Our business

As a global alternative asset manager we help grow our clients' capital and provide flexible, sustainable financing solutions to companies. 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 a diversified 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 on page 4 →

Our values

Performance for our clients

Entrepreneurialism and innovation

Ambition and focus

Taking responsibility and managing risk

Working collaboratively and acting with integrity

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 debt and equity financing solutions in the real estate and infrastructure sectors

Credit
Investing in primary and secondary credit markets

Read more on page 5 →

Our people

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

Read more on page 28 →

Sustainability

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

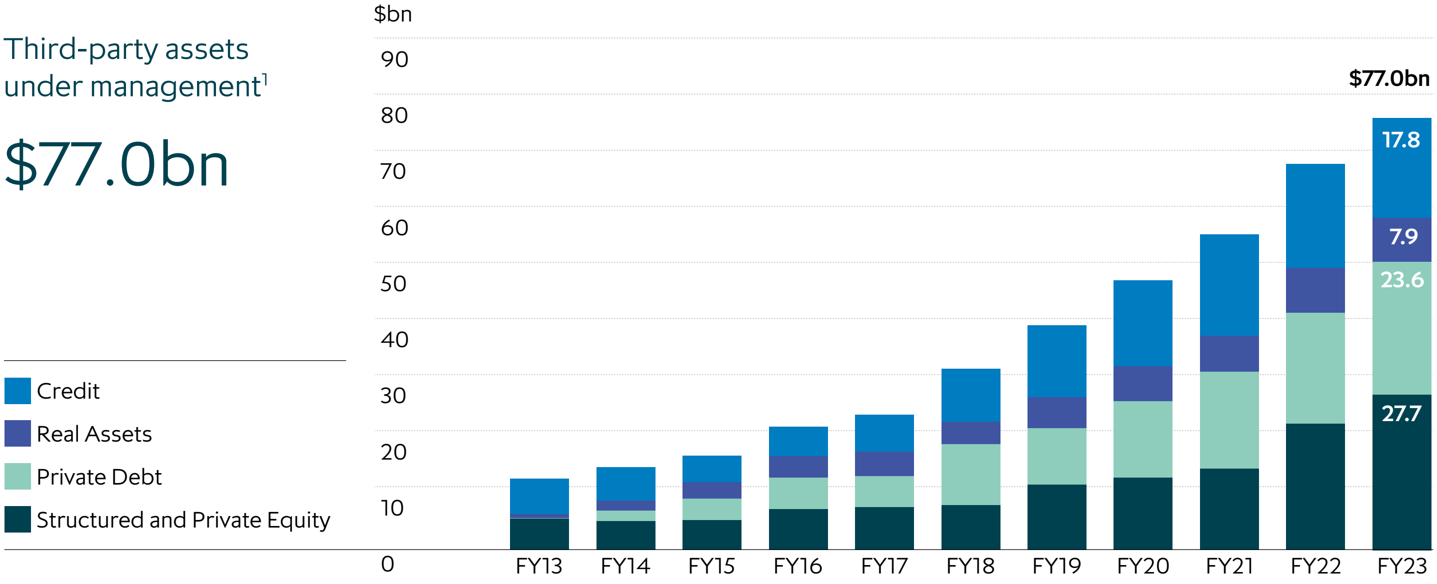
Read more on page 26 →

Delivering long-term growth

ICG generates long-term value through growing assets under management, generating management fees and increasing fund management company profits.

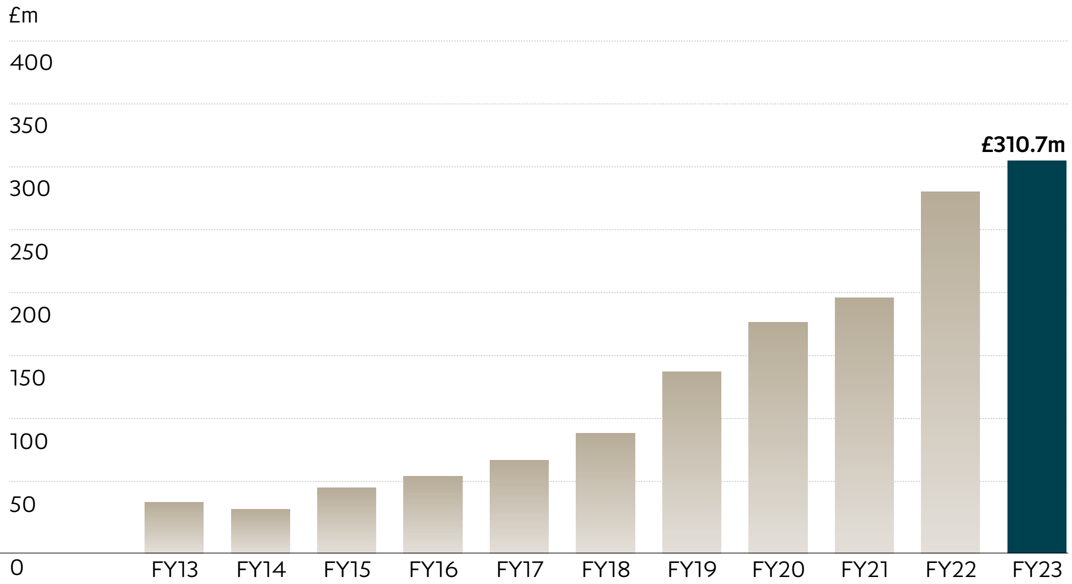
Third-party assets under management[1]

$77.0bn



Fund management company profit before tax

£310.7m



1. During the year the Group updated its AUM measurement policy, see page 54.

What we do

Our purpose is to create value by providing capital to help businesses develop and grow

1

We raise capital from clients across a range of investment strategies

2

We use our investment platform and expertise to secure attractive opportunities on behalf of our clients

3

We work with management teams in our investments to help develop and grow those entities, creating value for clients and shareholders which is crystallised when those investments are realised

How we create value

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.

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.

Read more on page 8 →

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

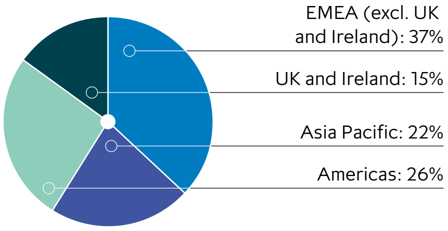
Key Performance Indicator	Strategic objective
Total AUM	1
Weighted-average fee rate	1
Fund Management Company operating margin	1 2
Deployment of direct investment funds	2
Percentage of realised assets exceeding performance hurdle	3
UK senior management gender diversity	1 2 3
Return on equity	
Ordinary dividend per share	

Read more on page 18 →

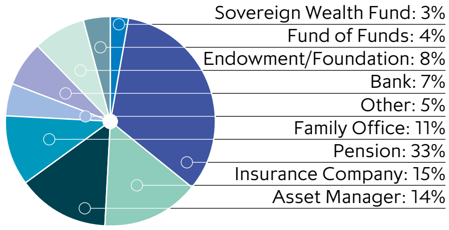
Our clients

We develop long-term relationships and serve a global client base, helping them meet their investment objectives.

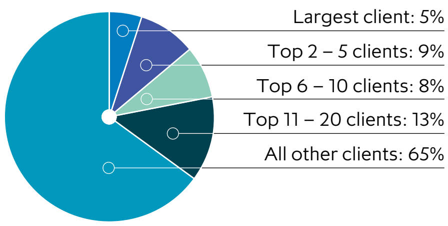
Client split by geography



Client split by type



Client diversification[1]



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

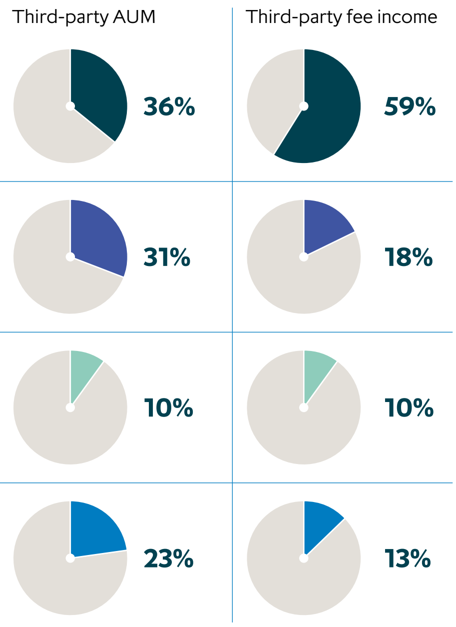
Our strategies

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.

Our asset classes

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 on page 54 →

Our people

Our business is organised to reflect our emphasis on investment performance, client focus, and operational excellence.

Investment teams

Originate and manage investments on behalf of our funds, deploying our clients' capital in line with the stated investment objectives

298

Read more on page 26 →

Marketing and client relations

Originate and manage client relationships, market new strategies and subsequent vintages of existing strategies to our clients

61

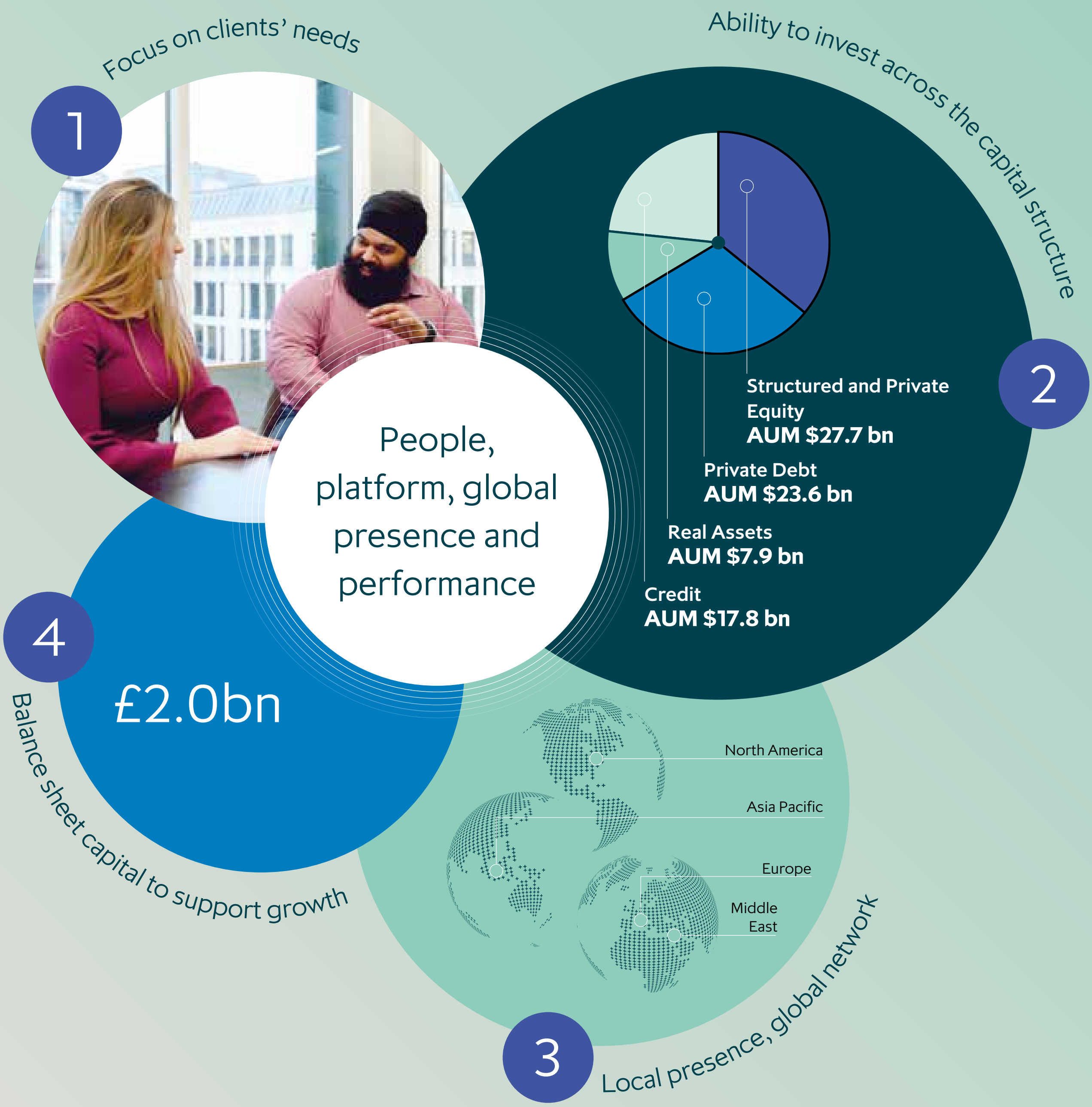
Corporate and business services

Support the business in areas such as finance and tax, operations and risk, legal, compliance and human resources, ensuring we have a scalable platform

223

Our competitive advantages

ICG's entrepreneurial culture, breadth of investment strategies and our well-capitalised platform enables us to sustain business activity throughout economic cycles.



1

A focus on clients' needs

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

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.

Read more on page 5 →

2

Ability to invest across the capital structure

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

Structured and Private Equity funds provide capital to private companies, including both control transactions and minority investments.

Private Debt funds provide debt financing to high-quality corporate borrowers.

Real Assets funds provide debt and equity financing in the real estate and infrastructure sectors.

Credit funds invest in primary and secondary credit markets.

Read more on page 54 →

3

Local presence, global network

We are a world-class firm of outstanding professionals, and we form a purposeful community together with our colleagues, the businesses with which we work and our investors.

With offices in 16 cities worldwide, our teams form part of the local business landscape, and create value through unique market access based on meaningful insights and long-standing relationships.

Find more information online at icgam.com →

4

Balance sheet capital to support growth

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

Read more on page 54 →

Our track record of growth

ICG was founded in 1989 on the principles of flexible capital solutions, specialist experience and local knowledge. The values we established back then still hold true today.

We are as proud of our long-term relationships with our clients and portfolio companies, and the diversity of our thinking, as we are of our returns.

Over time, we have broadened our specialist strategies and our global reach.

2012

Refocus of corporate strategy

In 2010 ICG refocuses its corporate strategy, developing a third-party investment business and building a dedicated client function.

In 2012 we launch our inaugural direct lending strategy, creating a European market leader in response to the lack of capital provision by traditional lenders.

2014

Expansion continues

The founding members of our Strategic Equity team join ICG, launching a future flagship strategy.

Development of our Real Assets business continues with the completion of the acquisition of Longbow, a UK real estate financing business.

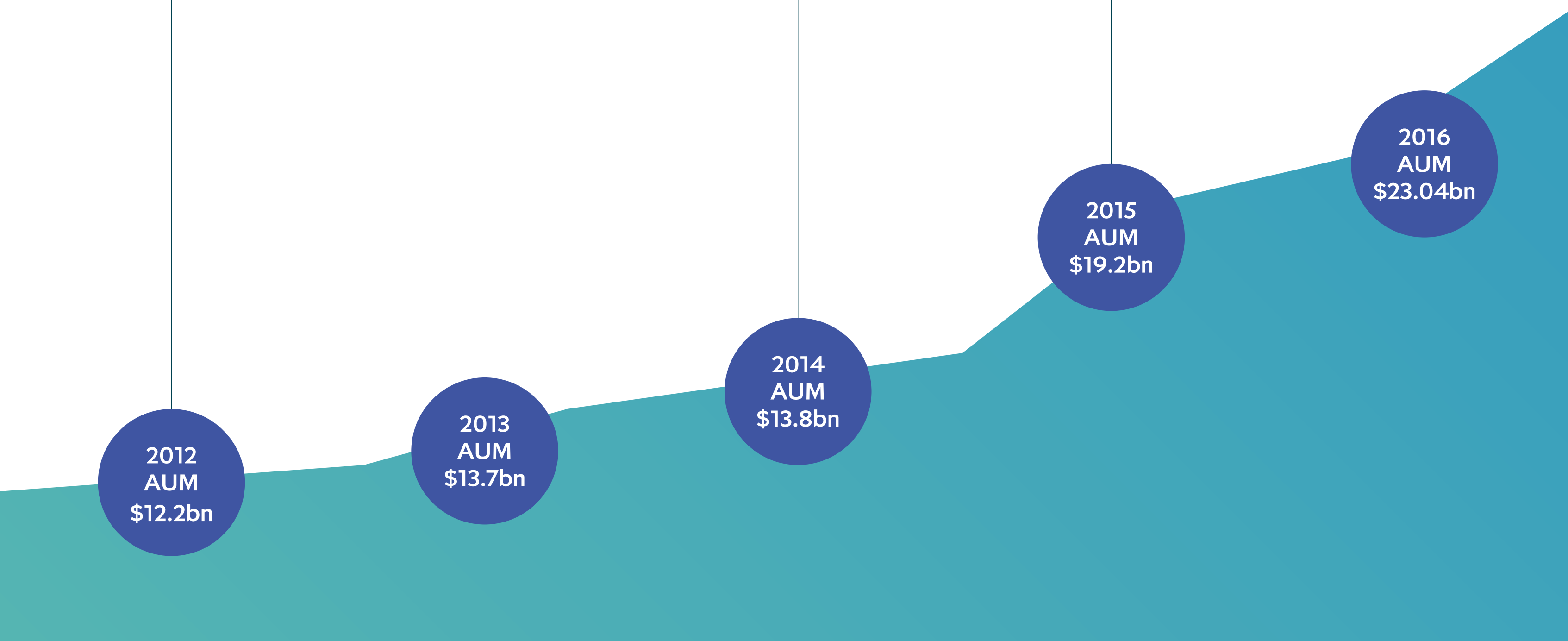
2015 - 2017

A new fundraising record and changes in leadership

Europe Fund VI sets a new ICG record closing at €3bn in 2015 and two years later, our second direct lending vintage, Senior Debt Partners III, raises €5.2bn.

Graphite Enterprise Trust, a private equity investment trust and one of ICG's founding shareholders 26 years earlier, is acquired in 2015, becoming the ICG Enterprise Trust – a FTSE250 company in its own right.

As Christophe Evain retires in 2017, Benoît Durteste becomes Chief Executive Officer and Chief Investment Officer.



Track record of growth in assets under management

We are focused on investing responsibly, operating with purpose, and leading change in our industry.

2017
AUM
$25.5bn

2018
AUM
$35.3bn

2019
AUM
$36.2bn

2020
AUM
$50.0bn

2021
AUM
$59.6bn

2022
AUM
$72.1bn

2023
AUM
$80.2bn[1]

2018 - 2019
Enhancing diversity and inclusion

We set clear priorities around inclusion — firm goals to foster a workplace in which each individual is supported to succeed and be themselves. ICG signs the Women in Finance Charter, which includes a commitment to having 30% of management roles filled by women by 2023. We enter into a partnership with teh British Universities and Colleges Sport (BUCS) to support the next generation of female leaders across the UK and establish a 'returnship' programme for women who re-enter the financial services industry after extended career breaks.

We continue to drive impressive success as Europe VII closes at €4.5bn and fundraising across all strategies totals €10.1bn for the fiscal year.

In 2019, Vijay Bharadia is appointed Chief Finance and Operating Officer and Executive Director.

2020
Fast growth and a focus on Environmental, social, and governance (ESG)

In 2020 we launch an inaugural €500m Eurobond and Antje Hensel-Roth joins the Board as Chief People and External Affairs Officer.

As the Covid-19 pandemic comes to a head, we work hard to continue to deliver outstanding performance. Our focus on managing our business based on inclusion and responsibility becomes ever more important amid enormous challenges on the physical and mental wellbeing of our teams, our stakeholders and partners.

At the end of 2020, we win the Financial News Alternatives Provider of the Year award, and ICG achieves its highest-ever score in the annual UN backed Principles for Responsible Investment (UN PRI) responsible investing assessment.

2021 - 2022
Leading on climate

We adopt a commitment to reach Net Zero in operations by 2040, using our position of influence to lead change in our industry.

Our commitment to the Women in Finance Charter, made in 2018, is reached two years ahead of the 2023 target, with a 41% representation of women in UK senior management roles and 35% globally.

2023
Delivering growth through cycles

Our fund management company delivers year-on-year growth in fee-earning AUM, fee income and profits, and the balance sheet performs in line with our expectations during a period of volatile market conditions.

We take a long-term view on investing for future growth, hiring selectively across the firm and investing balance sheet capital in seed assets for a number of strategies during the year.

1. During the year the Group updated its AUM measurement policy, see page 54.

Building and scaling a platform

I believe the investments we have made give us substantial runway to continue to grow in the coming years, and that in many respects ICG is still at the beginning of its journey.

William Rucker
Chair

To my fellow shareholders,

It is a pleasure to write to you as Chairman of ICG, a role I am honoured to have taken on in January 2023. I would like to start by expressing my gratitude on behalf of the Board to Andrew Sykes, who fulfilled the duties of Interim Chairman while the search for a permanent Chairman was undertaken. I look forward to his continued insight and guidance around the Board table in his role as Senior Independent Director.

Since Andrew's letter last year, geopolitical and economic uncertainty has continued to rise. The economic landscape has become increasingly complex, with inflation reaching multi-year highs in a number of countries, which has in turn forced central banks to raise interest rates at a time when many economies are slowing down. Today, the outlook remains nuanced. Certain countries and sectors are more vulnerable, while others are demonstrating significant resilience.

Elevated levels of uncertainty present difficulties for Boards. Many businesses, ICG included, can react tactically in the short term as opportunities present themselves. However, to create long-term value, they are required to make strategic decisions around allocating economic and intellectual capital, and then to pursue these vigorously and consistently over a number of years. An unclear outlook and an increasing cost of capital make these decisions more challenging, and we have seen some of the implications of this during the last twelve months in elevated volatility within public markets, a transfer of value from equity to debt, reduced valuations in many sectors, and a slowdown in M&A activity globally.

