage are Article 8 – meaning they promote environmental and/or social characteristics.


We have made some strategic hires across the organisation to ensure we have the breadth and depth of expertise to execute on the long-term opportunities ahead, and helping to future-proof ICG as we continue to market a larger range of products to a growing and increasingly complex set of clients.

I invite you to review our progress and explore some areas we will look to expand in the future, as we continue to strengthen our approach to ESG throughout the firm.



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

## 2022 benchmarks and ratings<sup>2</sup>

<p><b>UN PRI<sup>1</sup></b> 2021 assessment</p> <p>★★★★☆ Investment &amp; Stewardship Policy</p> <p>★★★★★ Fixed Income – Corporate</p> <p>★★★★☆ Fixed Income – Private Debt</p>	<p><b>CDP</b> Climate Change Score 2022</p> <p><b>Leadership</b> A-</p> <p>(2021: Management, B)</p>
<p><b>S&amp;P Global</b> Corporate Sustainability Assessment 2022</p> <p><b>65/100</b></p> <p>(2021: 59/100)</p>	<p><b>MSCI</b> ESG Rating 2022</p> <p><b>Industry Leader</b> AAA</p> <p>(2021: Industry Leader, AAA)</p>
<p><b>Sustainalytics</b> ESG Risk Rating 2022</p> <p><b>Low risk</b> 15.8</p> <p>(2021: Low risk, 18.4)</p>	<p>Member of <b>Dow Jones</b> Sustainability Indices Powered by the S&amp;P Global CSA</p> <p>Became a member of <b>DJSI Europe</b> Index in 2022</p> <p> FTSE4Good</p> <p>Constituent of the <b>FSTE4Good</b> UK Index since 2018</p>

1. 2021 UN PRI assessment scores: 4/5 stars for Investment & Stewardship Policy; 5/5 stars for Fixed Income – Corporate; and 4/5 stars for Fixed Income – Private Debt.  
2. All scores and information with regards to benchmarks and ratings were accessed on 13 December 2022.



# ICG AT A GLANCE

ICG provides flexible capital solutions to help companies develop and grow. We manage and invest capital on behalf of our clients across the asset capital structure to achieve our strategic objectives.

