



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%

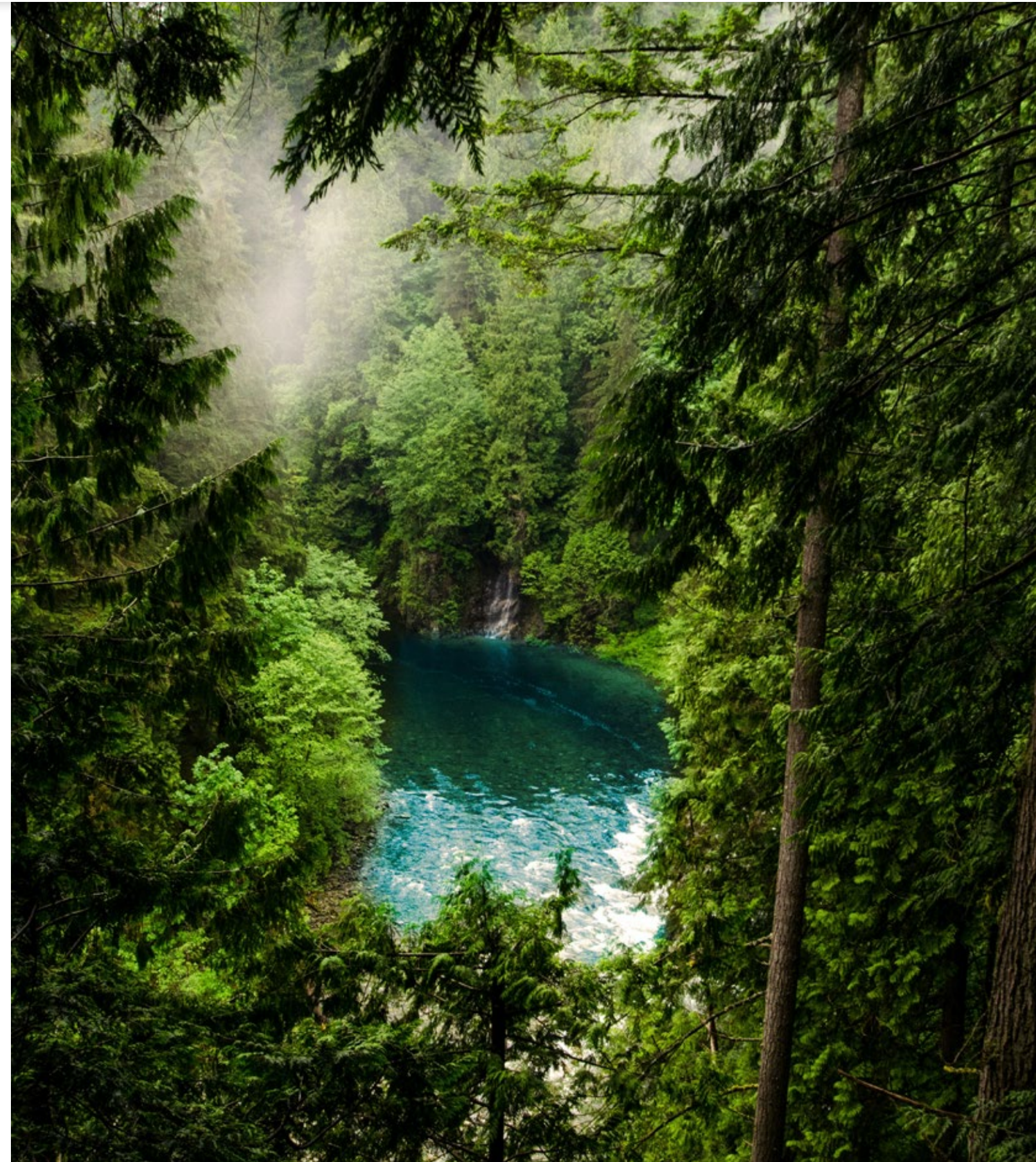
Ensure 100% of relevant investments have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026¹

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

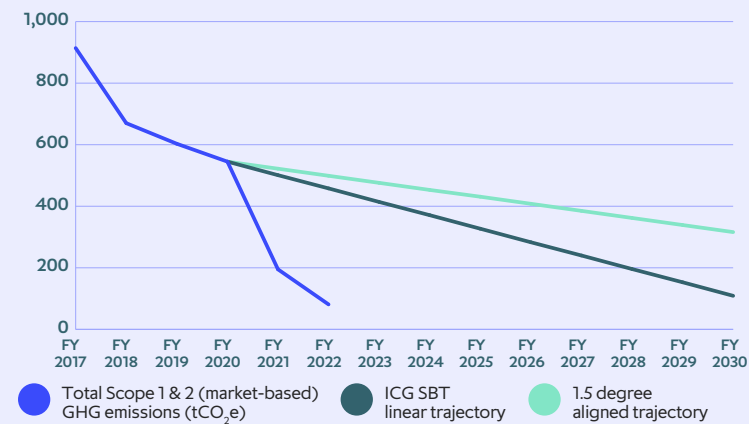
In November 2021, ICG was among the first alternative asset managers to have targets approved by the SBTi. We are pleased to provide an update on the progress made since we first set our targets and will continue to enhance our reporting, particularly on relevant investments, as an industry-wide approach 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 (tCO₂e)



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 32¹ portfolio companies across five investment strategies² 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 ₂ e of baseline emissions to be reduced in line with the latest climate science ⁴
	Number of relevant investments	% of relevant investments	
Have set SBTs and submitted them to SBTi	9	15%	28%
Of which, have approved targets by SBTi	6	7%	
			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.