Against this background, I am comforted that private markets have shown a remarkable ability to adapt and innovate across economic cycles. Indeed, ICG's business model today is the result of a strategic decision taken over a decade ago to pivot to being a third-party asset manager – a transition that was pursued with determination and to great effect. There have been a number of periods of economic uncertainty during that time since the Global Financial Crisis, including the Euro crisis, Brexit, and of course Covid-19 pandemic. Throughout all of these we have focused on executing a clear strategy of expanding our product offering, client base, and AUM. This has been delivered consistently and successfully, and in doing so we have grown and diversified the sources and robustness of our fee income.

There is always the risk that long-term ambitions get forgotten during periods of short-term challenge. Concerted efforts to reduce our environmental impact and to enhance diversity, equity and inclusion in the workplace must not be seen as optional and "only for the good times". I am proud to Chair in ICG an organisation that is action-orientated in these areas, being amongst the first group of alternative asset managers to commit to net zero (by 2040) and exceeding its commitment made under the UK Women in Finance Charter two years earlier than planned. Of course, many other initiatives in these areas continue and I am pleased with the progress we have made over the last 12 months.

As a direct result of these decisions and actions, ICG today is better positioned – strategically, financially, operationally and culturally – than at any time in our history. We manage our clients' assets across 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 alternative asset 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 avenues to increase our AUM and thereby develop further long-term streams of management fee income.

A consequence of our business and financial model is that we are able to sustain business activity across economic cycles, and this is visible in the results we report for FY23. We continued to deploy and realise our clients' capital, and recorded year-on-year growth across AUM, fee income, FMC PBT and the distributions made to our shareholders[1].

Our confidence in the long-term and through-cycle prospects of ICG is underlined by our simplification of the dividend policy to being progressive. We are also stating the we intend over the long-term to increase the dividend per share by at least mid-single digit percentage points on an annualised basis. The breadth and scale of ICG today allows us to have this dividend policy as an integral part of our approach to capital allocation, running alongside commitments to our funds and using our balance sheet to seed new strategies.

None of this is instant. Building and scaling a platform that generates compounding growth over the long-term takes time, and that is precisely what we are doing at ICG. In recent months, Andrew Sykes and I have had a number of discussions with shareholders in a variety of forums. We have both been encouraged by the level of engagement around ICG; the clear understanding our shareholders have of the business; and the thoughtful, long-term view with which they approach ICG's strategy and our potential to generate long-term equity value. I look forward to more discussions with shareholders and our broader stakeholders in the coming months.

OUR GROUP

We are global, but multi-local rather than multinational

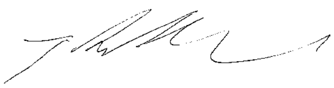
582 employees

16 countries

Post year-end there were two changes to the Board. Kathryn Purves stepped down after nine years as a Non-Executive Director, during which time she made a wide-ranging contribution including chairing the Risk Committee and more recently serving as Senior Independent Director. We also announced the appointment of David Bicarregui, who joined ICG in April and who will take up the role of CFO in July, replacing Vijay Bharadia. I would like to pass on my and the Board's thanks to Kathryn and to Vijay for their significant contributions to ICG.

The last twelve months have demonstrated the strategic and financial benefits of our scale and diversification. Notwithstanding our strong historical growth, I believe the investments we have made give us substantial runway to continue to grow in the coming years, and that in many respects ICG is still at the beginning of its journey. Mindful of the uncertainty and volatility we may face in the future, we are well positioned to navigate complex markets for the benefit of our clients, portfolio companies and shareholders.

Over a number of decades I have watched and admired ICG's growth and development from afar. I am excited at the prospect of being actively involved in its future, and look forward to working with the ICG team, our shareholders and other stakeholders in the years to come.



William Rucker
Chair

1. Including the proposed final dividend of 52.2p for the year ending 31 March 2023

Predictability in unpredictable markets

ICG has performed strongly over the last twelve months on both a strategic and financial level.

Benoît Durteste
CEO and CIO

The last twelve months have been a busy and successful period for ICG. Our scale and breadth have enabled us to capture opportunities in a dynamic market environment. The investment landscape and client appetite have shifted towards our areas of particular expertise such as structured transactions, private debt and infrastructure. We have continued to execute successfully on our strategy of growing up and growing out, and have invested selectively across the organisation to augment our investment teams, marketing and client relations offering, and to enhance our operating platform. By investing today, we are positioning ourselves to benefit from what could be a rapid and significant rebound in private markets activity when conditions become less volatile, and when the market could continue to further concentrate around scaled, broad managers.

Over the last year we have developed opportunities that embed further long-term growth potential. The single largest contributor to fundraising this year was our direct lending strategy, Senior Debt Partners, which raised $3.3bn during the financial year ended 31 March 2023 (FY23) and which is continuing to fundraise – an already-successful strategy that became incrementally attractive both to clients and portfolio companies given its exposure to floating rate debt and its ability to provide debt financing when many other sources were not available. The year saw the final closes of three funds (all at or above their original hard-caps) which in aggregate account for $13.2bn of third-party AUM[1] at 31 March 2023, including Europe VIII closing with almost twice as much capital committed from clients as the previous vintage. We launched second vintages of Infrastructure, Europe Mid-Market and Sale and Leaseback; marketed a number of first-time funds; hired new teams for future strategies, including Infrastructure Asia and Real Estate Asia; and invested £214m of our balance sheet capital to seed a number of future strategies.

The financial results we are reporting today reflect this strong strategic performance. Third-party fee income for the year was £501.0m, up 12% compared to FY22 (with management fees up 23%), and record Fund Management Company (FMC) profit before tax was £310.7m, up 9% compared to FY22. Our diversified and robust balance sheet is performing in line with our expectations, generating NIR of 4% over the twelve months. At 31 March 2023 the balance sheet had net gearing of 0.50x and total available liquidity of £1.1bn. The Board has declared a final dividend of 52.2p per share, bringing total dividends for the year to 77.5p per share, an increase of 2% compared to FY22. Over the last five years, ordinary dividends per share have grown at an annualised rate of 21%, and the Board is reaffirming its commitment to a progressive dividend policy.

1. Europe VIII ($8.3bn), Asia Pacific IV ($0.9bn), Strategic Equity IV ($4.0bn)
2. Includes the impact of a policy change in FY23 which increased third-party AUM by $3.1bn and fee-earning AUM by $0.5bn

The nature of our business is that we generate growth and value over the long-term, and in recent years we have successfully scaled and broadened our product offering and client franchise. We have raised a total of $33bn so far in this fundraising cycle since the beginning of FY22, and are on track to meet our accelerated fundraising guidance of at least $40bn cumulatively from FY22 to FY24. We now manage $77bn of client capital, up 15%[2] in the year and 19%[2] on an annualised basis over the last five years. Over the same period our third-party fee income has grown at an annualised rate of 25% and our FMC profit before tax at 27%. Our balance sheet has delivered long-term value for our shareholders, generating a five-year average net investment return of 11.2% and a NAV per share annualised growth rate of 9.7% over the same period.

How we grow to $100bn AUM and beyond

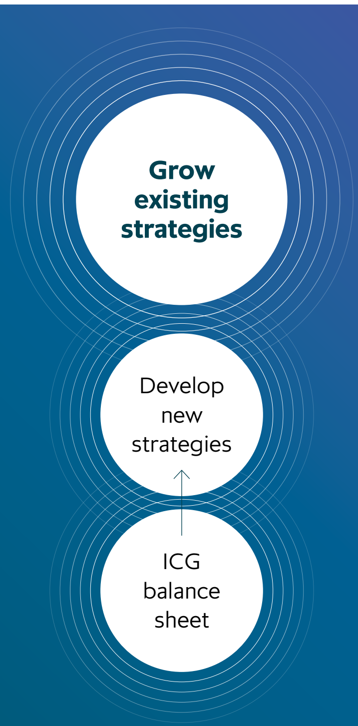
Our growth strategy is built on the breadth of our product offering, the strength of our investment track record, and our ability to retain and grow our client base.

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.



ICG's business model today therefore provides a high degree of stability and visibility, which is particularly powerful during periods of volatility such as we have experienced over the last twelve months. At 31 March 2023 we had $62.8bn of fee-earning AUM, with an indicative annualised management fee generation potential of ~£459m, and a further $14.7bn of AUM that is not yet fee-earning which, when deployed, has the indicative potential to generate ~£116m of annualised management fees.

Our ability to deliver attractive returns for our clients underpins our future success. Our portfolio companies are generally continuing to show strong operational performance, with those in our European Corporate strategy for example showing LTM EBITDA growth of 13% and those in direct lending (SDP) showing LTM EBITDA growth of 20%. We are reporting increases in fund valuations across many of our strategies for the period; very low loss ratios with historically high returns in debt strategies; and attractive life-to-date IRRs, MOICs and DPIs in strategies with equity exposure. During the year we realised $6.9bn of third-party fee-earning AUM at a realised annualised return of 18.7%[3], further anchoring the performance of our funds. The track records we are developing today are important components of marketing future vintages, and we continue to pay very close attention to portfolio management to reinforce our track record.

Successful execution of our strategies around Sustainability and Diversity, Equity and Inclusion (DEI) are important components of our ability to generate value for our clients and portfolio companies. In January we published our latest Sustainability and People Report, detailing our achievements over the last twelve months and our areas of future focus. I was delighted to welcome a new Global Head of Sustainability and ESG in an enhanced role during FY23, and we are rapidly building on an already-strong position. At the first anniversary of ICG's commitment to be net zero by 2040, nine portfolio companies have set science-based greenhouse gas (GHG) emissions reduction targets: 15% of relevant investments in our first year alone. Furthermore, many other portfolio companies have advanced their target-setting plans, placing us on track to achieve our interim target of 50% of relevant investments having such targets by 2026. Our achievements in the areas of Sustainability and ESG are recognised in our public ESG ratings, and for the first time ICG became a member of Dow Jones Sustainability Indices (DJSI) Europe as a result of our assessment by Standard and Poor's (S&P) Global CSA. In the related area of DE&I, we were delighted to be top-ranked for Private Equity globally in the Honordex, measuring DE&I efforts and outcomes. This sits alongside extensive work around enhancing DE&I not just for ICG but across our industry, including through a comprehensive charity framework designed to increase career access to our industry for underprivileged groups.

3. Return achieved on full realisations, weighted on original invested cost

2023 performance summary

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

Grow AUM

$10.2bn

Record third-party AUM raised, bringing total AUM to $80.2bn

Invest

$10.5bn

Record third-party AUM deployed from our direct investment funds

Manage and realise

$5.3bn

Continued value creation within our portfolio, realisations of $5.3bn of third-party fee-earning AUM within direct investment funds

- Total AUM of £80.2bn with record fundraising of $10.2bn
- Sustained investment activity across our business
- Third-party fee income: £501m during the period, an increase of 12% compared to FY22
- Fund Management Company profit before tax of £310.7m an increase of 9% compared to FY22
- Total dividends for FY23 of 77.5p per share, an increase of 2% compared to FY22 and the thirteenth consecutive annual increase in ordinary dividend per share

Looking to FY24 and beyond, I remain excited by our prospects. We reiterate our fundraising target of at least $40bn cumulatively from FY22 to FY24, and we will be marketing a number of first-time and follow-on vintages in the coming year. We will invest for the future, across our product offering, client franchise and operating platform.

We are well placed to deploy capital in dynamic market conditions, with $20.9bn of dry powder at 31 March 2023 and local origination teams with exceptional market access, supported by a disciplined investment process. We have hundreds of companies across our portfolio, giving us access to a large number of datapoints on the performance of businesses across geographies and sectors, enabling us to spot trends early and understand more holistically how investment opportunities might perform. In the near-term, transaction volumes might remain slower in the broader market. ICG is well positioned to execute on opportunities that are particularly attractive today, including in structured transactions, private debt and real assets.

Longer-term, I expect the structural demand for private markets to remain intact, and it was good to welcome many of you to our shareholder seminar in January on fundraising and client strategy. For portfolio companies, the attractions of private capital are largely unimpacted by the broader macroeconomic context: bilateral bespoke agreements; being capitalised by investors with substantial dry powder to support future growth; and an ability to focus on longer-term value creation. For clients, lower volatility, higher returns, longer duration, and investments in parts of the economy that cannot be accessed through public markets continue to make allocations to private markets an important component of a long-term asset allocation strategy. Our strategy of "growing up" and "growing out" has enabled us to capture a growing breadth of the market and has generated significant value for shareholders, accelerated by our strong balance sheet. I see ample runway for many years of profitable growth by continuing to execute successfully on our strategy.

I believe there will be substantial rewards for the winners emerging from this era of higher interest rates, inflation and macro uncertainty. To be amongst that group, private markets managers will need sufficient scale to be relevant, a broad product offering, a differentiated origination capability, a track record of managing portfolios to generate value through cycles, and a sophisticated client strategy and operating platform.

ICG possesses all of those qualities. Today we are larger, broader, more financially resilient, and the FMC more profitable than at any point in our history, and I believe we are well positioned to navigate the future for the benefit of our clients, portfolio companies and shareholders.

Benoît Durteste
CEO and CIO

Market environment

Market

Economic growth	Inflation	Interest rates
Description		
• Broadly, the economic outlook became more challenging during the majority of 2022 due to a number of factors including inflation, interest rates, geopolitical tension and public market volatility. According the International Monetary Fund's (IMF) July 2022 report, "*a tentative recovery in 2021 was followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of 2022, owing to downturns in China and Russia, while US consumer spending undershot expectations.*" In April 2023, they reported that "*On the surface, the global economy appears poised for a gradual recovery…. Below the surface, however, turbulence is building and the situation is quite fragile.*" • On a global level the IMF expects growth to be 2.8% in 2023 and then rise modestly to 3.0% in 2024, although with considerable variation between geographies.	• The spectre of inflation continued during 2022, with US Consumer Price Index growth reaching its highest levels in 40 years. In the US, the consumer price index rose 5.0% in the 12 months to 31 March 2023 (12 months to 31 March 2022: 8.5%); and Euro Area CPI was 6.9% (12 months to 31 March 2022: 7.4%). • The notable shift in inflation narrative during the year was in the debate around how entrenched higher inflation is likely to be. At the start of 2022, expectations were more anchored in a transitory period of higher inflation. That shifted rapidly towards a concern that higher inflation could last for longer. With many central banks targeting nominal inflation, such concerns led to a rapid shift in interest rate policy.	• The period of near-zero interest rate policy for over a decade post the Global Financial Crisis came to dramatic end – at least for now – during 2022. In response to increasing concerns about inflation, central banks globally moved swiftly during the second half of 2022 to increase rates, with a rapid series of 75bps rises in the US and other marked increases from central banks globally. • Raising interest rates against a broader background of a slowing global economy is likely to be a challenging balance act for central banks, with three possible outcomes: a so-called "hard landing", where higher rates trigger a recession; a "soft landing", where central banks hold rates high enough to contain inflation but low enough to keep economic growth positive; and "stagflation", where rates are low enough to prevent a recession but too low to contain inflation– risking a period of low growth, moderate-to-high inflation and interest rates, and a stagnant economy.
What this means for ICG		
• Our range of investment strategies and ability to invest across the capital structure mean that we are well-positioned to invest throughout economic cycles. • As part of our due diligence when making investments, our investment professionals model how potential portfolios are likely perform during a range of scenarios including a downturn. As such, as a reduction in global growth is always factored into our investment case. • From a shareholder perspective, management fees on our closed-end funds are almost always charged either on committed capital or invested capital, so are not impacted by movements in fund valuations. Our balance sheet invests alongside our funds and therefore its performance will be correlated to the performance of the funds.	• High inflation could make it harder for clients to achieve a 'real return', potentially making alternatives more attractive and supporting incremental client demand. • Certain of our investment strategies – such as Infrastructure – are also potentially more attractive in an inflationary environment. 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 costs are employee costs, and we continue to ensure we hire selectively and remain competitive as an employer.	• The main driver of our profitability and growth is third-party fee income, which is not directly impacted by movements in interest rates. • Our direct lending strategy, Senior Debt Partners, provides 'floating rate' debt to portfolio companies; in periods of higher interest rates, this strategy is generating higher returns for our clients. From a portfolio company perspective, we take a conservative approach to leverage when investing in equity or debt and we will typically require our portfolio companies to hedge a portion of their interest rate exposure. • All of the term debt at the ICG plc level is fixed rate.
Read more Our business model page 4 → Our management fees page 58 → The valuation of our balance sheet page 60 →		Read more Our debt facilities page 217 →

Sources: Bain – 2023 Global Private Equity Report; Preqin – Future of Alternatives 2025

Industry

Market activity

Description

- 2022 was very much a "year of two halves" in private market activity. The first six months continued at broadly the same pace as the record-breaking 2021, despite increasingly persistent inflation, the invasion of Ukraine and rising broader geopolitical tensions. In June – when the Federal Reserve issued the first in a series of 75bps increases in interest rates – credit became scarcer and more expensive, public market valuations came down materially in several sectors, and transaction velocity in private markets slowed substantially.
- Globally the net result was still the second largest year in terms of buyout values historically, but a reduction of 35% compared to 2021 and very much weighted to the first half of the year.
- Aggregate transaction value in North America and Europe were each down by ~30% year-on-year, with APAC down 59% due in part to Covid-related restrictions. Buyout transaction count reduced by a more modest 10% compared to FY22 – the mid-market space proving more resilient than the 'mega buyouts' – average deal value globally reduced by 23% from $1,245m to $964m.

What this means for ICG

- Lower transaction activity across the market impacted the pace of deployment and realisations in many of our funds during FY23 – although deployment within our direct lending strategy (Senior Debt Partners) benefited due to the scarcity of other forms of debt finance.
- While slower deployment over the medium term extends fundraising cycles, lower realisations mean that we earn management fees for longer.

Read more
Investment activity in FY23 page 56 →
Our management fees page 58 →

Fund raising

Description

- "*The long-term outlook for fund-raising remains exceedingly bullish*" state Bain & Company in their Global Private equity report. Indeed, 2022 saw $1.3tn raised globally – the second-highest total ever. It was 10% down compared to 2021, but 6% higher than the 2017 -2021 average.
- Increased macroeconomic uncertainty, lower public valuations, a slowdown in realisations, and the substantial levels of capital committed to private markets in recent years led to more caution from Limited Partners during the year. The picture however was nuanced, with buyouts raising 5% less than their 2017 – 2021 average while infrastructure raised 46% more and direct lending 37% more.
- The longer-term drivers for private markets as a whole remain intact. Again according to Bain & Company's 2022 report, "*Private market returns… are outpacing public returns over every time horizon, while alternative funds provide access to the broad global economy and the fullest range of asset classes. These advantages explain why private markets continue to grow relative to the public markets.*"

What this means for ICG

- Our diversity of strategies is a strategic advantage from a fundraising perspective as it allows us to help clients meet their investment objectives across a wide range of funds and across economic cycles.
- Our balance sheet also provides support to fundraising, demonstrating clear alignment with clients and enabling us to provide seed capital to new strategies.
- In the shorter term, a more challenging fundraising market is likely to benefit incumbent managers with strong brands and track records – a trend from which we expect ICG to benefit.
- The longer-term 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.