**575<sup>1</sup>**

permanent employees across

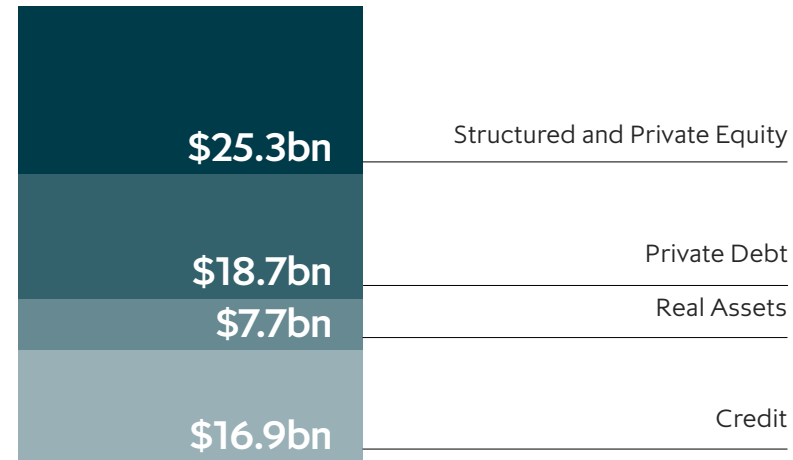
**15**

countries



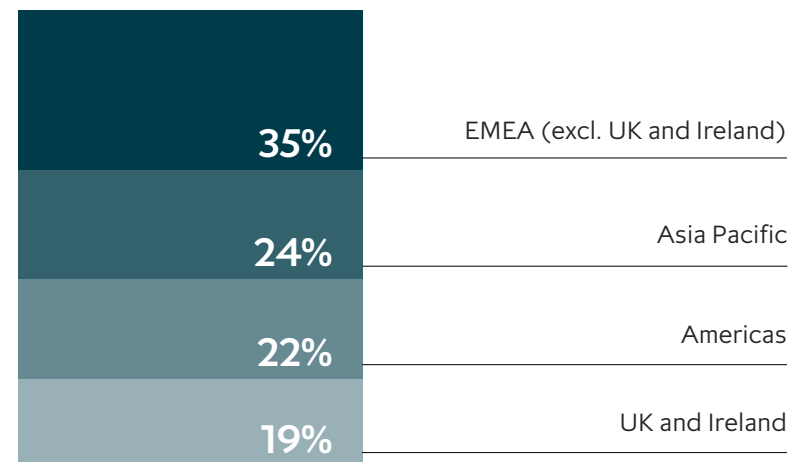
Assets under management

**\$68.6bn<sup>2</sup>**



Global client franchise

**618<sup>3</sup>**



1. Group headcount as of 30 September 2022.  
 2. Total AUM as at 30 September 2022. Due to rounding, numbers do not add up precisely to the total.  
 3. As at 30 September 2022. Split based on Total AUM.

## Our key strengths



### Local presence

A global network of 575 employees in 15 countries underpins our ability to source, execute, support and manage investments.



### Focus on clients' needs

Our global client team ensures that we continue to understand and meet the requirements of our clients.



### Ability to invest across the capital structure

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



### 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.



# GENERATING SUSTAINABLE VALUE

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. We identify the ESG topics most relevant to our stakeholders as well as those that align to our company values and investment ethos.

## Our values drive success

Entrepreneurialism and innovation

Performance for our clients

Taking responsibility and managing risk

Working collaboratively and acting with integrity

Ambition and focus



## Our platform generates value for...

### Grow AUM

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

### Invest

– Identify and secure attractive investment opportunities

### Manage and realise

– Work with management teams in our investments to drive strategic change  
– Successfully realise investments to crystallise returns for clients and shareholders

## our stakeholders...

Shareholders and lenders

Clients

Employees

Communities

Environment

Suppliers

Regulators

Portfolio companies

## to inform our ESG priorities

For Group and investment activities

### Environmental

Climate change\*

### Social

Diversity and inclusion\*

Employee development & engagement

### Corporate governance & business ethics

Governance & business ethics

Digital resilience\*



[Read more\\*](#)  
[Areas of focus in 2022](#) on pg. 9

[Read more](#)  
about how we assess materiality in our [Further disclosures](#) on pg. 51

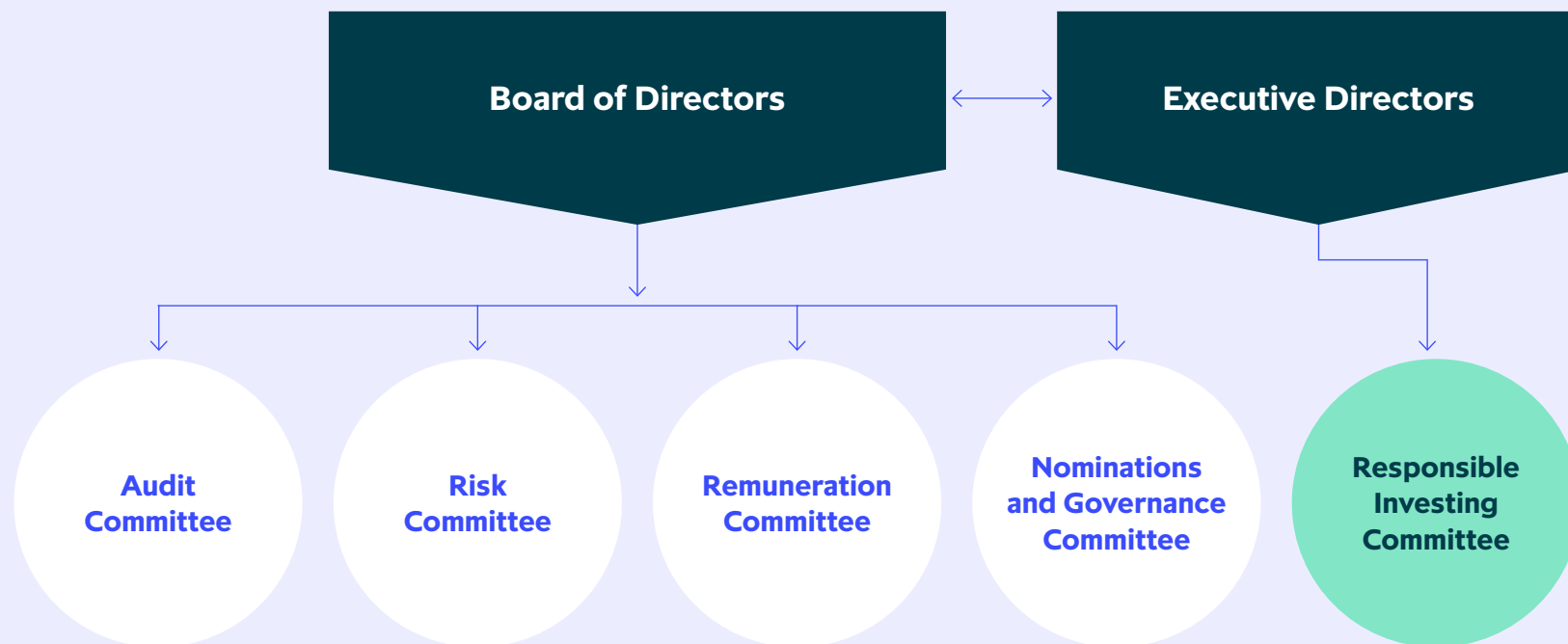


# ESG GOVERNANCE

ICG has been a publicly listed company since 1994. We seek to promote the highest standards of corporate governance throughout our activities and culture to act in the best interests of our stakeholders.

## Board oversight of ESG matters

The Board comprises three Executive Directors, a Non-Executive Chair, and seven Non-Executive Directors (all of whom are independent) who have a broad and diverse set of skills and experience.



**Find out more**  
Please see our [Annual Report](#) pg. 57 for our approach to risk management.

The ICG Board is strongly engaged in our focus on stewardship and ESG, regularly receiving reports on client considerations, client experience, investment performance and ESG matters. We have a Non-Executive Director responsible for ESG matters and another Non-Executive Director with a specific responsibility for employee engagement.

The Board receives formal updates on ESG-related matters at least twice every financial year and receives annual updates on progress. In addition, the Board also considers ESG risk, as relevant, when reviewing the annual strategy and business plans over the short, medium, and long term. The Board has delegated responsibility for the implementation of the Responsible Investing Policy to the Executive Directors. As part of the Board, the Executive Directors review and guide any decisions made regarding investment strategies, including the Responsible Investing Policy and the Climate Change Policy, as well as any arising or potential climate-related issues.

The Board Risk Committee oversees the Group's 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.

ICG's eight established principal risks incorporate or consider a variety of factors that cut across them, including ESG. Further information on our approach to managing risk can be found on pg. 57 of our Annual Report.

## Responsible Investing Committee

ICG has had a Responsible Investing Committee since 2014, made up of our Global Head of Sustainability & ESG, Head of Investment Office, and senior investment professionals from across ICG's investment strategies. The Committee promotes, supports, and helps to integrate responsible and sustainable business practices across ICG's investment strategies and the businesses in which we invest, in line with our Responsible Investing (RI) Policy and Framework. The Committee is also responsible for ensuring that ICG's investment teams have the required skills and understanding to effectively identify ESG risks and opportunities and engage with relevant company management in our portfolio companies on ESG matters.



**Find out more**  
Please see our [Responsible Investing Policy](#).





# AREAS OF FOCUS IN 2022

2022 saw significant global macro and geopolitical events that affected the economy and our lives. Three large ESG themes emerged as focal areas for ICG, all of which factor into business resilience and are important traits of business growth and success.

## Climate change

### Investment activity highlights

#### Climate risk assessment

# 90%

of total AUM covered by a comprehensive climate risk assessment, with enhanced scenario analysis of holdings with potentially heightened climate risk exposure ([see pg. 17](#)).

#### Strategies with climate focus

# 27%

of total AUM in strategies<sup>2</sup> with explicit focus on engagement on climate change and/or in scope of ICG's portfolio coverage science-based target ([see pg. 19 and pg. 23](#)).