Read more
Our range of strategies page 5 →
Fundraising in FY23 page 55 →

Sources: Bain – 2023 Global Private Equity Report; Preqin – Future of Alternatives 2025

ICG is well positioned to benefit from private market trends

Strong track record of investment performance

Read more on page 54 →

Structured and holistic approach to responsible investing

Read more on page 26 →

Multiple strategies to suit clients' investment objectives

Read more on page 5 →

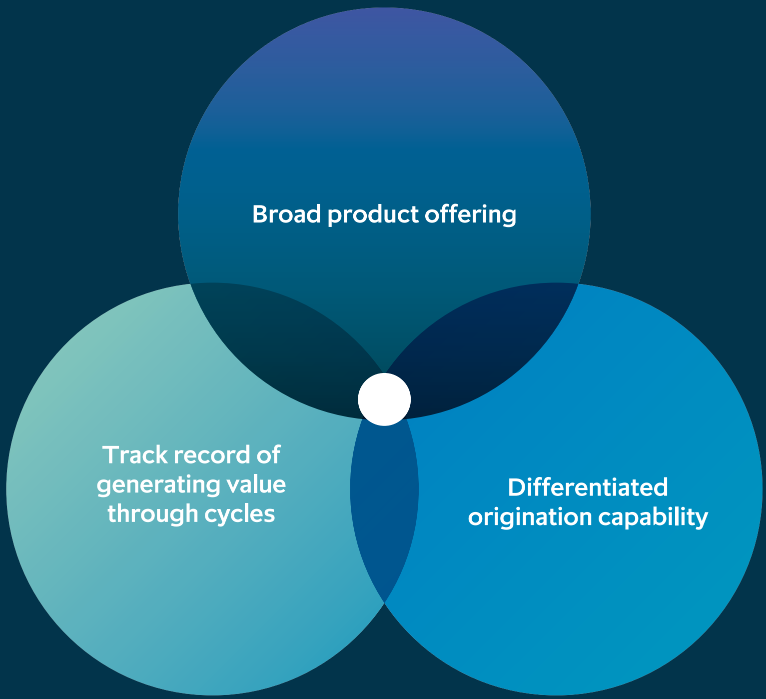
Proven ability to innovate and pioneer new strategies in response to client demand and market opportunity

Read more on page 12 →

Scalable and unified operating platform

Read more on page 4 →

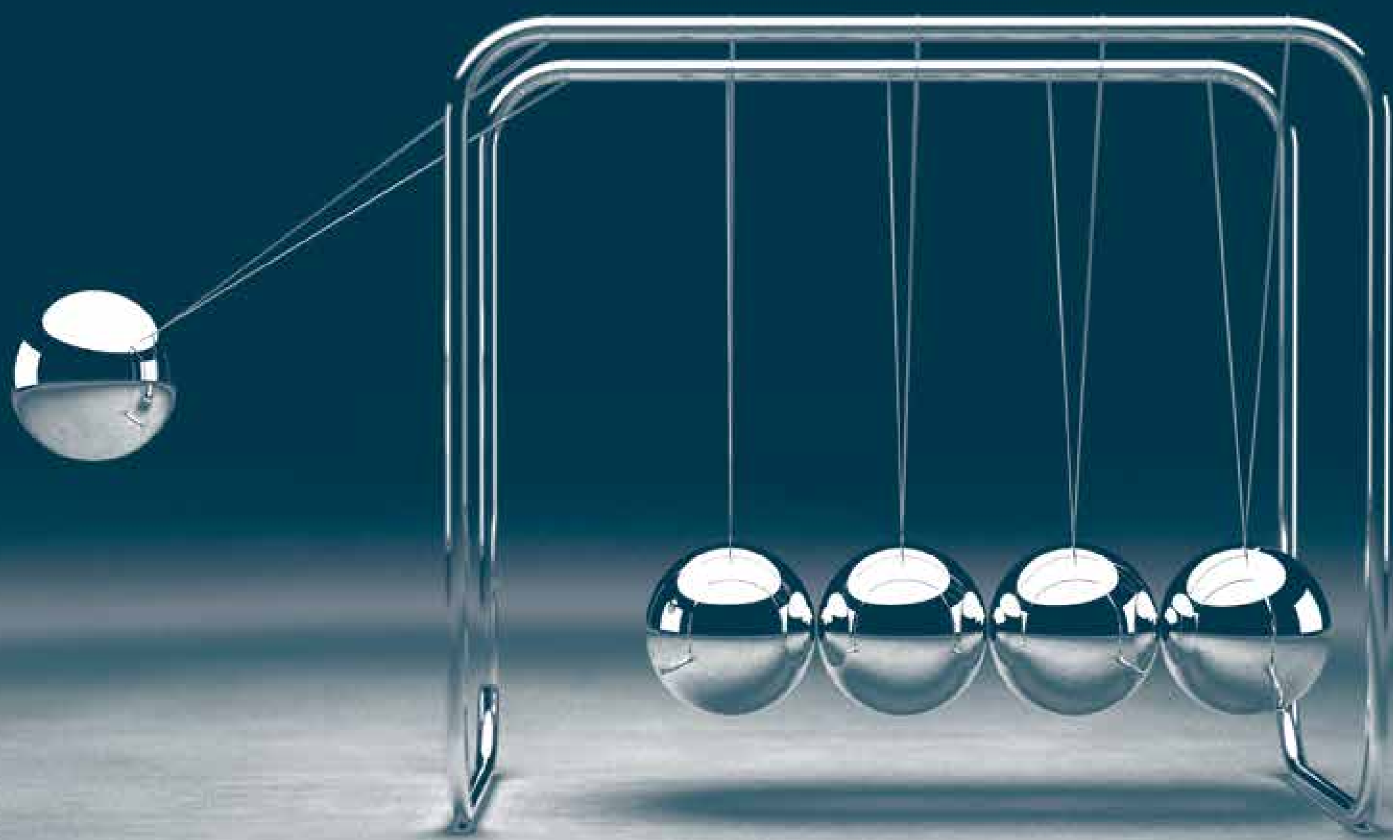
How we are positioned



An exciting future

Successfully fundraising, growing AUM, and increasing profits from our fund management activities underline the powerful economic characteristics that underpin ICG's resilient business model today.

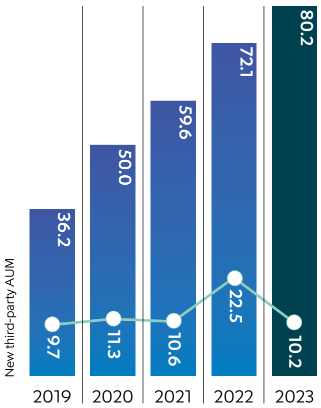
We are well positioned to navigate an exciting future with many opportunities likely to arise as the economic landscape continues to evolve.



Measuring progress

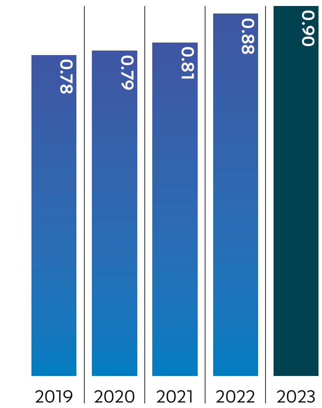
Total AUM[1] ($bn) Ⓐ

$80.2bn



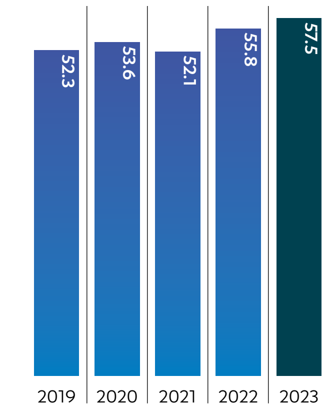
Weighted-average fee rate (%) Ⓐ

0.90%

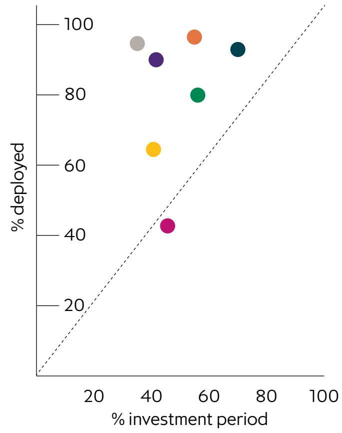


FMC operating margin (%) Ⓐ

57.5%



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.

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.

The 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.

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

Total AUM of $80.2bn up 14% compared to FY22 on a constant currency basis.

Third-party fundraising in line with guidance at $10.2bn; on track to meet accelerated fundraising target of $40bn.

The effective management fee rate on our fee-earning AUM at the period end was 0.90% (FY22: 0.88%). The increase was due to the fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital as well as a positive mix effect in other asset classes.

The FMC operating margin of 57.5% (FY22: 55.8%) was materially above our medium-term guidance of above 50%, driven in part by catch-up fees and a strong focus on cost control.

During the period we deployed a total of $10.5bn of AUM on behalf of our direct investment funds (FY22:$15.0bn).

Key to funds

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

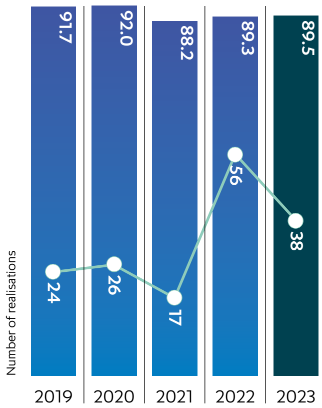
Strategic alignment

Ⓐ Alternative performance measures - see page 54

1. During the year the Group updated its AUM measurement policy, see page 54.

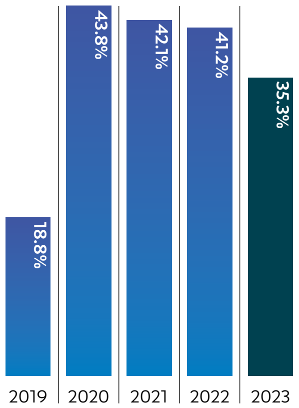
Percentage of realised assets exceeding performance hurdle (%)

89.5%



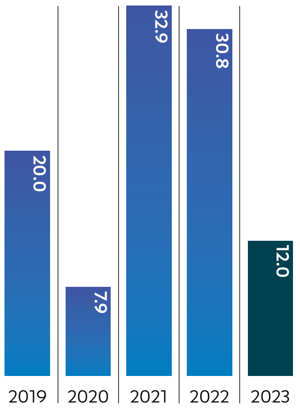
UK senior management gender diversity (%)

35.3%



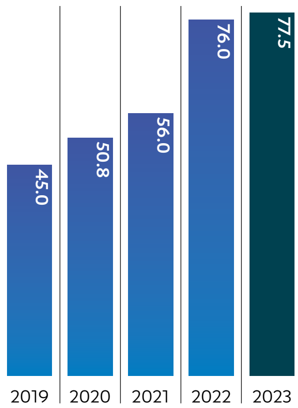
Return on equity (%) A

12.0%



Ordinary dividend per share (p)

77.5p



Rationale

Percentage of realised assets exceeding performance hurdle: 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 215.

UK senior management gender diversity: 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.

Return on equity: Return on equity reflects the post-tax performance of the Fund Management Company and the Investment Company as well as the level of balance sheet equity.

Ordinary dividend per share: 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 progressive. Over the long-term, the Board intends to increase the dividend per share by at least mid-single digit percentage points annually.

Outcome

Percentage of realised assets exceeding performance hurdle: Our strategies continued to perform strongly. The outcome for the year on this KPI is in line with our long-term average.

UK senior management gender diversity: Following a change in management organisation during the year the Group has maintained its gender diversity above the Women in Finance target.

Return on equity: Group profit after tax of £229.3m (FY22: £538.0m) driven by an increased FMC profit before tax of £310.7m (FY22: £286.2m) offset by an IC loss of £52.6m (FY22: Profit £282.6m), and a higher group effective tax rate of 11.2% (FY22:5.4%).

Group net asset value was largely unchanged at £1,977m (FY22: £1,995m).

Ordinary dividend per share: Our progressive dividend policy has been maintained, with a 2% increase in dividend per share compared to FY22.

Over the last five years our ordinary dividend per share has increased at an annualised rate of 21%.

Details of our Executive Director KPIs are shown on page 103 →

Engagement with our stakeholders

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 their decision making, 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 in the longer term where appropriate
- The longer-term prospects of new funds, what quantity of third-party AUM such funds and future vintages are likely to attract, and the management fee generation of such new funds
- Maintaining robust capitalisation, with strong liquidity, mindful of our long-term ambition to have zero net gearing
- The prevailing market conditions and macroeconomic forecasts

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 21

Shareholders and lenders

Clients

Why is it important to engage?

Shareholders and lenders

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

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 and growing our client base.

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?

Shareholders and lenders

The Group conducts an active Investor Relations programme, engaging with shareholders, lenders and rating agencies throughout the year using a variety of channels. During FY23 these included one-on-one and group meetings, shareholder roadshows following results and on an ad hoc basis (in a number of geographies), and shareholder dinners (including with Non-Executive Directors and members of the management team).

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 Shareholder Relations function and from third parties such as our corporate brokers.

The Interim 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.

Clients

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 5.

Our in-house marketing 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?

Shareholders and lenders

- Long-term demand for alternative assets, and the potential impact of high interest rates and inflation on such demand
- Ability to deliver continued strong growth for shareholders
- Investment performance
- Clear communication of strategies
- Director Remuneration Policy
- Clarity around our balance sheet's function in driving new business
- Longer-term plans for the Group's balance sheet gearing

Clients

- Designing funds to meet clients' needs
- Strategy to grow our client base and increase "share of wallet" of existing clients
- Reporting of portfolio performance
- Integrating ESG considerations into our client reporting and our investment processes

Outcomes as a result of that engagement

Shareholders and lenders

- Increased engagement with current and potential shareholders both through regular reporting and off-cycle interactions
- Refined our disclosure on the performance of our funds
- Hosted a shareholder seminar on Client and Fundraising strategy as part of our annual programme of shareholder seminars
- S&P Ratings upgraded our credit rating in July 2022

Clients

- 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, including our new Article 9 Life Sciences Fund

Employees	Suppliers
Why is it important to engage?	
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 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.
How have the Board and management engaged?	
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 sessions with employees during the year in individual and group forums. Details of our employee engagement can be found on page 28.	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.
What were the key topics of engagement?	
• Growth and development of our employees • Wellbeing of employees • Enhancing our agile working arrangements • Succession planning • Ensuring that the employee experience is not adversely impacted by our growth trajectory • Support for those affected by the cost-of-living crisis	• Ability of key providers, including third-party administrators, to continue to provide a high-quality and fairly priced service • Enhancement of ethical and responsible procurement practices including conducting of Modern Slavery risk assessment of suppliers • Building broader relationships with key supplier team
Outcomes as a result of that engagement	
• Continued formal engagement with senior management through "town halls" and more regular videos and information sharing • Awarded an additional "cost of living" bonus to employees in lower salary bands, to help support our more vulnerable employees through the cost-of-living crisis • Further advanced our employee-led networks during the year, including ensuring that employees across all our offices globally are able to actively participate • Reviewed our policies, including around family building and care leave, to ensure that employees are able to balance their work and family lives • Continued to hold significant global induction events for new joiners	• Reviewed key supplier contracts • Reviewed processes with suppliers (both onboarding and the go-forward relationship) and developed a new and enhanced ESG assessment process which all new and existing material suppliers will be required to complete • Rolled out our Supplier Code of Conduct • Review of invoice payment process to ensure prompt payment of suppliers

Community	Environment
Why is it important to engage?	
We are a people business, with offices in 16 countries, 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 charitable capital allocation.	Details of our focus on environmental matters and climate risk can be found on pages 30 to 52.
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', clients' and regulators' ESG requirement
Outcomes as a result of that engagement	
• Launched new charitable partnership in support of charities tackling the cost-of-living crisis via the "Million Meals Initiative" and we also doubled any charitable donations by ICG employees to these partner charities during the campaign • Committed £2.5m this financial year to support a variety of charitable causes • Continued enhancement of our charitable efforts, with a targeted approach to support social mobility and early career development	• Continued to reduce GHG emissions from our operations. 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, following the global pandemic • 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 30)

Regulators

Why is it important to engage?

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.

How have the Board and management engaged?

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.

What were the key topics of engagement?

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.

Outcomes as a result of that engagement

- The EU Sustainable Finance Disclosure Regulation (SFDR) has been one of the most substantive disclosure regimes that covers our investment activities. For each fund in scope of the SFDR, we have prepared and made available to investors precontractual and periodic disclosures, identifying and communicating the extent of attainment of the promoted environmental and/or social characteristics or pursued sustainable objectives by each fund, as relevant and applicable
- Obtained clearer understanding of regulatory requirements in respect of a number of new requirements

Commitment to Community

Key stakeholders

We remain committed to serving and supporting our wider community.

Board

The Board made the decision to significantly increase our charitable contributions. The Board launched a new "Million Meals Initiative" to support charities addressing the cost-of-living crisis by allocating £500,000 of new funding across six leading charities.

The Board has also committed £4m from FY23 to FY25 to support three key partner charities, in addition to other charitable commitments and increasing the level of 'matched giving' the Company offers its employees. ICG's charitable contributions totalled over £2.5m for the year ending 31 March 2023.

Group

The Group has launched three new partnerships this year with the charities The Access Project, UpReach and Seizing Every Opportunity (SEO), with a targeted approach to support social mobility and early career development, in line with ICG's broader values. Further details can be found in the Remuneration Committee Report on page 106.

Key considerations:

- Our responsibility to wider society
- Impact of the cost-of-living crisis
- DE&I in the wider community

Continuing to assess the efficiency of our balance sheet

Key stakeholders

Board

The Board approves the strategy and business plan of the Group, which defines the approach to capital allocation.

The Board reviewed our balance sheet capital allocation policy with respect to the level of balance sheet commitment needed to establish a track record to enable the Group to raise third-party AUM and to demonstrate alignment of interests between the Group and its clients by way of co-investment. The Board decided to reduce the capital intensity of our business over the longer-term by reducing, where possible, the Group's commitments to its funds, while maintaining a focus on growing third-party AUM.

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 how different investment strategies benefit our potential portfolio companies by giving them access to capital to support their business and grow.

Group

During the year the Group launched eight funds, with aggregate balance sheet commitments of circa £800m. Our balance sheet commitments for Infrastructure Fund II and Strategic Equity V are smaller than the previous vintages. In addition, the Group invested £214m in seed assets for strategies including Life Sciences, LP Secondaries, US Mid-Market and Real Estate Opportunistic Equity Europe, with the expectation that these assets will be transferred to the funds once they have had a first close. The Group has also sought to reduce the balance sheet exposure to certain of its liquid credit strategies during the year, realising £101m of cash for redeployment to other strategies more in line with long-term growth drivers of the company.

Key considerations:

- Liquidity and gearing position of the Group
- Market opportunities and conditions
- Long-term AUM and fee potential of strategies
- Aligning the Group's interests with its shareholders and clients

Generating sustainable value

"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."

Benoît Durteste
CEO and CIO

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, and seek to include them in our investment strategies, in the companies in which our funds invest, and in our own operations.

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

- sustainable investing (read more on page 30)
- our people initiatives (read more on page 28)
- our Scope 1 and 2 absolute emissions reduction target (read more on page 50)

In addition, we introduced mandatory ESG training for all employees.

Read our Sustainability and People Report →

Our Stewardship Code Statement →

Industry initiatives

GIIN – Global Impact Investing Network

initiative climat international – Private equity action on climate change

TCFD

TNFD

Science Based Targets – Driving ambitious corporate climate action

Invest Europe

The Net Zero Asset Managers initiative

Signatory of: PRI Principles for Responsible Investment

Investing sustainably

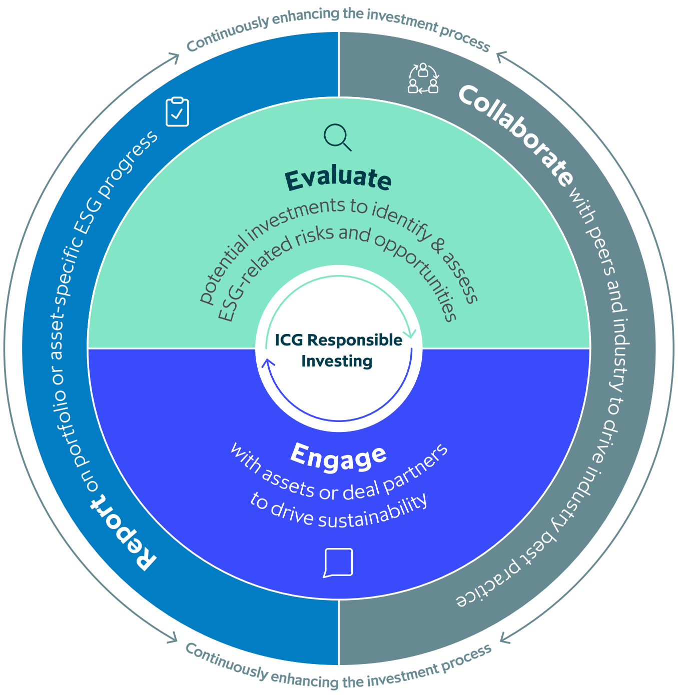
Sustainability issues are an important driver of investment value and a source of investment risk. Effectively implementing our responsible business practices helps us to deliver long-term value to our stakeholders. By supporting responsible and sustainable practices in our investments we can deliver both long-term value and attractive returns to our clients.

ICG has been a signatory to the UN PRI since 2013 and is an active contributor to a range of industry collaboration initiatives.

For each investment strategy, we consider ESG issues at every stage of the investment process – from exclusion, screening and due diligence to closing, monitoring and eventual exit. The level of our ability to effect change and influence the portfolio company varies by asset class, strategy and between investments. However, we strive to adopt best practice in our approach across all asset classes.

Our Responsible Investing Policy, which covers 100% of our AUM, is available at www.icgam.com.

Our approach to responsible investing



Key highlights from our focus on sustainable investing during the year

- Issued first progress update on our approved and validated science-based portfolio coverage target, covering 100% of our relevant investments (read more on page 48)
- ICG's proprietary climate risk assessment applied to investment strategies representing 98% of total AUM at the end of FY23 (page 46)
- 96% of capital raised in scope of SFDR, was into Article 8 funds
- Total ESG-linked fund-level financing has risen to \$2.8bn, compared to \$2.6bn at the end of FY22
- ESG-linked compensation for all ICG portfolio managers

Read our Task Force on Climate-related Financial Disclosures (TCFD) report on page 30 →

Read more about our overall approach to Sustainability in our 2022 Sustainability & People Report at www.icgam.com →

Our people

"We are proud of the excellence, commitment and diverse perspectives of our people. Our culture of balancing ambition, performance and inclusion remains a cornerstone of our strategy and a key driver of our success."

Antje Hensel-Roth
CPEAO

Our people initiatives focus on four areas

Diversity, Equity and Inclusion (DE&I)
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 dependents

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

DE&I anchored further – all leadership development now incorporates a focus on DE&I and enhanced training has been implemented

DE&I Champions Group is bringing all our employee networks together, including representatives from all regions to ensure global connectivity

Extensive efforts to improve access to our industry for under-represented groups through a combination of external bodies and a clear focus on access and education in our charitable giving

Ranked #1 globally by Honordex for DE&I initiatives within the private equity industry

Comprehensive mentoring and development programmes for employees throughout all stages of their careers through our global development platform, individual programmes, mentoring, coaching and networks

Introduced a number of new policies to help colleagues balance work and family lives: Global Conception and Family Building; Pregnancy Loss; Primary and Secondary Care Giver Leave; Carers Leave; and Female Health.