#### Renewable energy infrastructure capacity

# 1,703 MW

of renewable energy capacity deployed across the Infrastructure Equity portfolio<sup>1</sup> ([see pg. 26](#)).

#### Engagement on decarbonisation

# 300+

investee companies and 10+ GPs engaged on climate change ([see pg. 19-27](#)).

# 9

portfolio companies have set science-based emissions reduction targets, committing to a reduction of over 69 thousand tonnes of CO<sub>2</sub>e emissions today in line with the latest climate science ([see pg. 11-12](#)).

### Group highlights

#### Renewable energy in ICG operations

# 58%

of electricity consumed by ICG offices was from renewable sources in FY22, up from only 22.5% in FY21 ([see pg. 12 and pg. 38](#)).

## Diversity and inclusion

### Investment activity highlights

# 87%

of portfolio companies<sup>3</sup> in our European and Asia Pacific corporate funds, and 77% of borrowers in our Senior Debt Partners strategy, are implementing initiatives or targets to improve diversity and inclusion (D&I) in their organisations ([see pg. 23](#)).

### Group highlights

# 35%

female senior management at ICG globally, and 41% in the UK, at the end of FY22. We were therefore pleased to achieve our UK Women in Finance Charter ambition (33% female senior management in the UK) a year early.

## 1<sup>st</sup> Inclusion Survey

conducted across all ICG operations with 75% response rate from our employees globally ([see pg. 34](#)).

# £4m

committed from FY23 to FY25, to support our new partner charities, focusing on education and social mobility ([see pg. 36](#)). £2.5m has been donated to charity this year in total<sup>4</sup>.

## Digital resilience

### Investment activity highlights

## ESG data

ESG data management platform deployed to support ESG integration, portfolio monitoring and reporting across 100% of AUM ([see pg. 29](#)).

# 94%

of portfolio companies where we have sufficient influence across the European Corporate strategy have completed or launched an internal audit of cyber capabilities and include a clear plan of remedial actions.

### Group highlights

## Cyber controls

Continuously enhanced vigilance and controls over cyber risks at ICG ([see pg. 40](#)).

1. As at 30 September 2022.

2. Includes European and Asia Pacific Corporate, Infrastructure Equity, Sale and Leaseback, and European Real Estate Debt.

3. Source: ICG's Annual ESGs survey of portfolio companies across European and Asia Pacific Corporate, and Senior Debt Partners.

4. Year ending 30 September 2022.



# OUR ESG APPROACH – LOOKING BACK, LOOKING AHEAD



## Elsa Palanza

Global Head of Sustainability & ESG, ICG

I am delighted to have joined ICG. Its track record in investing successfully and its commitment to ESG leadership are clear, and I am excited for the opportunity to further develop and embed meaningful sustainability action throughout the firm and its investment activities.

The universe of ESG topics facing investors is ever-expanding, and ICG's challenge and opportunity will be to add value – both societal and economic – through the thoughtful consideration of these ESG factors. The structural trends towards private markets remain intact, with asset owners continuing to increase allocations. With growing AUM over the long term across multiple asset classes, ICG's opportunity becomes ever-greater to support the development of more resilient, nature-positive and human-centred businesses befitting a low carbon economy and sustainable economic future.

Following a year of important announcements – including ICG's commitment to net zero by 2040, supported by the establishment of two important approved and validated science-based targets ([see pg. 12](#)) – the Group has focused on embedding the right internal systems to ensure we can make progress against those targets and further embed ESG into decision-making.

For example, this year we put in place a requirement for portfolio managers to attest to the implementation of relevant ESG assessments and procedures for their given strategies, which will be linked to their year-end compensation. This measure not only ensures accountability for ESG integration, but also enables senior investment professionals to set an example for their teams.

We have also seen innovative approaches to aligning our investments and business with our decarbonisation goals. In one year alone, we have seen a 47% increase in the total AUM of sustainably-themed products in real assets ([see pg. 24](#)). And, in 2022 ICG issued an 8-year, €500m unsecured bond with an annual coupon adjustment based on the progress ICG makes in achieving its science-based targets. This is the latest facility to contribute to our overall total of \$3.6bn in ESG-linked financing to date.

In recent years, stakeholders have increasingly demanded that financial institutions play an active role in responding to the climate crisis. Looking ahead, not only will climate change remain a central priority for ICG, but we will make our approach more expansive and sophisticated, ensuring we consider the myriad, interconnected social and environmental factors related to climate. For example, we will explore risks and opportunities related to nature and biodiversity, as well as a just transition.

In 2023 and beyond, we will focus on building and implementing a more comprehensive plan for net zero for the firm. Where we have sufficient influence, we will continue to support management teams in setting science-based emissions reduction targets for their businesses. And, we will work to assess possible solutions for asset classes or strategies within our portfolio where we do not yet have the tools to assess, measure and manage for net zero, where relevant.

We will also seek to expand our integration of additional ESG topics as they become focal areas for our stakeholders and as they are increasingly pertinent to our investments. For example, given the challenges facing societies the world over, we will continue to assess the “S” in ESG – advancing our commitment to progress on D&I, and thinking about how best to assess equity and human rights.

We know engagement must remain a focal point in order to drive stronger sustainability outcomes. ICG will continue to prioritise embedding ESG into our activities, always with an eye towards continuous improvement and action in areas where we can make meaningful impact.



## Spotlight on emerging issues



### Nature

With more than half of the world's economic output moderately or highly dependent on nature, the loss of nature and biodiversity poses enormous risks – and opportunities – for economies, and thus for investors. Moreover, nature loss is inextricably linked to the climate crisis, ensuring we cannot achieve net zero without also addressing nature. In 2022, ICG joined the Taskforce on Nature-Related Financial Disclosures (TNFD) Forum, to support the development of a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and towards nature-positive outcomes. We look forward to exploring ways to better incorporate nature-related risks and opportunities into our company engagement and investment considerations.

### Human rights

As stakeholders increase focus on the “S” in ESG, there is growing visibility and awareness of the private sector's responsibilities to uphold and protect human rights. The regulatory and policy environment is increasingly focused on human rights due diligence expectations in investment decision-making, and on the responsibilities of business and institutional investors to respect human rights, as articulated in the UN Guiding Principles on Business and Human Rights (UNGPs). As an alternative asset manager, ICG has a role to play in incorporating human rights considerations into our investment approach, in assessing the important links between human rights and other ESG priorities, such as climate change, and the role we can play in preventing or mitigating potential impacts.





# TOWARDS NET ZERO

Climate change remains one of the most existential challenges of our time; a threat to human lives, the natural world, individual livelihoods, and economies at large. As an investor and provider of capital, ICG has an opportunity and a responsibility to support the transition to a more sustainable economy.

In November 2021, ICG announced its commitment to reach net zero greenhouse gas (GHG) emissions across its operations and relevant investments by 2040. The Group's net zero commitment is supported by two ambitious emissions reduction targets by 2030, which have been approved and validated by the Science Based Targets initiative (SBTi) (see targets below).

While our own operational emissions have negligible impact compared to those of our investments, we recognise our responsibility to ensure our own business operations are fully accounted for (see pg. 12). ICG will continue to deploy energy efficiency and renewable energy initiatives, and will offset any residual emissions using credible removal solutions.

In order to chart a path to net zero, ICG's top priority is the decarbonisation of our portfolio wherever possible, through our investment decision-making and engagement.

Over time, the tools to assess financed emissions and measure net zero will evolve in the private markets. In addition to the setting of SBTs for relevant investments, ICG is developing a plan to systematically assess potential net zero solutions for the strategies not covered by our SBTs.

We will continue to engage with industry groups and thought leaders (see pg. 30) to explore decarbonisation tools and net zero measurement frameworks for asset classes which do not currently have them, and ICG will consider these new solutions if/where they might be applicable to our portfolios.

Another powerful tool for responding to climate change is ICG's capacity for investment in climate solutions needed for the real economy to reach net zero emissions, such as the infrastructure needed for the growth of renewable energy (see pg. 26).

Lastly, a successful global approach to net zero will require the financial industry to account for nature's fundamental contributions to combating climate change, as well as a just transition to respond to the impacts that a changing climate has on human communities and livelihoods. ICG will reflect these considerations in our own approach, as we enhance our ESG assessment and action over time.