Extensive engagement through bi-annual pulse surveys, regular focus groups with the Employee Engagement NED, and roundtables focused on specific groups and topics

Key employee metrics

Number of permanent employees (total)

582

(2022: 525)

Number of permanent employees (FTE)

579

(2022: 523)

Employee turnover (%)

16.8%

(2022: 16.0%)

Female representation at Board (%)[1]

36%

(2022: 42%)

(see page 96 →)

Female representation in senior leadership (%)

32%

(2022: 35%)

(see page 53 →)

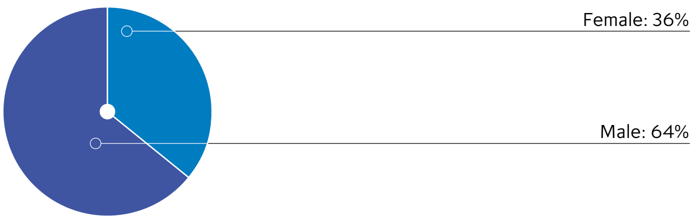
Female representation in all employees (%)

36%

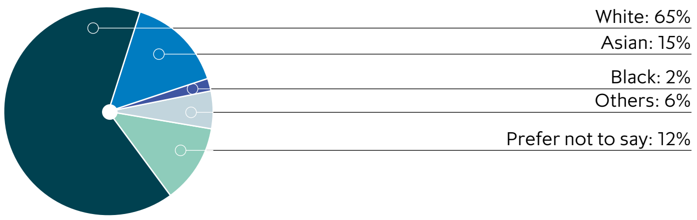
(2022: 35%)

1. This reduction in female representation from 42% in FY22 is a result of Kathryn Purves stepping down as a NED in March 2023 after over eight years of service.

Gender



Ethnicity (UK only)



Climate-related financial disclosures

This report provides the Group's climate-related financial disclosures consistent with the 11 recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Financial Conduct Authority (FCA) climate-related disclosure requirements for premium listed companies. This report presents our approach to incorporating climate-related risks and opportunities into our governance, strategy, risk management, and metrics and targets (as per the TCFD-recommended disclosures), the progress we have made over the past financial year and key steps we plan to take next.

Benoît Durteste
CEO and CIO

"Taking a robust and proactive approach to managing our exposure to climate-related risks, and seizing the opportunities presented by the low-carbon transition, are integral to reaching net zero GHG emissions across our operations and relevant investments[1] by 2040."

ICG began adopting the TCFD recommendations in 2019, and made its first disclosure in 2020. Since then, we have continued to evolve our approach, recognising the interconnectivity between our growth strategy; the evolving expectations of our shareholders, clients, regulators, and other stakeholders; and the emergence of best practice in our industry.

Over the past financial year, we have:

- further reinforced alignment and accountability for climate-related risks and opportunities across the organisation as part of a wider effort to embed climate and other ESG considerations into our investment culture (see page 37);
- enhanced the frameworks, tools and metrics we use to support our understanding of climate-related risks and opportunities and their possible (positive or negative) financial impact on our business and the funds we manage (see page 35);
- made progress against ICG's science-based targets (see page 49);
- begun incorporating, as standard, TCFD-recommended portfolio climate metrics into certain fund-level reporting to clients (see page 49); and
- continued to incorporate climate-related issues into the Group's Risk Management Framework (RMF) and policy framework (see page 39).

The third-party funds we manage are generally not consolidated into the Group from a financial perspective. However, we consider the climate-related risks and opportunities surrounding these funds and our fund management activities as a key part of our business. Where material we also look at the level of our Group operations – but we recognise that our operations have very limited climate-related risks exposure.

Please also refer to ICG's Climate Change Policy and previous TCFD reports on our website →

Our commitment to net zero

In November 2021, ICG announced its commitment to reach net zero GHG emissions across its operations and relevant investments by 2040. Our net zero commitment is supported by two ambitious emissions reduction targets by 2030, which have been approved and validated by the SBTi:

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

Our approach towards net zero is summarised in the Strategy section and key identified metrics are outlined in the Metrics and targets section.

1. Relevant investments include all investments within Structured and Private Equity and Real Assets where ICG has sufficient influence (defined as at least 25% equity ownership and at least one Board seat). Investment strategies in scope of ICG's potfolio coverage SBT represent 22% of AUM as at 31 March 2023.

Governance

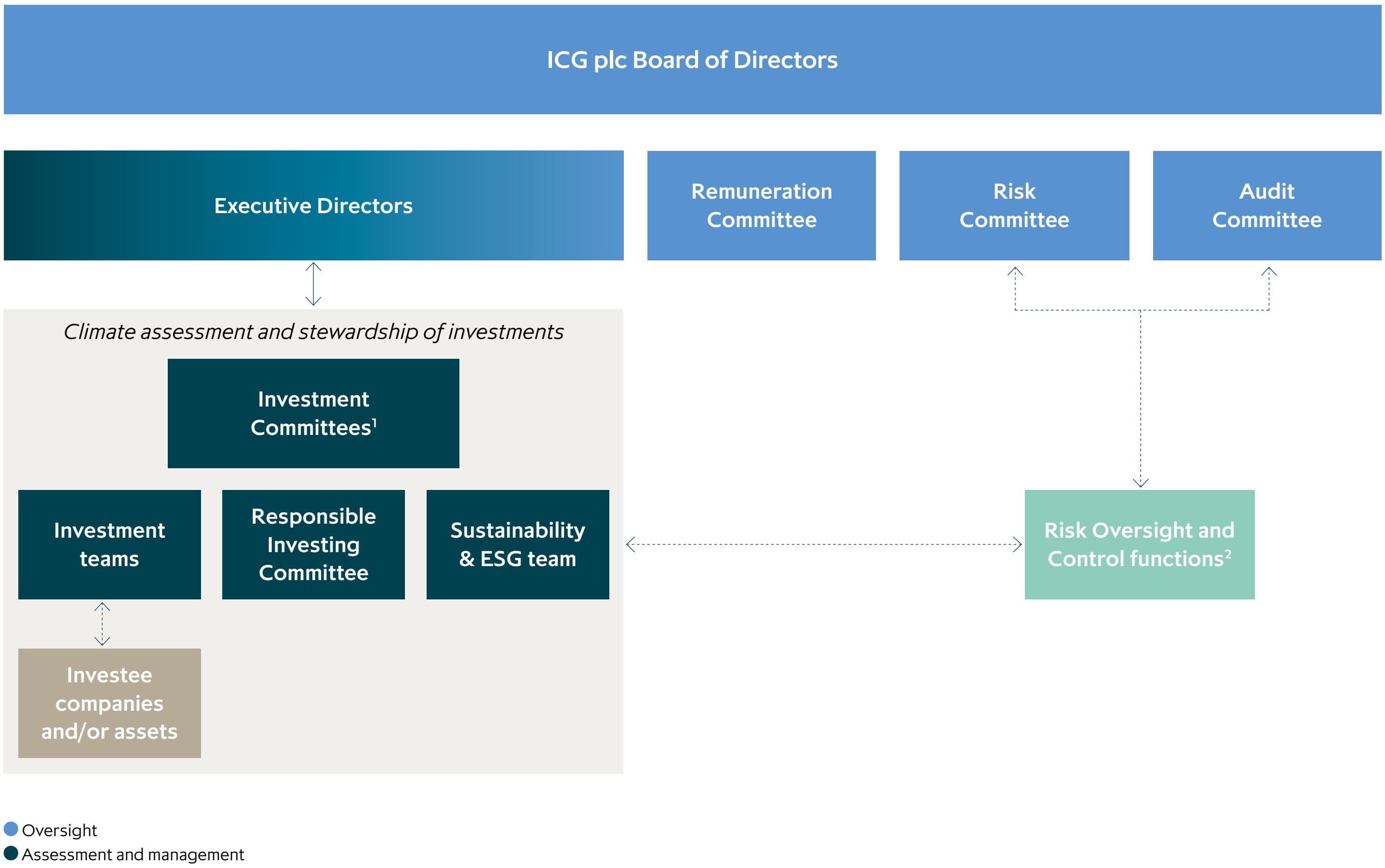
ICG's governance of climate-related risks and opportunities

TCFD recommended disclosure	
(a)	Description of ICG Board's oversight of climate-related risks and opportunities
(b)	Description of ICG Management's role in assessing and managing climate-related risks and opportunities

Oversight and management of climate-related risks and opportunities are incorporated into the Group's governance structure and risk management framework. The Board receives regular updates on climate-related matters, and has delegated oversight of such matters, including progress towards ICG's net zero commitment, and the implementation of ICG's Climate Change Policy, to the Executive Directors.

The diagram below provides an overview of the Group's governance structure for the oversight, assessment and management of climate-related risks and opportunities.

Organisational oversight of climate-related matters



1. Each fund has its own Investment Committee (IC). The ICs are comprised of senior investment professionals, including the respective fund Portfolio Manager(s).
2. Legal, Compliance, Risk, and Internal Audit functions.

Board oversight

ICG plc Board of Directors (the Board)

The Board comprises three Executive Directors, a Non-Executive Chair, and seven other Non-Executive Directors who have a broad and diverse set of relevant skills and experience.

The Board sets the Group's strategic direction and, when setting strategic objectives, it considers all material factors including those relating to climate change.

The Board is engaged in our focus on stewardship and ESG, and regularly receives reports on client considerations, client experience, investment performance and ESG matters. As part of this, the Board receives formal updates on ESG-related matters, including climate-related matters, at least twice every financial year. For specific climate-related targets (see Metrics and Targets section), 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 75). In addition, the Board also considers climate-related risks, 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 appetite of the Group.

As part of the normal course of business, the Board receives updates on how these policies are being implemented.

Executive Directors

The Executive Directors implement the Group's approved strategy, including driving our net zero commitment and various climate-related programmes across the organisation. The CEO has lead responsibility for climate-related matters. As part of the Board, the CEO reviews and guides any decisions made regarding investment strategies, including the update and implementation of the Group's Responsible Investing Policy and the Climate Change Policy, as well as any arising or potential climate-related matters within the Group's fund management activities and operations.

Board Risk Committee

The Board Risk Committee oversees the Group's RMF, compliance processes and procedures, and controls assurance 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, including ESG and climate-related matters. Further information on our approach to managing risk can be found on page 66.

Board Audit Committee

The Board Audit Committee oversees the Group's financial reporting and related elements of its internal controls and regulatory compliance, including TCFD disclosure obligations of the Group and other climate-related disclosure requirements, such as the UK Streamlined Energy and Carbon Reporting (SECR) requirements.

Board Remuneration Committee

The Board 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. Since FY22, the remuneration of the Executive Directors has been directly linked to several sustainability targets, including progress towards ICG's net zero commitment. See Remuneration Committee Report for further detail (page 103).

Role of Management

Climate-related risks are considered as a cross-cutting risk type that manifests through the Group's established principal risks and are integrated into the Group-wide risk management framework through existing policies, processes, and controls. We assess materiality primarily at a Group level, as well as specifically within our fund management activities. The Group risk management framework is 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; and this approach is applied to climate-related risks and opportunities.

- The first line of defence with regards to climate-related risks comprises ICs and investment teams, who own and manage risk and controls across our fund management activities, and are guided and supported by the Sustainability & ESG team and the Responsible Investing Committee.
- 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 climate-related 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 climate-related risk.

Fund management activities

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 consideration of the implications of climate-related risks and opportunities in our investment due diligence, portfolio management, valuation, and decision-making processes.

The Board has delegated responsibility for the implementation of the Responsible Investing Policy and Climate Change Policy to the CEO. The CEO, who also serves as Chief Investment Officer, has ultimate accountability and oversight of investment processes of ICG's funds and is therefore responsible for climate-related issues across the investment process and in our portfolios.

Investment Committees

An assessment of climate-related risks and opportunities is included in all investment proposals, presented to, and considered by, the ICs of the vast majority of our investment strategies. Each IC is responsible for ensuring that climate-related issues are appropriately considered when taking an investment decision. This also includes ensuring that the Sustainability & ESG team's view is factored into the investment decision, where climate-related issues are material or unclear.

In FY23, supported by the Executive Directors, ICG incorporated ESG assessment into the annual performance appraisals of portfolio managers across the firm. The aim of this practice is to reinforce alignment and accountability at the right levels for achieving ESG excellence, while ensuring we comply with a continued increase in relevant regulatory requirements. It will also position portfolio managers to lead by example, ensuring ESG, including climate-related issues, are being appropriately and consistently considered in their teams' approaches to investment decision-making and portfolio management.

Responsible Investing Committee

The Group has had a Responsible Investing (RI) Committee since 2014, made up of our Head of Investment Office, Global Head of Sustainability & ESG, and senior investment professionals from ICG's investment strategies. The RI 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 Policy and Climate Change Policy. The RI 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. The RI committee may escalate matters to the Executive Directors, as necessary.

Sustainability & ESG team

The Global Head of Sustainability & ESG reports to the Head of the Investment Office to ensure an embedded approach to ESG across the firm. The Sustainability & ESG team provides subject-matter expertise to the Group to support the assessment and management of climate-related risks and opportunities across our fund management activities, including assessment and engagement of investee companies; setting strategic objectives and targets; building capacity across the organisation; and fostering collaboration within the industry. The team works closely with Risk Oversight and Control functions within the Group, to ensure adequate governance frameworks and controls are in place to assess and manage climate-related risks. The Global Head of Sustainability & ESG provides updates to the Board twice a financial year and quarterly to the Executive Directors.

Investment teams

Day-to-day implementation of the Responsible Investing Policy and Climate Change Policy, and the integration of climate-related consideration in investment processes, are the responsibility of all portfolio managers and investment professionals, guided by the RI Committee and the Sustainability & ESG team.

Ensuring that our investment teams have sufficient knowledge to implement the Responsible Investing Policy and Climate Change Policy is essential. ICG is committed to providing investment teams with regular bespoke training, comprehensive guidance and access to online ESG tools to ensure they can identify and address ESG, including climate-related, risks and opportunities in their investment activities. The Sustainability & ESG team also provides regular briefings on emerging ESG topics, regulatory developments and industry best practice.

In FY23, ICG formally incorporated ESG assessment into the annual performance appraisals of portfolio managers across the firm to reinforce alignment and accountability at the right levels for achieving ESG excellence, while ensuring we comply with a continued increase in relevant regulatory requirements (as outlined earlier in this report).

Group operations

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.

The Operations and IT teams, with support from the Sustainability & ESG team, are responsible for assessing and managing climate-related risks associated with Group offices, IT infrastructure or third-party providers. Updates on climate-related issues are provided to the CFOO, as and when they manifest.

Training and capacity building

Comprehensive online ESG training has been delivered to all IC members and investment teams, and the Marketing and Client Relations team every two years over the last decade. During FY23, ICG has been developing its training programme so it can be delivered to the wider business. Mandatory training for all employees will incorporate core understanding of ESG at ICG, and will focus on specific themes, such as climate-related risks and opportunities. This will be supplemented by more advanced specific knowledge-building for relevant professionals such as investment teams in key topics that relate to their role. Learning pathways can be built upon as users expand their learning in priority topics such as climate change, diversity and inclusion, and governance. The new approach was rolled out at the end of FY23 and will evolve further over the coming years.

Strategy

The actual and potential impacts of climate-related risks and opportunities on ICG's businesses, strategy and financial planning

TCFD recommended disclosure	
(a)	Description of the climate-related risks and opportunities ICG has identified over the short, medium, and long term.
(b)	Description of the impact of climate-related risks and opportunities on ICG's businesses, strategy, and financial planning.
(c)	Description of the resilience of ICG's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

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. Addressing this challenge is an urgent yet complex task that requires a fundamental transformation of the global economy, so that no more GHG emissions are added to the atmosphere.

As a global alternative asset manager, we recognise that climate-related risks and opportunities are most likely to materialise through our fund management activities and may have a material impact on investment performance and returns over the short, medium and long term. Therefore, it is important that we continue to act as good stewards of our clients' capital by properly accounting for climate-related risks and opportunities in the design of new products, our investment decisions and portfolio management activities, and the focused engagement with our investment counter-parties portfolio companies, and industry peers. As an investor and provider of capital, ICG has an opportunity and a responsibility to support the transition to a more sustainable and equitable economy, and play its role in limiting the most adverse impacts of climate change.

ICG's approach towards net zero

In November 2021, ICG announced its commitment to reaching net zero GHG emissions across its operations and relevant investments[1] by 2040. ICG's net zero commitment is supported by two ambitious emissions reduction targets by 2030, which have been approved and validated by the SBTi:

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

While ICG's own operational emissions have negligible impact and exposure to climate-related risks compared to those of our investments, we recognise our responsibility to ensure our own business operations are fully accounted for. The Group will continue to deploy energy efficiency initiatives and source renewable energy, and will offset any residual emissions using credible removal solutions, as well as monitor the potential physical risks that may affect its operations.

1. Relevant investments include all investments within Structured and Private Equity and Real Assets where ICG has sufficient influence (defined as at least 25% equity ownership and at least one Board seat).Investment strategies in scope of ICG's SBT represent 22% of total AUM as at 31 March 2023.

In order to chart a path to net zero, ICG's top priority is the decarbonisation of our investment portfolios 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 to explore decarbonisation tools and net zero measurement frameworks for asset classes which do not currently have them, and ICG will consider whether these new solutions might be applicable to our portfolios.

Another powerful tool for responding to climate change is ICG's capacity for investing in climate solutions needed for the real economy to reach net zero GHG emissions, such as the infrastructure required for the growth of renewable energy.

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[1]' to respond to the impacts that a changing climate has on human communities and livelihoods. ICG will reflect these considerations into our ESG assessment and action over time – taking a holistic approach.

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 towards building a more sustainable financial system.

Climate-related risks and opportunities and their potential impact

The time horizons and materiality of the impact of climate-related risks and opportunities on our business may differ depending on a range of factors, including the nature and type of investments, geographical focus, and the external market environment.

Generally, we look at three time horizons for the potential impacts of 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-related risks as a cross-cutting risk type that manifests through the Group's established principal risks (see page 66), and therefore may affect the Group's strategic objectives (see page 4). 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 our business, strategy and financial planning, in line with the Group's RMF and approved risk appetites.

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

The table on page 36 outlines the relevant climate-related risks and opportunities we have identified within the Group's fund management activities and their potential impact on our business, strategic objectives and financial planning, as well as their link to the Group's principal risks. Each of these climate-related risks and opportunities may materially contribute, to varying degrees, to the manifestation of the principal risks it relates to. The Group has implemented a range of mitigating controls for each of these principal risks (see page 66). Further detail on how climate-related risks are identified and managed within our fund management activities is provided in the Risk Management section (see page 39).

1. The Paris Agreement preamble reflects the close links between climate action, sustainable development, and a just transition, with Parties to the Agreement "taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities", commonly referred to as a 'Just Transition'. Source: United Nations.

	Type	Description	Principal risks	Time horizon	Potential impact
Climate-related risks	Policy, regulatory and legal (Transition)	• Enhanced climate-related disclosure obligations for funds and investments • Increasing regulatory pressure (e.g. carbon price/tax and energy efficiency standards) and litigation risk for current and potential investments in carbon-intensive companies or real assets not adequately prepared for a transition to a low-carbon economy	• Legal, Regulatory and Tax risk	Short term	• Increased cost of compliance for funds and investments • Increased due diligence cost • Reduced fund performance and impact on ICG's track record • Loss of clients or reduced demand for our funds
	Market, technology and reputation (Transition)	• Changing preferences on climate change affecting demand for products and/or services of the Group as well as of current or potential investments • Increasing production costs affecting current and potential investments in certain sectors due to changing input prices and/or output controls • Substitution of existing products and services with lower emissions options impacting the competitiveness of current and potential investments in certain sectors • Stigmatisation of specific industries, impacting existing investment exposure	• Fund Performance risk • Financial risk • External Environment Risk	Short to long term	• Lower fund performance and impact on track record • Lower asset valuations impacting the Group's balance sheet and fund investments • Negative stakeholder perception and impact on ICG's brand and positioning • Loss of clients or reduced demand for our funds
	Acute and chronic physical risks (Physical)	• Increased severity and frequency of extreme weather events that may cause damage to physical assets or disrupt critical operations in certain industries and/or locations • Shifts in climate patterns, such as rising temperatures or sea levels that could affect entire sectors and geographic regions that haven't built resilience or adapted to such risks (typically in the longer term)	• Fund Performance risk • Financial risk	Short to long term	• Lower fund performance and impact on track record • Lower asset valuations impacting the Group's balance sheet and fund investments
Climate-related opportunities	Products and services (Transition)	• Evolution of existing investment strategies to further incorporate climate change mitigation and/or adaptation • Attracting new clients through strategies supporting the transition to low-carbon economy and investing in climate solutions	• Fund Performance risk • Financial risk	Short to medium term	• Increased Group revenues in line with growing demand • Growth in AUM through retention of current and attraction of new clients
	Market and reputation (Transition)	• Stronger performance of company and real asset investments aligned with the transition to a low-carbon economy; and with developed resilience to physical climate risks • Climate-linked financing reducing the cost of capital at deal and fund level	• Financial risk	Short to medium term	• Growth in AUM through retention of current and attraction of new clients • Enhanced brand and competitive reputation of Group and investments • Higher fund performance and enhanced track record • Higher asset valuations impacting the Group's balance sheet and fund investments

Resilience of our strategy to climate-related risks and opportunities

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 that is contractually locked in for a long term and largely not based on fund valuation.

As such any short-term increase or decrease in the valuation of individual investments or funds (including as a result of climate-related issues) would not immediately impact the Group's financial position. However, the impact of climate change on portfolio companies or assets may impact the valuation of our investments 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 medium to long-term risk to the Group.

ICG's net zero commitment has an important role in building the long-term resilience of our business strategy and funds to climate-related risks and opportunities. This is exhibited in the launch of new products and the investment decisions and management of portfolios to crystallise returns for our clients.

Developing our 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 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 approval process.

We seek unique opportunities, including those presented by the transition to a low-carbon economy, befitting ICG's investment approach and ability to invest across the capital structure to create sustainable value. For example, investments in real assets, such as commercial real estate, housing developments, renewable energy and other infrastructure delivering core services, can play an important role in supporting global economic growth, enhancing social cohesion and delivering the transition to a low-carbon economy. To capitalise on this growing investment opportunity, ICG has launched a number of strategies investing in infrastructure and real estate that underpin or have strong potential to align with the transition to a low-carbon economy and the goals of the Paris Agreement. As at 31 March 2023, these strategies constituted 48% of total AUM in Real Assets, compared to 40% a year earlier.