ICG's net zero strategy will continue to evolve as we work towards building a more comprehensive approach across the firm, to support the global goals of decarbonising the real economy and building a more sustainable financial system.

1. Relevant investments includes all investments within Structured and Private Equity and Real Assets where ICG has sufficient influence.

Our approved and validated science-based targets:

## 100%

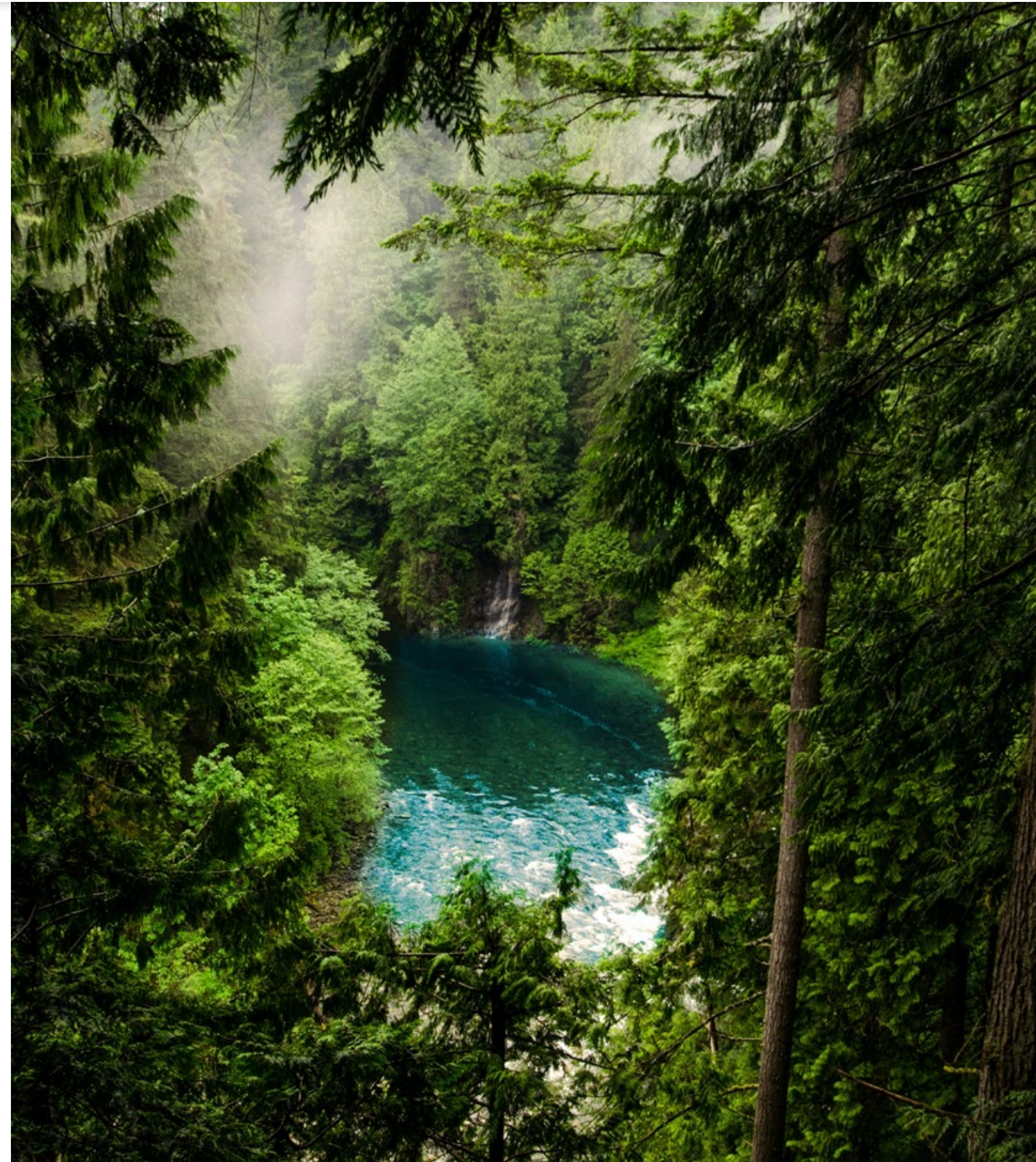
Ensure 100% of relevant investments have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026<sup>1</sup>