We have also considered climate change in the launch of the latest vintages of European Corporate and Mid-Market, Sale and Leaseback, Strategic Equity, and Infrastructure Equity investment strategies, which have explicit focus on engagement with portfolio companies on decarbonisation. Since 1 April 2021, ICG has raised a total of $11.6bn of capital in investment strategies with explicit focus on engagement on climate change and/or in scope of ICG's portfolio coverage science-based target. Such strategies represent 28% of total AUM, as at 31 March 2023.

Embedding climate considerations into investment decisions and portfolio management

We take a selective and thoughtful approach to making investments, with due consideration of climate-related risks and opportunities.

ICG's Exclusion List (see page 41) prohibits direct investments in certain coal, oil and gas activities which limits the exposure of our portfolios to investments with higher probability of becoming stranded assets in the medium to long term.

In addition, climate risk assessment is a mandatory step in the evaluation of new investment opportunities across the vast majority of ICG's investment strategies, with findings presented to ICs for consideration in investment decision making. Investment opportunities with potentially heightened climate risk exposure are discussed with the ICG Sustainability & ESG team and expert advisers, where appropriate. Between February 2021 and March 2023, we have declined 99 investment opportunities where climate-related risk was a contributing factor to the investment decision.

We also seek to invest in climate-related opportunities, primarily through our Real Assets investment strategies.

Following investment, material climate-related risks and opportunities are tracked and reviewed as a standard part of the portfolio monitoring process. Depending on the nature of the issues and the level of influence, we may ask portfolio companies or transaction counterparties to disclose to us how they manage these issues. Where we have sufficient influence, we support portfolio companies to address climate-related risks and capitalise on climate-related opportunities in a number of ways, including by:

- Assigning responsibility for climate-related matters;
- Sharing the results of our company-specific climate risk assessment, including scenario analysis, as relevant;
- Supporting a carbon footprint assessment of the business in line with the GHG Protocol and the development of a Board-level approved climate action and decarbonisation plan;
- Establishing company-specific climate change and energy-focused KPIs and targets; and
- Seeking validation by the SBTi.

At a fund level, we also seek to link our climate ambition to our third-party financing, where possible. Since 2021, we have raised a total of $2.8bn ESG-linked fund-level financing, including climate-related KPIs.

Exposure of portfolios to climate-related risks

Overall, our portfolios[1] as at 31 December 2022 have limited exposure to heightened climate-related risks, with only 3% of invested capital[1] assessed as having potentially heightened climate risk.

The principal mechanism for this assessment is ICG's proprietary climate risk assessment methodology, which was introduced in 2021 and which we further enhanced at the start of 2023 (see page 46). This climate risk assessment is incorporated into the due dilligence of new investment opportunities and results in a climate risk rating for any such investment opportunity.

While the assessment has some inherent limitations, the exposure metrics provide, in our view, a useful indication of the resilience of our funds' portfolios to climate-related risks. Please refer to the Metrics and Targets section for further detail of the assessment and breakdown of exposure by asset class.

Approach to scenario analysis

Starting in 2020, we have been conducting a formal assessment of the exposure to climate-related risks across our portfolios every two years. This assessment is considering the impact of climate-related drivers associated with both changing climatic conditions (physical risks) and the transition to a low-carbon economy (transition risks), such as policy, regulatory, market and technology changes on individual investments across key portfolios.

The latest such assessment, undertaken in 2022, included approximately 900 portfolio companies across our four asset classes covering almost 90% of our AUM as at 31 December 2021. The principal mechanism we employed for assessing climate risk across our portfolios was through proprietary climate risk assessment methodology and tools (see page 46).

We then conducted a scenario analysis on certain investments which we identified as having potentially heightened exposure to climate-related risks. This comprised 13 companies within our Structured and Private Equity and Private Debt asset classes.

We also conducted a sector-based transition-risk scenario analysis across 10 sectors that are more likely to have higher exposure to climate-related risks.

While the analysis confirmed that we have limited exposure to potentially heightened climate-related risks across our portfolios, this bottom-up approach enabled us to improve our understanding of the exposure of specific investments to transition and/or physical risks in the medium to long term. The findings of the analysis were shared with the portfolio company management teams, where relevant, to support their strategic decision making.

To conduct the transition risk scenario analysis, in line with market practice, we adopted three of the transition scenarios provided by the Network for Greening the Financial System (NGFS):

- Current Policies (base case) – this scenario assumes that only currently implemented policies are preserved, resulting in emissions growth until 2080, which leads to about 3°C of warming and severe physical risks.
- Below 2°C – this scenario gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C by the end of the century. Under this scenario net zero emissions are achieved after 2070. Physical and transition risks are both relatively low.
- Delayed Transition – this scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies. As a result, emissions exceed the carbon budget temporarily and decline more rapidly after 2030 to ensure a 67% chance of limiting global warming to below 2°C by the end of the century. This leads to both higher transition and physical risks than the the Below 2°C scenario.

Read the full description of the scenarios on the NGFS website: https://www.ngfs.net/ngfs-scenarios-portal/explore →

The physical risk scenario analysis was performed at a country-level looking at key operating geographies using two Representative Concentration Pathways (RCPs) adopted by the Intergovernmental Panel on Climate Change (IPCC):

- RCP4.5, described by the IPCC as a moderate scenario in which emissions peak around 2040 and then decline. This scenario assumes future implementation of emissions management and mitigation policies; and
- RCP8.5, is the highest baseline emissions scenario, in which emissions continue to rise throughout the twenty-first century, such that the most adverse effects of physical climate change manifest.

Building on this approach, with expert support from external advisers, we enhanced our proprietary climate risk assessment methodology to incorporate sector-based transition risk scenario analysis using the above scenarios. Implemented at the end of FY23, this enhancement will provide investment teams with more nuanced insight on climate-related risk as part of the ESG evaluation process for new deals, and enable us to consider the potential impact on portfolios under different transition scenarios.

Our approach to scenario analysis will evolve over time to further incorporate expectations of clients, regulators and best practice in the industry, with the aim to provide decision-useful and actionable insight for building resilience to climate-related risks of our portfolios.

1. The assessment was conducted for portfolios as at 31 December 2022, for which ICG's proprietary climate risk assessment methodology applies, and as such excluded ICG Enterprise Trust, LP Secondaries, Alternative Credit, Secured Credit, and Real Estate portfolios.

Group operations

We consider that the Group's direct operations are not materially exposed to physical climate-related risks because, amongst other factors, the Group procures mainly professional and business services and 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 in the short and medium term.

The Sustainability & ESG, Legal, Risk and Compliance, and Operations teams work closely to ensure the Group's compliance with current and emerging climate-related regulations of relevance to its operations, including the UK SECR.

To support ICG's net zero commitment, we have set science-based target to reduce our direct (Scope 1 and Scope 2) emissions by 80% by 2030 from a 2020 base year, and are on track to deliver (see page 49).

We also seek to link our climate ambition to our Group-level third-party financing, where possible. We have raised a total of £1.2bn ESG and sustainability-linked financing, including issuing a €500 million sustainability-linked Bond with adjustments to the coupon rate linked to progress against ICG's approved and validated science-based targets.

Risk management

The processes used by ICG to identify, assess and manage climate-related risks

TCFD recommended disclosure	
(a)	Description of ICG's processes for identifying and assessing climate-related risks.
(b)	Description of ICG's processes for managing climate-related risks.
(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into ICG's overall risk management.

Group Risk Management Framework

Risk management is embedded across the Group through a dedicated RMF, which ensures that current and emerging risks are identified, assessed, monitored, mitigated, and appropriately governed based on a common risk taxonomy and methodology. This is done within the risk appetite set by the Board, i.e. the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives. The Group adopts both a top-down and a bottom-up approach to risk assessment.

At a Group level, climate-related risk is considered broadly and has been incorporated into our Group-wide RMF as a cross-cutting risk. This means that we recognise the potential impact climate-related issues may have on other material risks within our RMF, namely the Group principal risks[1] (see page 66). In line with the recommendations of TCFD and regulatory guidance, the Group considers the financial and non-financial risks arising from physical climate risk (risks related to the physical impacts of climate change) and transition climate risk (risks related to the transition to a low-carbon economy).

1. The Group defines principal risks as those that would threaten the Group's business model, future performance, solvency, or liquidity.

Of the Group's eight principal risks, we have assessed the following as currently most likely to be impacted by climate-related matters, to varying degrees, as follows:

Principal risk	Potential impact	Process for risk identification and management
External Environment Risk	Climate-related conditions and/or events outside the Group's control, such as rapid shifts in climate policy and/or clients' climate requirements, volatility in energy markets, and/or increased frequency and severity of extreme weather events; may adversely affect our business, 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.	• Implementation of Climate Change Policy • Screening and due diligence processes for new investment opportunities • Portfolio monitoring and stewardship (see table on page 41) • The Group's New Product Approval process requires ESG considerations, including climate-related risks and opportunities, to be integrated into the design of new strategies or funds where their nature allows us to drive better ESG outcomes
Fund Performance Risk	Climate-related issues (as described above) may affect the performance of our funds, and therefore make it more challenging to raise capital or new funds and affect our reputation, thereby impacting the Group's ability to grow and compete effectively.	
Financial Risk	Climate-related risks will increasingly be incorporated into risk assessments and asset valuations, which could have a material impact on the attractiveness of existing and potential investments impacting the Group's balance sheet and fund investments.	
Legal, Regulatory and Tax Risk	Increasing legal and regulatory requirements in relation to climate-related issues may result in increasing regulatory enforcement or litigation risk for the Group and its fund management entities and potential reputational damage due to instances of non-compliance with current or emerging climate-related regulations or market/client expectations, and ensuring that (where relevant) such requirements are embedded in our processes, procedures, controls and disclosures.	• Global regulatory horizon scanning, including current and emerging ESG and climate-related regulations • Participation in industry working groups focused on effective implementation of ESG-related regulations • ESG regulatory task-force within the Group comprising Legal, Sustainability & ESG, Risk and Compliance functions; monitoring the implementation of new regulatory requirements across the Group
Operational Resilience Risk	Potential operational disruption caused by climate-related issues. primarily physical risk, including within the Group's key third-party providers.	• Implementation of Climate Change Policy • Implementation of the Group's Sustainable fit-out guide to our offices • Implementation of the Supplier Code of Conduct • Third-party provider ESG assessment questionnaire rolled out in FY23 to better assess ESG-related risks, including arising from or related to climate change

Reputational risk, whilst not a principal risk, is also an important consideration for the Board and the Executive Directors, in setting and implementing the Group's strategic objectives. Therefore we recognise the potential impact to the Group if it is not seen by stakeholders to be adequately supporting the transition to a low-carbon economy, addressing clients' requirements on climate change, and demonstrating progress towards its commitment to reach net zero across its operations and relevant investments by 2040.

Further details of the Group's RMF, including the processes used to determine which risks could have a material financial impact on the Group, are set out on page 66 →

Incorporating climate considerations into fund management

We recognise that climate change may have a material impact on investment performance and returns over the short, medium and long term. As described above, we therefore have processes and procedures in place to account for climate-related risks and opportunities in the design of new products, the execution of our investment practices and processes and the focused engagement with and stewardship over investments.

The Group Climate Change Policy — covering 100% of ICG's AUM — requires us to consider the implications of climate-related risks and opportunities in our investment research, valuation, and decision-making processes.

Please refer to ICG's Climate Change Policy for further details including our complete Exclusion List →

Identifying, assessing and managing climate-related risks

Our approach to identifying, assessing, prioritising, and managing climate-related risks for active funds is summarised by key strategy in the table below:

Asset class	Structured and Private Equity			Private Debt		Real Assets			Credit
Key strategy	European and Asia Pacific Corporate	Strategic Equity	ICG Enterprise Trust / LP Secondaries	Senior Debt Partners	North America Capital Partners	Real Estate Debt	Real Estate Equity	Infrastructure Equity	Liquid Credit CLOs
Pre investment									
Exclusion List screening	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bespoke climate risk assessment	✓	✓	✓	✓	✓	✓	✓	✓	✓
Additional due diligence for higher climate risk exposures	✓	✓	✓	✓	✓	✓	✓	✓	✓
Climate risk assessment findings included in IC memos	✓	✓	✓[1]	✓	✓	✓[2]	✓[2]	✓	✓
Post investment									
Ongoing portfolio monitoring process (including through annual surveys, where relevant)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Climate stewardship and engagement	✓	✓		✓		✓[3]	✓	✓	✓[4]
Investment-specific climate-related targets and KPIs[5]	✓					✓[3]	✓	✓	

1. Applicable to direct investments by ICG Enterprise Trust.
2. Harmonised and formalised across all real estate investments from January 2023.
3. For certain investments in the European Real Estate Debt strategy as part of the strategy's Green Loan Framework.
4. Typically focused on improved disclosures on climate risk and GHG emissions by investee companies.
5. For investments where we have sufficient influence.

Exclusion List screening

For any direct investment, investment teams screen against ICG's Exclusion List which, among other activities, prohibits us from knowingly making direct investments in certain coal, oil and gas activities, to avoid exposure of our funds to investments that are inherently prone to having the most significant adverse environmental and/or social impacts which could impact their performance in the short, medium and/or long term.

For indirect investments, where feasible, ICG seeks to ensure that the Exclusion List is implemented subject to a materiality threshold.

Between February 2021 and March 2023, we have declined 99 investment opportunities where climate-related risk was a contributing factor to the investment decision.

Climate risk assessment

For each potential investment opportunity, we use a climate risk assessment tool and methodology bespoke to the nature of the investment (in a company or real asset) to help us identify and assess whether there are any material climate-related risks associated with an investment. As standard, these tools utilise established external and ICG proprietary sources of data to support the assessment of both physical climate risks and transitional climate risks. A climate risk scorecard is produced and additional analysis must be completed for investment opportunities identified as having a higher exposure to climate-related risks. In situations where we have sufficient influence, external ESG due diligence, including a specific analysis of climate-related risks and opportunities, is conducted as standard. The findings of the climate risk assessment are consolidated and included as standard in the investment proposal to the respective IC for most strategies. 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.

In the year to 31 March 2023, we introduced a dedicated climate risk assessment for our Real Estate and LP secondaries strategies, with 98% of total AUM in funds in their investing period being covered by an assessment of climate-related risks.

Engagement and monitoring

Following an investment, material climate-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, ICG may seek to better understand how these issues are managed either through ongoing dialogue or through our annual ESG surveys. Climate change is an integral part of our annual ESG surveys which monitor governance and management of climate change, as well as performance and decarbonisation plans. We publish summary results of our ESG surveys in our annual Sustainability and People report.

Read our Sustainability and People Report →

Where ICG has sufficient influence, we undertake specific carbon footprint analysis of investments and set bespoke climate-related targets. For relevant investments, the investment team and Sustainability & ESG team engage directly with the board and management teams of the relevant portfolio companies to help them establish a baseline carbon footprint assessment, and then set emissions reduction targets aligned with the latest climate science and develop strategies to help deliver these targets. We also support portfolio companies to get these targets approved and validated by the SBTi.

The Group's exposure to climate risk arising from its balance sheet investment portfolio (seed assets) is managed in line with our standard fund management activities, as outlined on page 41.

Further embedding sustainability risks

In FY23, a cross-functional working group with representatives of Sustainability & ESG, Legal, Risk and Compliance teams was formed to review the Group's governance of sustainability risks (including climate-related risks) and their integration as part of the Group's processes, procedures, and RMF. This also included an update of ICG's Sustainability Considerations Policy, which summarises our approach to integrating sustainability risks and other sustainability-related considerations, as part of its internal porocesses and procedures.

Following the review, in FY24 we intend to implement any identified enhancements and further formalise our approach.

Group operations – identifying and managing climate-related risks

Physical climate risks

Following our established RMF and associated procedures, we consider that the Group's direct operations are not materially exposed to physical climate risks 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) is likely to be materially exposed to physical climate risks.

The Group's consistent approach to the management of climate change is further demonstrated by a Sustainable Fit-Out guide which sets out our expected minimum standards for the sustainable fit-out, as necessary, of our 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.

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.

We will continue to monitor changes in the exposure to physical climate risks of our direct operations and address any identified risks, as needed.

Transition climate risks

Enhanced GHG emissions reporting and climate-related compliance requirements have been identified as a potential climate-related risk to the Group operations. The Sustainability & ESG, Legal, Risk and Compliance and Operations and IT teams work closely to ensure the identification of relevant emerging regulatory requirements and the Group's compliance with climate-related regulation of relevance to its operations, including the UK SECR and the UK Energy Savings Opportunity Scheme (ESOS).

At the end of FY23, our assessment of key suppliers was enhanced to include a wider range of ESG considerations, including exposure to and capabilities to manage climate-related risks and opportunities, where relevant.This will be rolled out in FY24.

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

TCFD recommended disclosure	
(a)	Metrics used by ICG to assess climate-related risks and opportunities in line with its strategy and risk management process.
(b)	Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.
(c)	Description of the targets used by ICG to manage climate-related risks and opportunities and performance against targets.

The Group uses a variety of metrics and tools to assess climate-related risks and opportunities in line with its business strategy, net zero approach and risk management processes.

While a source of important insight into the Group's climate-risk exposure and a measure of progress towards our net zero commitment, some of these metrics and tools have inherent limitations (e.g. scope of coverage, availability of data as well as the uncertainty associated with some of the underlying assumptions). We utilise internal data and proprietary tools and methodologies, as well as external data sources and providers, to produce these climate metrics.

Category	Climate metrics	Group target and/or current activity
Climate-related risks exposure		
Climate risks	Proprietary climate risk rating	Climate-related risks (both physical and transition) are assessed as standard for all direct investment opportunities utilising our proprietary, asset-specific methodologies.
	Potentially heightened climate risk exposure	Conduct a Group-wide top-down portfolio assessment with a view to inform ICG's ESG and climate-specific objectives and priorities.
	Heightened climate risk sector exposure	Conduct a Group-wide top-down portfolio assessment with a view to inform ICG's ESG and climate-specific objectives and priorities.
Embedding climate considerations into our culture		
Remuneration	Proportion of Executive Directors remuneration linked to sustainability and climate considerations*	The Group and its Board has long-term approach to variable pay, which aligns our Executive Directors to the interests of our shareholders. As per the Directors' Remuneration Policy, the Group makes a single variable pay award each year to Executive Directors, based on a balanced scorecard of KPIs. Since FY22, the remuneration of the Executive Directors has been directly linked to several sustainability targets. See Remuneration Committee Report for further detail (page 103).
Investment lifecycle	ESG and climate considerations incorporated into the investment lifecycle	For each investment strategy, investment teams analyse ESG matters, including climate change, to the extent feasible, at each stage of the investment process, from screening, through due diligence, closing, monitoring and eventual exit. See page 41 as well as ICG Responsible Investing and Climate Change policies for further details.
Sustainability-linked financing	Amount of ESG or Sustainability financing, with climate-related metrics	The Group seeks to link its climate ambition to third-party financing, where possible.
Transition to low-carbon economy		
Decarbonising our investment portfolios	Financed emissions	Long-term goal: reach net zero GHG emissions across relevant investments by 2040. Interim target (approved and validated by the SBTi): 100% of relevant investments to have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026.
		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.
	Weighted average carbon intensity	The Group is establishing a baseline for this metric across its portfolios.
Capacity for investing in climate solutions	Investments in low-carbon and energy transition infrastructure and real estate*	ICG has three strategies that focus on investments in real assets that are already low-carbon in nature or support directly the energy transition.
	Installed renewable energy generating capacity	
Our operations	Scope 1 and 2 absolute GHG emissions (market and location based)*	Long-term goal: net zero GHG emissions across operations by 2040. Interim target (approved and validated 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 (market based).
	Scope 1 and 2 GHG emissions intensity (market based)*	ICG seeks to improve the GHG intensity of our operations, year on year.
	Purchased energy from renewable sources (%)	ICG seeks to maximise the proportion of electricity consumption from renewables sources, and encourage landlords to provide low-carbon heating solutions, wherever feasible.
	Scope 3 absolute GHG emissions*	The Group is establishing a complete baseline and assessing the tools and levers necessary to reduce its scope 3 emissions.

* Indicates a cross-industry climate-related metric as per the TCFD Guidance on Metrics, Targets, and Transition Plans, 2021

1. Source ICG, the Heightened climate risk sectors categorisation is based on the latest TCFD Implementation Guidance (October 2021) which identifies the following sectors with the highest likelihood of climate-related financial impacts: Energy, Transport, Materials & Buildings, and Agriculture, Food & Forestry Products. ICG has adapted these to incorporate the framework provided by the Guidance on Use of Sectoral Pathways for Financial Institutions, produced by the Glasgow Financial Alliance for Net Zero in June 2022.