## 80%

Reduce ICG's direct (Scope 1 and 2) emissions by 80% by 2030 from a 2020 base year



[View more](#) on the [SBTi website](#) with our approved targets







# TOWARDS NET ZERO CONTINUED

## Progress report: Science-based targets

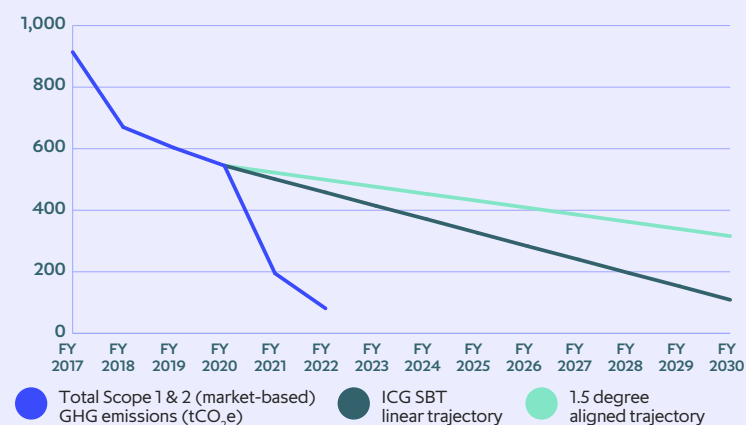
In November 2021, ICG was among the first alternative asset managers to have targets approved by the SBTi. We are pleased to provide an update on the progress made since we first set our targets and will continue to enhance our reporting, particularly on relevant investments, as an industry-wide approach is adopted over time.

### A. Scopes 1 and 2 – Absolute emissions reduction target

“ICG commits to reduce absolute Scope 1 and 2 GHG emissions 80% by 2030 from a 2020 base year.”

During FY22, our Group Scope 1 and 2 (market-based) emissions decreased by 85% compared to FY20 baseline, primarily due to a rise in the number of offices procuring 100% renewable electricity. While this means we have already achieved our Scope 1 and 2 SBT, we remain determined to sustain this performance over time as the firm continues to grow and expand its presence globally. For further details on our environmental stewardship initiatives across our operations, [see pg. 38](#).

### Group Scope 1 & 2 (market-based) greenhouse gas (GHG) emissions (tCO<sub>2</sub>e)



### B. Scope 3 – Portfolio coverage target

“ICG commits that 50% of its relevant Structured and Private Equity, and Real Assets direct investments by invested capital will have set science-based targets by 2026 and 100% by 2030 from a 2021 base year.”

In November 2021, building on years of focus on engaging portfolio companies on climate change, we began implementing a dedicated SBT engagement programme with relevant investments to:

- Socialise what the science-based targets are, how they can be developed, and the benefits to companies, namely further building business resilience and encouraging greater innovation.
- Support portfolio companies in establishing their carbon footprint baseline, following the GHG Protocol. Often this involved educating management teams about the fundamentals of carbon footprinting and recommending third-party climate advisors and/or solutions to support them in completing their baseline assessment; and building the capability to monitor progress in the future.
- Input into the development of science-based targets and emissions reduction action plans to ensure these are ambitious, yet feasible to achieve and aligned with the business plan for our investment.
- Have such targets approved by the SBTi.
- Support the implementation of decarbonisation initiatives through sharing networks, ideas and best practices across our portfolios.