Scope	Climate risk	Use and measurement
Individual direct investments	Transition & Physical	Assesses the potential physical and transition climate-related risks for individual investment opportunities using the Group's proprietary climate risks assessment methodology. Climate risk rating is incorporated into all investment proposals for consideration by ICs.
Investments across our Structured and Private Equity, Private Debt and Credit asset classes, and Infrastructure Equity strategy.	Transition & Physical	Measures the exposure of portfolios to potentially heightened climate risk based on the Group's proprietary climate risks assessment methodology, expressed as % of portfolio by cost/value of investments, and % of investments with material exposure.
Investments across our Structured and Private Equity, Private Debt, Real Assets and Credit asset classes.	Transition	Assess the exposure of certain portfolios to heightened climate risk sectors [1], expressed as % of portfolio by invested capital.
Executive Directors' annual variable pay	Transition & Physical	Assesses the link of executive remuneration with sustainability considerations, including the Group's net zero commitment (see page 103).
All investment strategies	Transition & Physical	Assesses the extent to which ESG and climate change considerations are embedded within the investment decision making and portfolio monitoring processes adopted by ICG.
Group and Fund related third-party financing	Transition & Physical	Measures the amount of third-party financing with built in climate-metrics that may adjust the margin or coupon of the facility. Expressed as an aggregate absolute amounts in GBP for the Group and USD for fund related third-party financing.
Relevant investments[2]	Transition	Measures the proportion of relevant investments covered by science based targets. Measured as % of invested capital. Monitored internally and reported publicly on an annual basis.
Other Active funds[3] making direct investments across our Structured and Private Equity, Private Debt, Real Assets, and Credit asset classes.	Transition	Assesses the absolute GHG emissions associated with and attributable to a portfolio of investments, expressed in tCO_2e. Monitored internally and reported to investors in certain active funds at least annually.
Active funds making direct investments across our Structured and Private Equity, Private Debt, Real Assets, and Credit asset classes.	Transition	Measures a portfolio's exposure to carbon-intensive investments, expressed in tCO_2e/ million revenue in fund currency for corporate investments; or in tCO_2e/m^2 for real estate investments. Monitored internally and reported to investors in certain active funds at least annually.
Infrastructure Equity, European Real Estate Debt, and Sale and Leaseback	Transition	Measures the proportion of Group's investments into low-carbon and energy transition related infrastructure and real estate, expressed as % of total AUM. Monitored internally and publicly reported annually.
Infrastructure Equity strategy	Transition	Measures the aggregate and annual change in installed renewable energy generating capacity, expressed in GW. Monitored internally and publicly reported annually.
Group operations: combustion of fuel, fugitive emissions, and purchased electricity and heat	Transition	Measures the direct operational carbon footprint of the Group in line with the GHG Protocol, expressed in tCO_2e. Assessed annually and reported publicly, subject to independent limited assurance.
Group operations: combustion of fuel, fugitive emissions, and purchased electricity and heat	Transition	Measures efficiency of the direct operational carbon footprint of the Group relative to its revenue, expressed in tCO_2e per £M revenue. Assessed annually and reported publicly, subject to independent limited assurance.
Group operations: purchased electricity and heat	Transition	Measures the proportion of purchased electricity and heat from renewable sources. Assessed annually and reported publicly, subject to independent limited assurance.
Group operations: business travel, purchased goods and services, water supply and waste generation	Transition	Measures the indirect operational carbon footprint of the Group in line with the GHG Protocol, expressed in tCO_2e. Assessed annually and reported publicly, subject to independent limited assurance.

2. Relevant investments includes all investments within Structured and Private Equity and Real Assets where ICG has sufficient influence - defined as at least 25% of fully diluted shares and a board seat.
3. Active funds for this metric are those third-party funds managed by ICG that principally focus on direct investments and that were either in fundraising or investing period or open-ended in nature, or were already measuring this metric at the start of FY22.

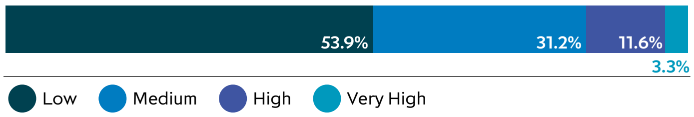
Assessing the exposure of portfolios to climate-related risks

Exposure to heightened climate-related risks by asset class

The principal mechanism ICG employs for assessing climate-related risks before making a direct investment in a company is a proprietary climate risk assessment methodology and tool that we developed in-house with the support of a third-party adviser. The assessment methodology utilises various external data sources, including TCFD guidelines, the SASB Climate Risk Technical Bulletin, ThinkHazard, the World Bank's Climate Change Performance Index and Carbon Pricing Dashboard, among others. Each investment opportunity receives an overall climate risk rating on a 4-grade scale from Low to Very High. The rating combines exposure to transition risk (sector and value chain) and physical risk, taking into account the countries of company headquarters and key operational assets.

While this assessment approach was designed primarily to support investment decision making and engagement, we also use the climate risk ratings to assess the exposure of relevant portfolios to potentially heightened climate-related risks. As at 31 December 2022, 85.0% of assessed portfolios received a climate risk rating of Low or Medium and only 3.3% with Very High risk rating, which we consider as potentially heightened climate-related risk.

Distribution of climate risk ratings for total assessed ICG portfolios (31 December 2022)



The proportion of investments with potentially heightened exposure to climate-related risks by asset class is presented in the table below. Overall, we saw low exposure of our portfolios as at 31 December 2022 across all assessed ICG asset classes, which is also in line with low exposure as at 31 December 2021.

Exposure of assessed portfolios[1] to potentially heightened climate-related risks by asset class

	Structured and Private Equity[2]		Private Debt		Infrastructure Equity (Real Assets)[3]		Credit[4]		Total assessed ICG portfolios	
Year	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
% of portfolio by investment cost[5]	**2.1%**	3.4%	**0.3%**	0.0%	**0.0%**	0.0%	**7.8%**	6.4%	**3.3%**	3.8%

1. Portfolio composition as at 31 December in each respective year.
2. Excludes ICG Enterprise Trust and LP Secondaries - assessed portfolio in 2022 represents 93% of third-party AUM in this asset class as at 31 December 2022 (2021: 93%).
3. Relates to Infrastructure Equity, which represents 16% of third party AUM in this asset class as at 31 December 2022 (2021: 16%)
4. Excludes Alternative Credit and Secured Credit portfolios. Assessed portfolio in 2022 represents 87% of third-party AUM in this asset class as at 31 December 2022 (2021: 91%)
5. Except for Liquid Credit figures which are based on Market Value of investments. 2022 figures as at 31 December 2022, 2021 figures based on latest available at the time of conducting the assessment.

Embedding climate considerations into our culture

Remuneration

The Group and its Board have a long-term orientated approach to variable pay, which aligns our Executive Directors to the interests of our shareholders. As per the Directors' Remuneration Policy, the Group makes a single variable pay award each year to Executive Directors, based on a balanced scorecard of KPIs, one of which is Culture, D&I and Sustainability. The details of the FY23 outcome and weighting for each Executive Director can be found on page 103.

During FY23, the Group took efforts to further embed assessment and management of climate-related risks and opportunities in our investment culture. The Group incorporated ESG assessment into the annual performance appraisals of portfolio managers across the firm. The aim of this practice is to reinforce alignment and accountability at the right levels for achieving ESG excellence, while ensuring we comply with a continued increase in relevant regulatory requirements. It will also position portfolio managers to lead by example, ensuring ESG and climate-related issues are being appropriately and consistently considered in their teams' approaches to investment.

Investment lifecycle

For each investment strategy, investment teams analyse ESG matters, including climate change, to the extent feasible, at each stage of the investment process, from screening, through due diligence, closing, monitoring and eventual exit.

See ICG Responsible Investing and Climate Change policies for further details about our approach. ICG Sustainability and People Report 2022 provides further insight into key process enhancements and highlights per asset class during 2022.

Sustainability-linked financing

At the Group level we have raised a total of $1.2bn 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.

Across the funds managed by the Group, we have raised a total of $2.8bn ESG-linked fund-level financing since 2021, with climate-related metrics.

Transition to low-carbon economy

Our net zero strategy will continue to evolve as we work towards building a more comprehensive approach across the Group. Over time, as we incorporate measurement frameworks for our various investment portfolios and build our capabilities and access to relevant, quality data, we will expand our reporting on metrics, taking into consideration the upcoming, applicable TCFD-related regulatory requirements, the recommendations and guidance of the TCFD, industry best practice and stakeholder expectations. Below we outline the key metrics and targets we currently assess and monitor, where available.

Decarbonising our investment portfolios

Financed emissions

In November 2021, ICG committed to reach net zero GHG emissions across its operations and relevant investments. In order to meet this ambition we need to reduce emissions associated with our investment activities. To support our commitment we set a portfolio coverage science based target approved and validated by the SBTi:

- ICG's target for 100% of relevant investments to have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026.

As at 31 December 2022, the Group has engaged with all 32[6] portfolio companies across five investment strategies[7] qualifying as relevant investments, representing nearly $8bn of invested capital.

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.

In FY23 we continued to expand the measurement of financed emissions in line with the Partnership for Carbon Accounting Financials Standard, and inclusion of such data as standard in ESG reporting to clients or active funds. Disclosure of GHG data by private companies and for real estate property is still nascent, so for any gaps in actual data we utilise proxy data modelled by a reputable external data provider. At the end of FY23, financed emissions, alongside other portfolio metrics recommended by the TCFD, such as weighted average carbon intensity and portfolio carbon footprint, were assessed and reported for funds representing 36% of total AUM and we will continue to explore ways to increase this coverage.

6. 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.
7. These are Europe Corporate, Asia Pacific Corporate, Europe Mid-Market, and Infrastructure Equity.

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:

1 Establishing the required baseline carbon footprint by the SBTi[3]

13% are in early stages

16% are working on their baseline

28% have completed Scope 1 and 2 emissions, and are in the process of completing Scope 3 emissions calculations

44% have completed a full baseline

2 Developing SBTs and decarbonisation plans to deliver on them in the short to mid term

25% are in early stages

47% are in the process of developing their targets and plans

28% have a fully developed target and plan

3 Have set SBTs

	Number of relevant investments	% of relevant investments by invested capital	% of relevant investments by number of companies
Have set SBTs and submitted them to SBTi	**9**	**15%**	**28%**
Of which, have approved targets by SBTi	6	7%	19%

Commitments for over

69

thousand tonnes CO_2e of baseline emissions to be reduced in line with the latest climate science[4]

1. Relevant investments that were in our portfolios at the time of setting our portfolio coverage target that are still in this portfolio as at 31 December 2022. Note that the STBi currently does not validate and approve SBT's 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, 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.

Spotlight:
Towards harmonised GHG accounting and reporting in private equity – an iCI sector guidance

Private market investors are increasingly being called upon to set ambitious climate commitments. Regulators, investors, lenders, and other stakeholders alike, are demanding GHG reporting against consistent and comparable climate metrics.

Against this backdrop of rising transparency requests, the iCI members saw an opportunity to develop a specific guidance to private equity investors. As co-chair of the working group tasked with developing this guidance, ICG was proud to spearhead this effort, and bring our experience to bear in providing investors and their portfolio companies consistent guidance on:

1. Carbon footprinting - Calculating Scope 1, Scope 2 and Scope 3 emissions.
2. Financed emissions - Attributing GHG emissions from portfolios to GPs and Limited Partners.
3. Fund reporting - Aggregating emissions at the fund level and reporting to stakeholders.
4. Target setting - Conducting portfolio analysis with a view to set targets that support the transition to a net zero economy.

Capacity for investing in climate solutions

Investments in real assets, such as commercial real estate, housing developments, renewable energy and other infrastructure delivering core services, can play an important role in supporting global economic growth and enhancing social cohesion. The Organisation for Economic Co-operation and Development estimates[5] that \$6.9 trillion per year is needed up to 2050 for investment in sustainable and resilient infrastructure to achieve the UN Sustainable Development Goals by 2030 and net zero emissions by 2050.

To capitalise on this growing investment opportunity, ICG has launched a number of strategies investing in infrastructure and real estate that underpin or have strong potential to align with the transition to a low carbon economy. These strategies have sustainability frameworks designed to align with specific UN Sustainable Development Goals (SDGs), and all incorporate climate-focused SDGs including SDG 7 (Clean Energy) and 13 (Climate Action); and deliver tangible, targeted improvements in the sustainability performance of assets as part of the asset management plans. As at 31 March 2023, these strategies constitute 48% of total Group AUM in Real Assets, compared to 40% a year earlier; and represent a growth opportunity for ICG.

In addition, as at 31 March 2023, 1.9GW of renewable energy capacity was deployed across the Infrastructure Equity portfolios, compared to 221 MW, as at 31 December 2020.

Our operations

The following targets and underlying metrics are used by the Group to assess climate-related risk and opportunities for its operations in line with its strategy and risk management process.

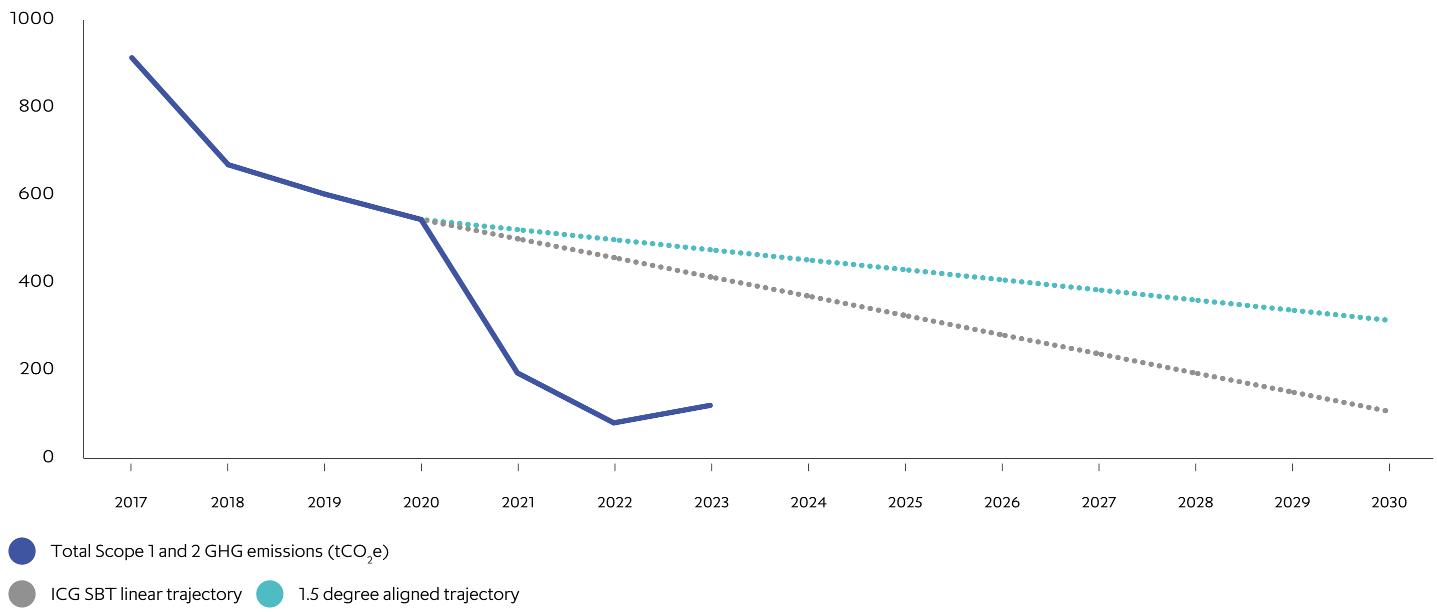
Long-term goal: net zero operations by 2040

Interim target (approved and validated 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 Group measures and discloses its operational GHG emissions in compliance with the SECR requirements (see page 50). This includes Scope 1 and Scope 2 GHG emissions and related energy use broken down by region and source. In addition, we disclose scope 1 and 2 emissions intensity (tCO_2e/£M revenue), and Scope 3 GHG emissions related to business travel, purchased goods and services, water use, and generated waste.

The chart below illustrates ICG's emissions reduction versus its scope 1 and 2 SBT trajectory and a 1.5 degree aligned trajectory.

Group Scope 1 and 2 (market-based) GHG emissions (tCO_2e)



5. Source: UNEP, accessed on 29 November 2022, https://www.unep.org/explore-topics/green-economy/what-we-do/sustainable-infrastructure-investment

Annual Group GHG emissions statement

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

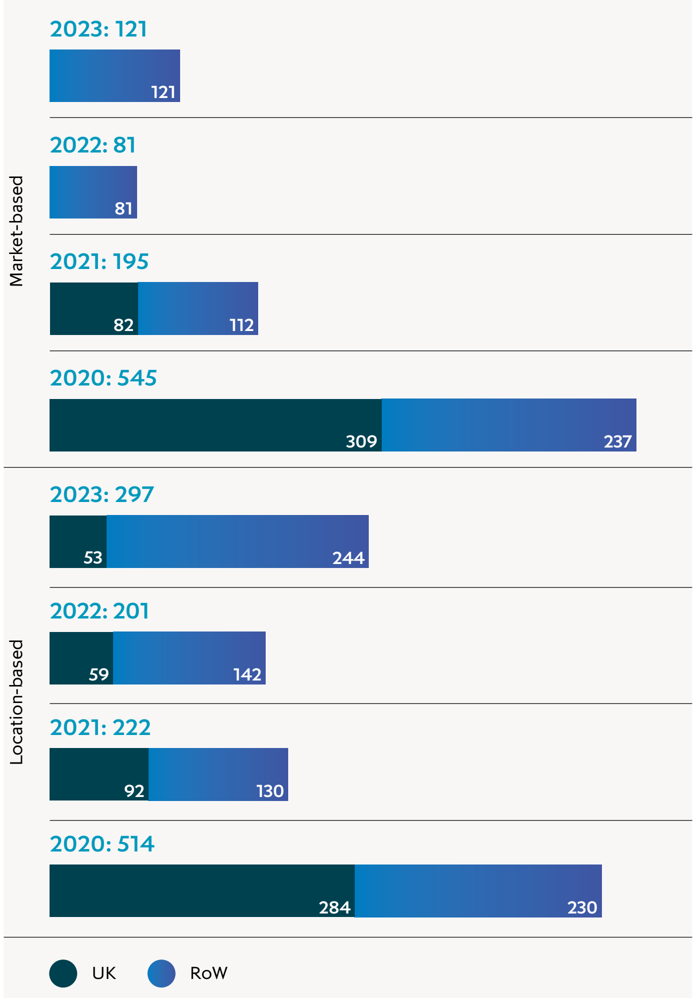
Operational GHG Emissions Performance

During the reporting period 1 April 2022 to 31 March 2023, our measured Scope 1 and Scope 2 (market-based) emissions totalled 121 metric tCO_2e compared to 81 metric tCO_2e in FY22. The scope 1 and 2 intensity equated to 0.20* metric tCO_2e/FTE and 0.19* metric tCO_2e/£mn revenue, compared to 0.13 metric tCO_2e/FTE and 0.08 metric tCO_2e/£mn revenue in FY22.

GHG Emissions[1]		FY23	FY22	FY21	FY20
Direct emissions (scope 1)	Combustion of fuel and operation of facilities	46*	7	11	66
Indirect emissions (scope 2)	Purchased electricity/ heat (location-based)	250*	194	211	448
	Purchased electricity/ heat (market-based)	75*	74	184	479
	Total scope 1 and 2[2]	**121**	**81**	**195**	**545**
Indirect emissions (scope 3)	Business travel (flights, rail, vehicles, taxis, hotels)	2,724*	749	41	2,640
	Waste generated in operation (incl. water)	3*	4	0.6	8
	New scope 3 categories to FY23				
	Purchased Goods and Services[3,4]	13,286*	–	–	–
	Fuel and energy related activities[3]	76*	–	–	–
	Total Scope 3	**16,089**	**753**	**42**	**2,648**

* ICG plc engaged Ernst & Young LLP (EY) to provide limited assurance over GHG emission metrics as indicated by * in the FY23 annual GHG Emission Statement. The assurance engagement was planned and performed in accordance with International Standard on Assurance Engagements (UK) 3000 (July 2020), as promulgated by the Financial Reporting Council (FRC). The assurance report is publicly available at https://www.icgam.com/sustainability-esg/. It includes details on the scope, respective responsibilities, approach, restrictions, limitations and conclusions. Previous years data were verified to ISO14064 by alternative providers.

Scope 1 and 2 emissions ($mtCO_2e$)[1]



FY23 Scope 1 and 2 (market-based) emissions have decreased by 78% from ICG's FY20 baseline, driven by an increase in the number of offices procuring 100% renewable electricity.

The year-on-year increase in scope 1 and 2 (market-based) emissions from FY22 to FY23 is primarily due to the expansion of ICG operations in North America (New York), and an improvement in the accessibility of heating (scope 1) data from landlords in leased facilities in other global operations. During FY23, ICG North America

1. Numbers in the table have been rounded up or down to the nearest metric tonne (mt) of CO_2e.
2. The sum of scope 1 and 2 emissions is based on the scope 2 market based data.
3. 2023 was the first year that Purchased Goods and services (PG&S) and fuel and energy related activities were calculated for ICG. PG&S calculation method used was a spend-based approach.
4. PG&S spend does not include third party administrators of funds managed by ICG.

moved to a larger office location, resulting in an overlap of two separate premises under ICG control for a period of 6 months from 31 August to 31 January 2023, while experiencing an increase in electricity demand (and therefore scope 2 location-based emissions) from its expanded workforce.

In FY23, ICG expanded its inventory profile to include its purchased goods and services (PG&S), which now constitute the majority of scope 3 emissions (82%). As this is the first year of estimating PG&S emissions, ICG has utilised a spend-based estimation method for this initial GHG profile of the supply chain. Waste and water related emissions have reduced year on year due to waste reduction measures implemented in our London office, whilst business travel has rebounded to pre-pandemic levels, driven by an increase in FTE and the removal of global restrictions to international travel.

Metrics	FY23	FY22	FY21	FY20
Scope 1 and 2 (market-based emissions) per FTE (mtC02e)[1]	0.20	0.13	0.35	1.07
Scope 1 and 2 (market-based emissions) per £Mn revenue ($mtCO_2e$)	0.19	0.08	0.24	1.32

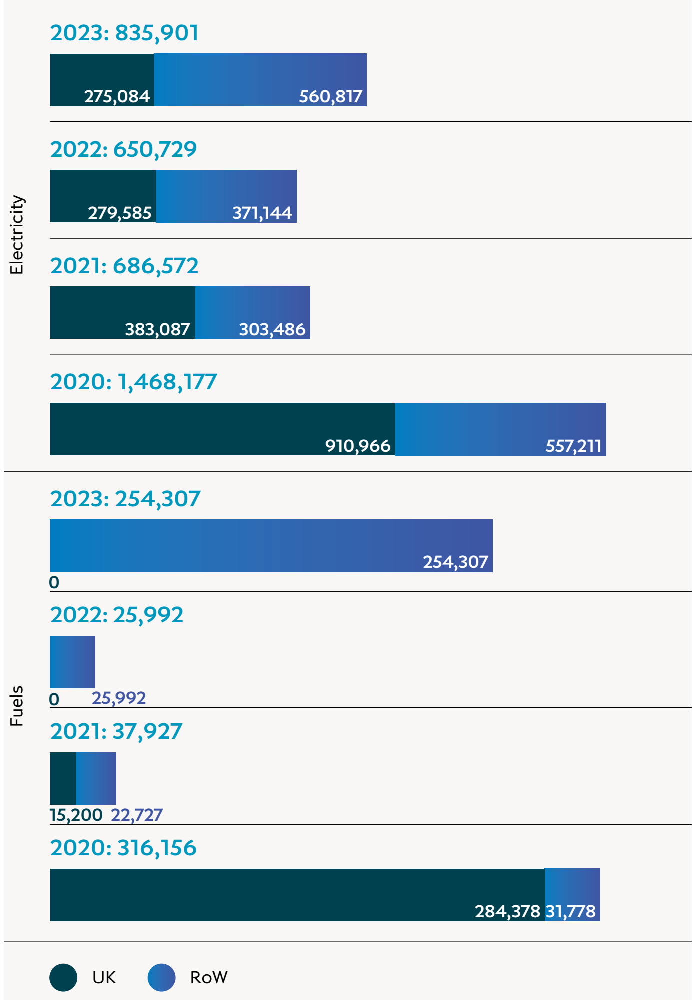
Energy Consumption and Efficiency

During the year, our total fuel and electricity consumption in our operations totalled 1,090 MWh. 25% of energy was electricity consumed in the UK, 33% was electricity consumed in the US, while the remaining 11 global sites consumed 18%. The remainder was through heating fuel in 4 sites globally. The split between fuel and electricity consumption is displayed in the table below. 76% of electricity purchased is from renewable sources either through green tariffs or backed by renewable energy certification, compared with 58% in the previous year. ICG continues to expand the purchase of renewable electricity while we explore energy efficiency solutions such as the installation of LED lighting in suitable global offices. Fuel consumption has increased from 2022 due to the new US office utilising natural gas as compared to the electric based heating system from the previous premises.

	FY23	FY22	FY21	FY20
Electricity [3]	835,901	650,729	686,572	1,468,177
Of which, from renewable sources [3]	638,697	379,161	154,744	–
Fuels[2,3]	254,307	25,992	37,927	316,156
Total Electricity and Fuels[3]	**1,090,207**	**676,721**	**724,499**	**1,784,333**

1. FTE figures include all staff: permanent employees and contractors
2. Natural gas and transportation fuels (petrol and diesel)
3. Units provided in kWh

Energy Consumption (kWh)



GHG statement methodology

Reporting period - 1 April 2022 - 31 March 2023

Boundary - Operational control. Facilities that are operated by ICG where we have more than five members of staff in the building on a permanent basis.

ICG quantifies and reports our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, alignment with the Scope 2 Guidance, and Corporate Value Chain (Scope 3) Standard. We consolidate our organisational boundary according to the operational control approach, which includes all our offices around the world with five or more employees.

The GHG sources that constituted our operational boundary for the 2023 reporting period are:

- Scope 1: Natural gas combustion within boilers and refrigerants from air-conditioning equipment
- Scope 2: Purchased electricity consumption for our own use (location based and market based)
- Scope 3: Business travel (rail, taxis, hotels (new to FY23) and air travel), water supply and waste generation, transmission and distribution of electricity (new to FY23 inventory), purchased goods and services (new to FY23).

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. Further detailed explanation of the calculation approach is provided in page 213.

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 when certified green electricity has been procured.

Consumption data has been converted into CO_2 equivalent using:

- UK Government 2020, 2021 and 2022 Conversion Factors for Company Reporting across all emissions sources unless those below were used.
- International Energy Agency international electricity conversion factors (to calculate emissions from corresponding activity data)
- United States Environmental Protection Agency data for train travel in the US, and Network for Transport Measures (NTM) data for train travel in the EU.
- For business travel based on expenses, Quantis spend based emissions factors are used.
- Spend based emissions factors from the Department for Business, Energy and Industrial Strategy (BEIS) and sourced from the GHG Protocol scope 3 guidance.

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 30 to 52). 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 set out on page 66.

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 2023, the Group has a permanent employee population of 582 of which 212 are women and 370 are men. There are three Executive Directors including one woman and one director from an ethnically diverse background. Of the 31 senior managers reporting to the Executive Directors (including those based outside the UK), 23% are women.

Board diversity

Biographical details of the Board are set out on page 78 with information on diversity on page 96.

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 18).

We have published our gender pay gap data which is set out on page 112.

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 TCFD are set out on page 30.

The Group's disclosures in accordance with the SECR requirements are set out on page 50.

A disciplined approach to investing for future growth

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.

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-UK-adopted IAS measures. The APM form the basis of the financial results discussed in this review, which the Board believes assist shareholders in assessing their investment and the delivery of the Group's strategy through its financial performance.

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

Under IFRS 10, 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.

The Group's profit before tax on an UK-adopted IAS basis was below the prior period at £251.0m (FY22: £565.4m). On the APM basis it was below the prior period at £258.1m (FY22: £568.8m).

Detail of these adjustments can be found in note 4 to the UK-adopted IAS consolidated financial statements on pages 142 to 206.

AUM

Total AUM

During the period, total AUM grew 14% on a constant currency basis (up 11% on a reported basis) and at 31 March 2023 was $80.2bn (31 March 2022: $72.1bn). The balance sheet investment portfolio accounted for 4.1% of the Total AUM (31 March 2022: 5.0%).

Third-party AUM and fee-earning AUM

Third-party AUM grew 15% on a constant currency basis during the period, and stood at $77.0bn at 31 March 2023 (31 March 2022: $68.5bn).

Fee-earning AUM grew 10% on a constant currency basis during the period, and stood at $62.8bn at 31 March 2023 (31 March 2022: $58.3bn).

At 31 March 2023 we had $20.9bn of third-party AUM available to deploy in new investments (dry powder), $14.7bn of which is not-yet-fee-earning, but will be when the capital is invested or enters its investment period.

With effect from 31 March 2023, the methodology for calculating third-party AUM was updated in line with industry practice to include i) all uncalled capital commitments until they are legally expired (previously, uncalled capital commitments were removed from third-party AUM as a 'step-down' despite the fund being legally able to call such capital); and ii) permanent fund-level leverage where such leverage has been signed with the leverage provider and where we charge fees on the leverage. The aggregate impact of these changes is to increase third-party AUM by $3.1bn and fee-earning AUM by $0.5bn.

At 31 March 2023 56% of our fee-earning AUM was in euros; 31% in dollars; 12% in sterling; and 1% in other currencies. Our funds pay fees in their fund currency. Third-party AUM reduced by $1.6bn during the period due to FX movements, partially offset by positive market moves of $0.7bn impacting funds that charge fees on NAV. For more details on the impact of FX rates on our reported financials, see page 65.

Third-party AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total
At 1 April 2022	22,507	19,806	8,028	18,127	**68,468**
Additions[1]	3,747	3,864	1,064	1,895	**10,570**
Realisations	(1,513)	(391)	(439)	(1,928)	**(4,271)**
Policy change	2,381	712	(7)	42	**3,128**
FX and other	606	(350)	(783)	(381)	**(908)**
At 31 March 2023	**27,728**	**23,641**	**7,863**	**17,755**	**76,987**
Change $m	5,221	3,835	(165)	(372)	**8,519**
Change %	23 %	19 %	(2)%	(2)%	**12 %**
Change % (constant exchange rate)[2]	26 %	20 %	3 %	(1)%	**15 %**

1. Includes $0.3bn of steps-up;
2. See page 65 for an explanation of constant exchange rate calculation

Fee-earning AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total
At 1 April 2022	22,100	11,953	6,873	17,409	**58,335**
Funds raised: fees on committed capital	*3,367*	–	*414*	*422*	***4,203***
Deployment of funds: fees on invested capital	*436*	*4,451*	*928*	*1,411*	***7,226***
Total additions	3,803	4,451	1,342	1,833	**11,429**
Policy change	(38)	(10)	(11)	534	**475**
Realisations	(2,327)	(1,937)	(1,005)	(1,654)	**(6,923)**
FX and other	302	(208)	(337)	(224)	**(467)**
At 31 March 2023	**23,840**	**14,249**	**6,862**	**17,898**	**62,849**
Change $m	1,740	2,296	(11)	489	**4,514**
Change %	8 %	19 %	– %	3 %	**8 %**
Change % (constant exchange rate)[1]	10 %	22 %	5 %	4 %	**10 %**

1. See page 65 for an explanation of constant exchange rate calculation

Business activity

	Fundraising		Deployment[1]		Realisations[1,2]	
$bn	**FY23**	FY22	**FY23**	FY22	**FY23**	FY22
Structured and Private Equity	3.5	10.4	4.3	8.0	2.3	2.6
Private Debt	3.8	4.1	4.5	4.9	2.0	2.8
Real Assets	1.0	3.0	1.7	2.1	1.0	1.0
Credit	1.9	5.0	n/a	n/a	n/a	n/a
Total	**10.2**	**22.5**	**10.5**	**15.0**	**5.3**	**6.4**

1. Direct investment funds;
2. Realisations of third-party fee-earning AUM

Fundraising

- We attracted $10.2bn of new money during the period, in line with our guidance and bringing the total raised since 31 March 2021 to $32.8bn, on track to meet accelerated fundraising target of at least $40bn cumulatively between FY22 - FY24
- Structured and Private Equity attracted $3.5bn of capital. Within this, Strategic Equity IV raised $1.3bn, Europe VIII raised $1.2bn and Asia Pacific IV raised $450m. All three of these funds had final closes during the period at or above their original hard caps. During the year, we also raised for Strategic Equity V, LP Secondaries I and Europe Mid-Market II
- Private Debt was the largest contributor to fundraising during the period amongst our asset classes, attracting a total of $3.8bn, $3.3bn of which was in SDP V and SDP SMAs. During the period we launched North America Credit Partners III and had closed $427m of third-party commitments at 31 March 2023
- Real Assets raised $1.1bn, with the majority ($591m) coming from Real Estate Debt strategies. In addition we raised $414m for Sale and Leaseback II
- Credit raised $1.9bn, of which $1.2bn was from new CLOs (two in Europe and one in the US) and the remainder was within our liquid credit funds
- At 31 March 2023 funds that were actively fundraising included: SDP V and SDP SMAs; Strategic Equity V; North America Credit Partners III; Europe Mid-Market II; Infrastructure II; Sale and Leaseback II; LP Secondaries I; Life Sciences I; and various credit strategies. The timings of closes for those funds depends on a number of factors, including the prevailing market conditions

Deployment

- During the period we deployed a total of $10.5bn of AUM on behalf of our direct investment funds
- Within Structured and Private Equity, Strategic Equity saw strong activity, deploying $2.6bn (FY22: $2.5bn), with the remainder across European Corporate including Europe Mid-Market I and various other strategies
- Within Private Debt, deployment was driven by our direct lending strategy, Senior Debt Partners, which deployed $3.9bn. The Australia Senior Loan fund deployed $0.3bn and North American Private Debt $0.2bn
- Within Real Assets, real estate debt strategies deployed $0.9bn, Infrastructure Equity I deployed $0.5bn and Sale and Leaseback deployed $0.3bn

Realisations

- Despite the slowdown in transaction activity across the market, we continued to realise investments, with $5.3bn fee-earning AUM realised from our direct investment funds (FY22: $6.4bn)
- Structured and Private Equity accounted for $2.3bn of realisations within fee-earning AUM, with the majority of activity coming from Europe VI and Europe VII (2015 and 2018 vintages' respectively)
- Realisations of fee-earning AUM in Private Debt were $2.0bn, with the vast majority ($1.7bn) being within direct lending (Senior Debt Partners)
- Real assets accounted for $1.0bn of realisations within fee-earning AUM, almost all of which was across a range of real estate debt strategies

Performance of key funds

A summary of selected ICG drawdown funds that have had a final close at 31 March 2023 is set out below:

	Vintage	Total fund size [3]	% deployed [2]	Gross MOIC 31 March 2023	Gross MOIC 31 March 2022	DPI 31 March 2023
Structured and Private Equity						
Europe V	2011	€2.5bn		1.8x	1.8x	151%
Europe VI	2015	€3.0bn		2.2x	2.1x	171%
Europe VII	2018	€4.5bn		1.8x	1.7x	42%
Europe VIII	2021	€8.1bn	**43 %**	1.1x	1.1x	—%
Europe Mid-Market I	2019	€1.0bn	**78 %**	1.4x	1.2x	—%
Asia Pacific III	2014	$0.7bn		2.1x	2.1x	103%
Asia Pacific IV	2020	$1.0bn	**43 %**	1.4x	1.4x	—%
Strategic Secondaries II	2016	$1.1bn		2.9x	2.8x	136%
Strategic Equity III	2018	$1.9bn		2.3x	2.2x	28%
Strategic Equity IV	2021	$4.2bn	**95 %**	1.6x	1.3x	5%
Private Debt						
Senior Debt Partners II	2015	€1.5bn		1.3x	1.3x	75%
Senior Debt Partners III	2017	€2.6bn		1.2x	1.2x	43%
Senior Debt Partners IV	2020	€5.0bn	**100 %**	1.1x	1.1x	9%
North American Private Debt I	2014	$0.8bn		1.5x	1.4x	128%
North American Private Debt II	2019	$1.4bn	**92 %**	1.3x	1.2x	19%
Real Assets						
Real Estate Partnership Capital IV [1]	2015	£1.0bn		1.3x	1.3x	82%
Real Estate Partnership Capital V [1]	2018	£1.0bn		1.2x	1.2x	16%
Infrastructure Equity I	2020	€1.5bn	**90 %**	1.3x	1.2x	1%
Sale & Leaseback I	2019	€1.2bn	**99 %**	1.3x	1.3x	7%

Note co-mingled funds only. Where there are funds with multiple currencies, FX rates at 31 March 2023 used to convert
1. Gross MOIC as at 31 March 2023
2. For current vintages only
3. Third-party AUM plus ICG plc commitment at point of final close. MOICs and DPI for SDP III and SDP IV shown for EUR sleeves

Overview: Group financial performance

Fund Management Company (FMC) revenue was £539.9m (FY22: £512.8m) and FMC profit before tax was £310.7m (FY22: £286.2m), an increase of 9% compared to FY22, resulting in an FMC operating margin of 57.5% (FY22: 55.8%).

Net investment returns (NIR) for the Investment Company (IC) of 4%, or £102.3m, and over the last five years have averaged 11%. The IC as a whole recorded a (loss) of £(52.6)m (FY22: profit of £282.6m).

The Group generated a Group profit before tax of £258.1m (FY22: £568.8m) and Group earnings per share were 80.3p (FY22: 187.6p).

ICG has a progressive dividend policy, and the proposed final dividend of 52.2p per share brings the total dividend per share to 77.5p for FY23, an increase of 2% compared to FY22. Over the last five years the dividend per share has grown at an annualised rate of 21%.

Our balance sheet remains strong and well capitalised, with net gearing of 0.50x, total available liquidity of £1.1bn and a net asset value per share of 694p.

Our medium-term financial guidance remains unchanged from 31 March 2022.

£m unless stated	31 March 2023	31 March 2022	Change %
Third-party management fees	481.4	392.7	23%
Third-party performance fees	19.6	56.0	(65%)
Third-party fee income	**501.0**	**448.7**	**12%**
Movement in FV of derivative	(26.8)	(0.4)	n/m
Other income	65.7	64.5	2%
Fund Management Company revenue	**539.9**	**512.8**	**5 %**
Fund Management Company operating expenses	(229.2)	(226.6)	1%
Fund Management Company profit before tax	**310.7**	**286.2**	**9 %**
Fund Management Company operating margin	57.5 %	55.8 %	3%
Investment Company revenue	98.4	451.7	(78%)
Investment Company operating expenses	(103.1)	(118.6)	(13%)
Interest income	13.9	—	>100%
Interest expense	(61.8)	(50.5)	22%
Investment Company (loss) / profit before tax	**(52.6)**	**282.6**	**(119)%**
Group profit before tax	**258.1**	**568.8**	**(55)%**
Tax	(28.8)	(30.8)	(6%)
Group profit after tax	**229.3**	**538.0**	**(57)%**
Earnings per share	80.3 p	187.6p	(57%)
Dividend per share	77.5p	76.0p	2 %

	31 March 2023	31 March 2022	Change %
Liquidity	£1.1bn	£1.3bn	(16%)
Net gearing	0.50x	0.45x	0.05x
Net asset value per share	694p	696p	—%

Fund Management Company

The 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.

Third-party fee income

Third-party fee income grew to £501.0m in FY23 (FY22: £448.7m), a year-on-year increase of 12% (an increase of 7% on a constant currency basis).

£m	Year ended 31 March 2023	Year ended 31 March 2022	Change %
Structured and Private Equity – management fees	283.1	206.2	37%
Structured and Private Equity – performance fees	13.4	47.3	(72)%
Structured and Private Equity	**296.5**	**253.5**	**17%**
Private Debt – management fees	83.7	66.5	26%
Private Debt – performance fees	6.3	6.1	3%
Private Debt	**90.0**	**72.6**	**24%**
Real Assets – management fees	48.9	61.4	(20)%
Real Assets – performance fees	(0.1)	0.1	n/m
Real Assets	**48.8**	**61.5**	**(21)%**
Credit – management fees	65.7	58.6	12%
Credit – performance fees	—	2.5	n/m
Credit	**65.7**	**61.1**	**8%**
Third-party fee income	**501.0**	**448.7**	**12 %**
Of which management fees	481.4	392.7	23%
Of which performance fees	19.6	56.0	(65)%

Our third-party fee income is largely comprised of management fees, which have a high degree of visibility and are directly linked to our fee-earning AUM.

The increase in management fees during FY23 was due to a number of factors including fundraising for Europe VIII and Strategic Equity IV (both of which charge fees on committed capital); net deployment within Private Debt (which charges fees on invested capital); and changes in foreign exchange rates. The £12.7m reduction in fee income for Real Assets was due to the prior period including £14.3m of catch-up fees (largely for Infrastructure Equity I and Sale and Leaseback I), which are non-recurring. Excluding those catch-up fees, third-party fee income for Real Assets is up approximately 3.4%.

Management fees during FY23 include a total of £30.6m catch-up fees (FY22: £14.3m). We do not expect significant catch-up fees for FY24 given the funds we have in market and the potential timing of first closes.

The effective management fee rate on our fee-earning AUM at the period end was 0.90% (FY22: 0.88%). The increase was due to the fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital as well as a positive mix effect in other asset classes. The fee rate is split between asset classes as follows:

	31 March 2023	31 March 2022
Structured and Private Equity	1.26 %	1.24 %
Private Debt	0.82 %	0.83 %
Real Assets	0.91 %	0.87 %
Credit	0.49 %	0.47 %
Group	**0.90 %**	**0.88 %**

Performance fees are a relatively small part of our revenue, and during the five years to 31 March 2023 have accounted for an average of 10.2% of our third-party fee income. With lower transaction activity in the broader market, timing expectations for various exits within our funds have been extended. This has resulted in a lower level of performance fees being recognised in this period, although does not impact the absolute level of performance fees we expect to receive if our funds perform in line with expectations. At 31 March 2023 the Group had an asset of £37.5m of accrued performance fees on its balance sheet (FY22: £91.0m):

£m	
Accrued performance fees at 1 April 2022	91.0
Accruals during period	19.4
(Received) during period	(74.9)
FX and other movements	2.0
Accrued performance fees at 31 March 2023	**37.5**

Our funds charge fees in the fund currency, and third-party fee income for the period was 56% in euros, 32% in US dollars, 11% in sterling and 1% in other currencies. On a constant currency basis our third-party fee income grew by 7% compared to FY22.

Movements in Fair value of derivatives and other income

During the year the Group changed its policy regarding hedging of non-sterling fee income. Previously the Group's policy was to hedge non-sterling fee income to the extent that it was not matched by costs and was predictable (transaction hedges). For FY23 FMC revenue included a negative impact of £(26.8)m due to changes in the fair value of these transaction hedges (FY22: £(0.4)m). During the financial year the Group decided to no longer enter into transaction hedges as a matter of course (although it may still do so on an ad hoc basis), and economically closed out all outstanding transaction hedges. Further detail on our hedging policy and sensitivities can be found on page 65.

Other income includes recorded dividend receipts of £40.2m (FY22: £38.0m) from investments in CLO equity, which are continuing to be received in line with historical experiences. The FMC also recognised £25.0m of revenue for managing the IC balance sheet investment portfolio (FY22: £24.8m), as well as other income of £0.5m (FY22: £1.7m).

Operating expenses and margin

During the year we remained focussed on managing costs, resulting in operating expenses increasing by only 1% compared to FY22 and totalling £229.2m (FY22: £226.6m). Salaries increased broadly in line with headcount (which grew 11%), while incentive scheme costs grew by only 6%. Both administrative costs and depreciation and amortisation recorded absolute reductions compared to FY22. Administrative costs reduced due to lower professional and consulting costs, lower placement agent fees and lower recruitment costs given the lower hiring in FY23 compared to FY22.

Operating expenses for the period were 70% in sterling, 9% in euros, 14% in US dollars and 7% in other currencies.

£m	Year ended 31 March 2023	Year ended 31 March 2022	Change %
Salaries	85.0	76.0	12 %
Incentive scheme costs	92.2	87.2	6 %
Administrative costs	45.7	55.1	(17 %)
Depreciation and amortisation	6.3	8.3	(24 %)
FMC operating expenses	**229.2**	**226.6**	**1 %**
FMC operating margin	57.5 %	55.8 %	2 %

The FMC recorded a profit before tax of £310.7m (FY22: £286.2m), a year-on-year increase of 9% and an increase of 14% on a constant currency basis (excluding the change in fair value of derivatives).