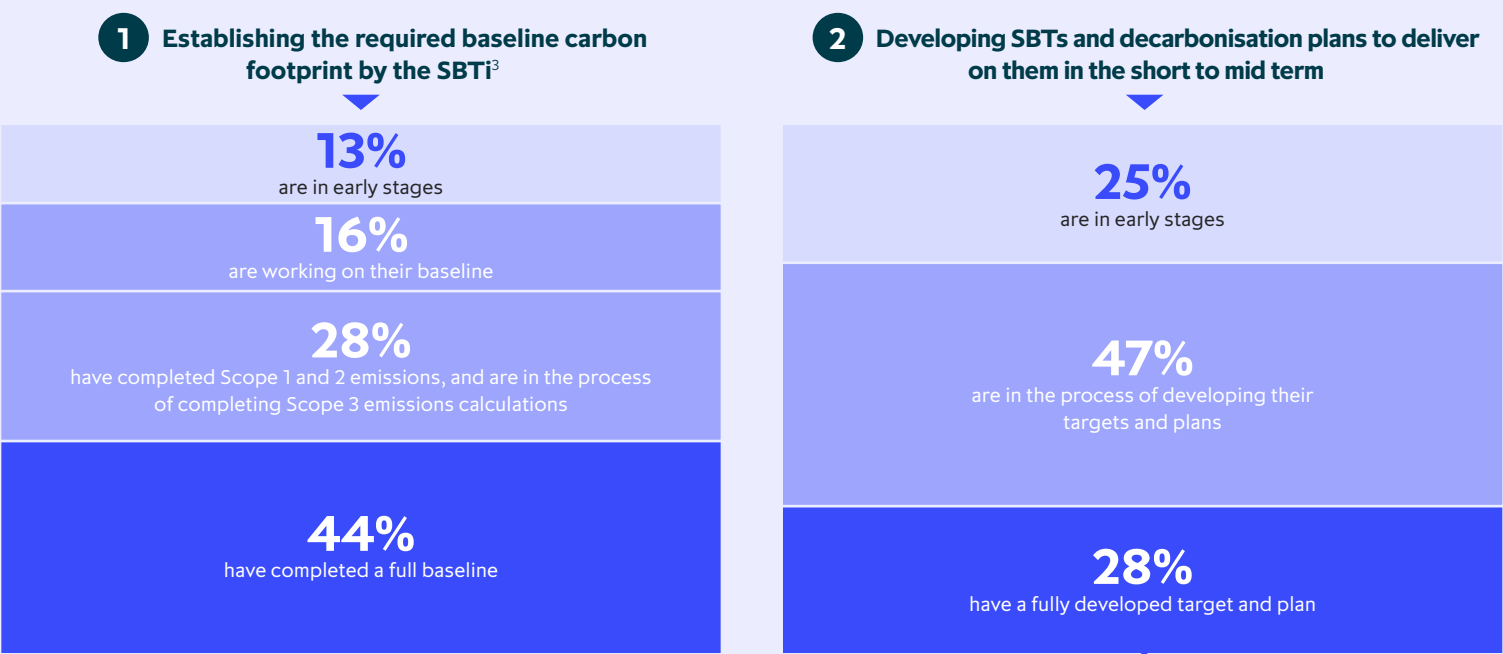
As at 31 December 2022, we have engaged with all 32<sup>1</sup> portfolio companies across five investment strategies<sup>2</sup> qualifying as relevant investments; representing nearly \$8bn of invested capital.

**Watch**  
Portfolio companies at different stages of setting SBTs, talking about their experience.

**32**  
companies located in Asia Pacific, Europe, and North America qualify as relevant investments for ICG's portfolio coverage target. ICG has engaged all such relevant investments on setting SBTi-approved GHG emissions reduction targets.

■ Completed ■ In progress ■ In early stages

Each of these companies is at a different stage of the SBT setting process, with progress shown below across three key milestones:



	3 Have set SBTs		Commitments for over 69 thousand tonnes CO <sub>2</sub> e of baseline emissions to be reduced in line with the latest climate science <sup>4</sup>
	Number of relevant investments	% of relevant investments	
Have set SBTs and submitted them to SBTi	9	15%	69
Of which, have approved targets by SBTi	6	7%	
		28%	
		19%	

1. Relevant investments that were in our portfolios at the time of setting our portfolio coverage target that are still in the portfolio as at 31 December 2022. Note that the SBTi currently does not validate and approve SBTs for educational institutions, so three portfolio companies in this sector have been excluded from our update.  
 2. These are Europe Corporate, Asia Pacific Corporate, Europe Mid-Market, North America Private Equity, and Infrastructure Equity.  
 3. Percentages are calculated based on number of companies in the respective stages, and may not add to 100% due to rounding.  
 4. As per the applicable SBTi requirements for target setting and validation, as of 31 December 2022.