The FMC operating margin of 57.5% (FY22: 55.8%) was above our medium-term guidance of above 50%, driven in part by a combination of catch-up fees and a strong focus on cost control.

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 strategies to align interests between our shareholders, clients and employees. 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 grew 3% in absolute terms during the year and was valued at £2.9bn at 31 March 2023 (31 March 2022: £2.8bn). It experienced net realisations during the period of £128m (FY22: £253m), being new investments of £666m (FY22: £952m) and realisations of £794m (FY22: £1,205m). Realisations in FY23 include £101m of proceeds received when we sold down a portion of the balance sheet's exposure to ICG's liquid credit funds.

We made a number of new seed investments totalling £214m, including on behalf of Life Sciences, LP Secondaries, US Mid-Market and Real Estate Opportunistic Equity Europe. These investments are held in anticipation of being transferred to a third-party fund. At 31 March 2023 the balance sheet held £330m of seed investments (31 March 2022: £178m).

At 31 March 2023 the balance sheet investment portfolio was 45% euro denominated, 27% US dollar denominated, 21% sterling denominated and 7% in other currencies.

£m	As at 31 March 2022	New investments	Realisations	Gains/ (losses) in valuation	FX & other	As at 31 March 2023
Structured and Private Equity	1,826	260	(513)	112	66	1,751
Private Debt	149	31	(33)	14	8	169
Real Assets	222	130	(88)	20	5	289
Credit[1]	447	31	(109)	(30)	24	363
Seed Investments[2]	178	214	(51)	(16)	5	330
Total Balance Sheet Investment Portfolio	**2,822**	**666**	**(794)**	**100**	**108**	**2,902**

1. Within Credit, at 31 March 2023 £65m was invested in liquid strategies, with the remaining £298m invested in CLO debt (£106m) and equity (£192m)
2. Formerly referred to as Warehouse investments. Adjusted to include three assets previously reported with Real Assets, with a combined value of £83m at 31 March 2022

Net Investment Returns

For the five years to 31 March 2023, Net Investment Returns (NIR) have been in line with our medium-term guidance, averaging 11.2%. For the twelve months to 31 March 2023, NIR were £102.3m (FY22: £485.7m), or 4% (FY22: 18%).

NIR was comprised of interest of £113.2m from interest-bearing investments (FY22: £76.8m), unrealised losses of £(13.2)m (FY22: gain of £404.0m) and other income of £2.3m. NIR were split between asset classes as follows:

	Twelve months to 31 March 2023		Twelve months to 31 March 2022	
£m	NIR (£m)	NIR (%)	NIR (£m)	NIR (%)
Structured and Private Equity	112.9	6%	457.7	27 %
Private Debt	14.4	9%	24.9	16 %
Real Assets	20.7	8%	9.7	5 %
Credit	(30.1)	(7%)	(0.5)	— %
Seed Investments[1]	(15.6)	(6%)	(6.1)	(4)%
Total net investment returns	**102.3**	**4 %**	**485.7**	**18 %**

1. FY22 NIR adjusted to reflect three assets with Seed Investments that were previously included within Real Assets

- Structured and Private Equity, which accounted for 60% of the total balance sheet investment portfolio at 31 March 2023, saw a positive NIR driven by European Corporate and Strategic Equity
- Within Private Debt, SDP is performing resiliently and a strong performance during year within North America Credit Partners[2] driving the majority of the positive NIR
- Real Assets - which as noted above now excludes three investments that have been moved to Seed investments - saw a strong return within Infrastructure, offsetting valuation reductions within Sale and Leaseback. The Real Estate debt strategies have continued to perform well, recording positive NIR during the year
- Credit NIR of £(30.1)m includes a reduction of £(40.2)m in the value of the balance sheet's holdings of CLO equity to reflect CLO dividend receipts recorded in the FMC and a reduction of £(6.3)m in respect of changes in the value of CLO debt and co-investments in our liquid credit funds. This is partially offset by a £16.4m valuation gain on CLO equity, driven by gains arising from actual defaults being lower than projections as well as by the passage of time increasing the current value of discounted future cashflows

2. Formerly North America Private Debt

In addition to the NIR, the IC recorded other revenue as follows:

£m	Year ended 31 March 2023	Year ended 31 March 2022	Change %
Changes in fair value of derivatives	16.8	(11.8)	n/m
Fee paid to FMC	(25.0)	(24.8)	1 %
Other	4.3	2.6	65 %
Other IC revenue	**(3.9)**	**(34.0)**	**n/m**

As a result, the IC recorded total revenues of £98.4m (FY22 revenue: £451.7m).

Investment Company expenses

Operating expenses in the IC of £103.1m decreased by 13% compared to FY22 (£118.6m), which was largely due to a £22.9m reduction in incentive scheme costs:

£m	Year ended 31 March 2023	Year ended 31 March 2022	Change %
Salaries	20.0	16.7	20 %
Incentive scheme costs	59.6	82.5	(28 %)
Administrative costs	20.7	16.0	29 %
Depreciation and amortisation	2.8	3.4	(18 %)
IC operating expenses	**103.1**	**118.6**	**(13 %)**

Lower incentive scheme costs were predominantly the result of lower accrual of DVB during the period: £36.6m compared to £66.5m in FY22. DVB, which is linked to the performance of certain investments within the balance sheet investment portfolio, only pays out upon cash realisations.

Employee costs for teams who do not yet have a third-party fund are allocated to the IC. For FY23, the directly-attributable costs within the Investment Company for teams that have not had a first close of a third-party fund was £24.4m (FY22: £15.4m). When those funds have a first close, the costs of those teams are transferred to the Fund Management Company.

Interest expense was £61.8m (FY22: £50.5m) and interest earned on cash balances was £13.9m (FY22: nil).

The IC therefore recorded a (loss) before tax of £(52.6)m (FY22: profit before tax £282.6m).

Group

Tax

The Group recognised a tax charge of £(28.8)m (FY22: tax charge of £(30.8)m), resulting in an effective tax rate for the period of 11.2% (FY22: 5.4%). The increase compared to the prior year is due to the change in composition of our earnings and the lower NIR in FY23 compared to FY22.

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

The Board of ICG is simplifying our dividend policy and reaffirming it as a progressive dividend policy, demonstrating our confidence in the long-term growth prospects of the business. Over the long-term, the Board intends to increase the dividend per share by at least mid-single digit percentage points on an annualised basis. The dividend will continue to be paid in two instalments, with the interim dividend being one third of the prior year's total dividend.

For FY23, in addition to the 25.3p per share interim dividend, the Board is proposing a 52.2p per share final dividend. This would result in a total dividend of 77.5p per share being paid for the year, an increase of 2.0% compared to FY22 (76.0p). Over the last five years, ordinary dividends per share have increased at an annualised rate of 21%. We continue to make the dividend reinvestment plan available.

Balance sheet

Balance sheet strategy

Delivering our strategy and maximising shareholder value requires a clear approach to managing our balance sheet. We have a robust, diversified balance sheet and a strong liquidity position that allows us to invest in the business through economic cycles. This provides us with significant strategic and financial flexibility, enabling us to take advantage of opportunities to generate future incremental fee income.

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

Liquidity and net debt

At 31 March 2023 the Group had total available liquidity of £1,100m (FY22: £1,312m), net financial debt of £988m (FY22: £893m) and net gearing of 0.50x (FY22: 0.45x).

During the period cash reduced by £212m from £762m to £550m, including the repayment of £195m of borrowings that matured.

The table below sets out movements in cash, including certain APM metrics, which management believes will help shareholders understand where cash is being generated and used within the Company. The Glossary sets out the reconciliations from the APM cash measures in the table below to the UK-adopted IAS measures of Net cash flows from/(used in) operations; Net cash flows from/(used in) investing activities; and Net cash flows from/(used in) financing activities.

£m	FY23	FY22
Opening cash	762	297
Operating activities		
Fee and other operating income	573	388
Net cashflows from investment activities and investment income[1]	176	292
Expenses and working capital	(322)	(242)
Tax paid	(32)	(44)
Group cashflows from operating activities - APM[2]	395	394
Financing activities		
Interest paid	(64)	(56)
Purchase of own shares	(39)	(21)
Dividends paid	(236)	(166)
Net (repayment of) / proceeds from borrowings	(195)	302
Group cashflows from financing activities - APM[2]	534	59
Other cashflow[3]	(77)	7
FX and other movement	4	5
Closing cash	**550**	**762**
Available undrawn ESG-linked RCF	550	550
Cash and undrawn debt facilities (total available liquidity)	**1,100**	**1,312**

1. The aggregate cash (used)/received from balance sheet investment portfolio (additions), realisations, and cash proceeds received from assets within the balance sheet investment portfolio
2. Interest paid, which is classified as an Operating cash flow under UK-adopted IAS, is reported within Group cashflows from financing activities - APM
3. Investing cashflows (UK-adopted IAS) in respect of purchase of intangible assets, purchase of property, plant and equipment and net cashflow from derivative financial instruments ("Net cash flows used in financing activities" per Note 4) and "Payment of principal portion of lease liabilities" (see Note 4)

At 31 March 2023, the Group had drawn debt of £1,538m (31 March 2022: £1,655m). The change is due to the repayment of certain facilities as they matured, along with changes in FX rates impacting the translation value:

	£m
Drawn debt at 31 March 2022	1,655
Debt (repayment) / issuance	(195)
Impact of foreign exchange rates	78
Drawn debt at 31 March 2023	**1,538**

Net financial debt therefore increased to £988m (31 March 2022: £893m):

£m	31 March 2023	31 March 2022
Drawn debt	1,538	1,655
Cash	550	762
Net financial debt	**988**	**893**

During the period the Group's credit rating provided by S&P was upgraded to BBB, and at 31 March 2023 the Group had credit ratings of BBB (stable outlook) / BBB (stable outlook) from Fitch and S&P, respectively.

The Group's drawn debt is provided through a range of facilities. All facilities except the ESG-linked RCF are fixed-rate instruments. The weighted average cost of drawn debt at 31 March 2023 was 3.17% (31 March 2022: 3.29%). The weighted-average life of drawn debt at 31 March 2023 was 4.1 years (31 March 2022 4.6 years). The maturity profile of our term debt is set out below:

£m	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Term debt maturing	51	258	185	503	–	101	440

For further details of our debt facilities see Other Information (page 217).

Net asset value

Shareholder equity increased to £1,977m at 31 March 2023 (31 March 2022: £1,995m), equating to 694p per share (31 March 2022: 696p):

£m	31 March 2023	31 March 2022
Balance sheet investment portfolio	2,902	2,822
Cash and cash equivalents	550	762
Other assets	424	419
Total assets	**3,876**	**4,003**
Financial debt	(1,538)	(1,655)
Other liabilities	(361)	(353)
Total liabilities	**(1,899)**	**(2,008)**
Net asset value	**1,977**	**1,995**
Net asset value per share	**694p**	**696p**

Net gearing

The movements in the Group's cash position, debt facilities and shareholder equity resulted in net gearing increasing to 0.50x at 31 March 2023 (31 March 2022: 0.45x). We maintain our long-term objective of having zero net gearing.

£m	31 March 2023	31 March 2022	Change %
Net financial debt (A)	988	893	11%
Shareholder equity (B)	1,977	1,995	(1)%
Net gearing (A/B)	**0.50 x**	**0.45 x**	**0.05x**

Foreign exchange rates

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

	Average rate for FY23	Average rate for FY22	31 March 2023 year end	31 March 2022 year end
GBP:EUR	1.1560	1.1755	1.1375	1.1876
GBP:USD	1.2051	1.3626	1.2337	1.3138
EUR:USD	1.0426	1.1595	1.0846	1.1063

We report our AUM in dollars: 56.1% of our fee-earning AUM at 31 March 2023 was in euros; 30.6% in dollars; 11.5% in sterling; and 1.8% in other currencies.

At 31 March 2023 our third-party AUM was $77.0bn, based on FX rates at 31 March 2023. If GBP:USD had been 5% higher (1.2954) our reported third-party AUM would have been $0.5bn higher. If EUR:USD had been 5% higher (1.1388) our reported third-party AUM would have been $2.2bn higher.

Where noted, this review presents changes in AUM, third-party fee income and FMC PBT on a constant exchange rate basis. For the purposes of these calculations, prior period numbers have been translated from their underlying fund currencies to the reporting currencies at the respective FY23 period end exchange rates. This has then been compared to the FY23 numbers to arrive at the change on a constant currency exchange rate basis.

During the year the Group changed its policy regarding hedging of non-sterling net fee income. Previously the Group's policy was to hedge non-sterling fee income to the extent that it was not matched by costs and was predictable (transaction hedges). For FY23 FMC revenue included a negative impact of £(26.8)m due to changes in the fair value of these transaction hedges (FY22: £(0.4)m). During the financial year the Group decided to no longer enter into transaction hedges as a matter of course (although it may still do so on an ad hoc basis), and economically closed out all outstanding transaction hedges.

The table below sets out the indicative impact on our reported management fees, FMC PBT and NAV per share had sterling been 5% weaker or stronger against the euro and the dollar in the period (excluding the impact of any legacy hedges):

	Impact on FY23 management fees[1]	Impact on FY23 FMC PBT[1]	NAV per share at 31 March 2023[2]
Sterling 5% weaker against euro and dollar	+22.5m	+£22.7m	+15p
Sterling 5% stronger against euro and dollar	-(20.3)m	-£(20.5)m	-(14)p

1. Impact assessed by sensitising the average FY23 FX rates. Excluding impact of legacy hedges
2. NAV / NAV per share reflects the total indicative impact as a result of a change in FMC PBT and net currency assets

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 ICG's Risk Management Framework (RMF), 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 a preference for risk within a strong control environment to generate a return for investors 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 management information regularly 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, decisions, and attitudes toward taking and managing risk throughout the Group.

Managing risk

Risk management is embedded across the Group through ICG's RMF, which ensures that current and emerging risks are identified, assessed, monitored, controlled, and appropriately governed based on a common risk taxonomy and methodology. The RMF is designed to protect the interests of stakeholders and meet our responsibilities as a UK listed company and the parent company of a number of regulated entities.

The Board's oversight of risk management is proactive, ongoing and integrated into the Group's governance processes. The Board receive regular reports on the Group's risk management and internal control systems. These reports set out any significant risks facing the Group, and changes made to the systems. Evaluating risk events and corrective actions supports the Board's assessment of the Group's effectiveness at mitigating event impacts. The Board also meet regularly with the internal and external auditors to discuss their findings and recommendations, which helps it gain insight into areas that require improvement. 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 provides 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 on our culture and values, see page 2.

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 who provide 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 FY23

During the year the Group undertook its first Internal Capital Adequacy and Risk Assessment (ICARA) under the requirements of the UK Investment Firm's Prudential Regulation (IFPR). The new regime sets new capital and liquidity requirements, revised remuneration and governance standards and requires ICG to complete an ICARA for our relevant UK entities. The Group is now identifying, assessing, and managing risk of harm to clients, markets, and the Group itself.

Other key initiatives included:

- Monitoring the Russia-Ukraine crisis for potential risks to people, assets, operations, and supply chains in the region and globally.
- Monitoring the macro-economic environment – the inflationary pressure, rising interest rates, and ongoing disruption to international supply chains – and adapting our approach as appropriate.
- Supporting the Audit Committee in its oversight of the Group's plans to implement the UK Government's audit reform proposals and strengthening internal controls.
- Monitoring risks associated with the Group's transformation agenda, recognising the challenges of implementation and successful delivery.
- Enhancing the combined assurance process to provide an integrated and coordinated approach to align the Group's assurance activities across the Group.

- Monitoring the Group's technology and resiliency requirements to ensure that the management of cyber risk remains appropriate to mitigate the continued and changing nature of the threat and to support the growth of the business.
- Further embedding ESG into the RMF.
- Improving the use of risk information and incorporating risk connectivity into the Group's RMF to allow for more proactive management of risk.

Principal risks and uncertainties

The Group's principal risks are individual risks, or a combination of risks, that can seriously affect the performance, future 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 demand 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.

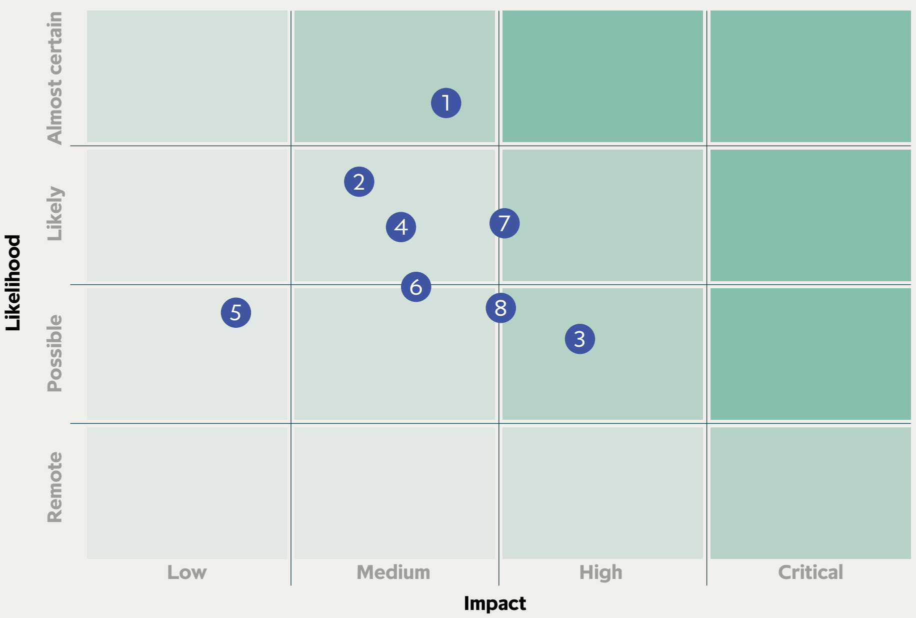
We use a principal and emerging risks process to provide a forward-looking view of the potential risks that can threaten the execution of the Group's strategy or operations over the medium to long term. We proactively assess the internal and external risk environment, as well as review the themes identified across our global businesses for any risks that may require escalation, updating our principal and emerging risks as necessary. The Board, Risk Committee and Executive Directors continue to monitor relevant impacts on the business which are considered further below.

Within the three categories noted above, the Group's RMF identifies eight principal risks which are accompanied by the 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 framework, policies and standards that detail the related requirements.

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 has been identified. In making this 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 diagram below shows the Group's principal risks. The horizontal axis shows the impact of a principal risk if it were to materialise, and the vertical axis illustrates the likelihood of this occurring. The scales are based on the residual risk exposure remaining after mitigating controls.

Risk profile



Strategic and Business	Risk trend
1 External Environment Risk	↔
2 Fund Performance Risk	↑

Financial	
3 Financial Risk	↑

Operational	
4 Key Personnel Risk	↔
5 Legal, Regulatory and Tax Risk	↓
6 Operational Resilience Risk	↔
7 Third Party Provider Risk	↑
8 Key Business Process Risk	↔

External Environment Risk

Strategic alignment	Risk trend
1 2 3	↔

Risk appetite: Very High

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-ended 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 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

Inflationary pressure, rising interest rates, and ongoing disruption to international supply chains means the macro-economic environment remains dynamic and the outlook unclear. The Group has proven expertise in navigating complex and uncertain market conditions, with our business model providing a high degree of stability. We have substantial dry powder across a range of strategies following our strong fundraising in the last 24 months. We have stable and visible management fee income, are not under pressure to deploy or realise, and can capitalise on opportunities that emerge across our asset classes.

We are actively supporting our portfolio companies as they seek to take advantage of the current market dislocation by growing organically and inorganically, as well as ensuring that they have the people, systems, and capital structures in place to navigate a period of potentially protracted uncertainty, including to ensure they are appropriately hedged against interest rate risks. Our portfolios remain fundamentally well positioned, with robust operational performance and reasonable leverage.

We remain alert to the current macroeconomic and geopolitical uncertainty and continue to monitor the potential impact on 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, performance, or client demand as a result.

Fund Performance Risk

Strategic alignment	Risk trend
1 2 3	↑

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 underperformance could erode our track record. Consequently, existing investors in our funds might decline to invest in funds we raise in future and might withdraw their investments in our open-ended strategies. Poor fund performance may also impact our ability to raise subsequent vintages or new strategies impacting our ability to 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

Against a fast-moving global economic backdrop, we have continued to successfully manage our clients' assets. As expected, given our focus on downside protection, our funds are showing attractive performance through a period of volatility. In particular, our debt strategies are generating historically high returns for clients.

Fund valuations have remained stable during the period, with strong underlying performance of our portfolio companies and income from our interest-bearing investments largely offsetting reductions in valuation multiples or increasing costs of capital. Despite the slowdown in transaction activity across the market, we have continued to anchor the performance of key vintages through a disciplined approach to realisations.

The Group saw continued and significant client demand for our established and new strategies. We have held final closes for Europe VIII, Strategic Equity IV, and Asia Pacific IV, all above target size; launched the fifth vintage of our flagship direct lending strategy (SDP) and the second vintage of Sale and Leaseback launched the marketing of Europe Mid-Market II, Infrastructure II and Life Sciences I - a new strategy. We have seeded investments for - amongst others – Real Estate Opportunistic Equity Europe and Life Sciences. Our closed-end-funds model also provides visibility of future long term fee income and therefore Fund Management Company profits.

Looking ahead the outlook remains very positive. We continue to hire selectively to help drive future growth within our investment teams, and within Marketing and Client Relations, focussed on product and end-client expertise. 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.

More detail on the performance of the Group's funds can be found on page 54.

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: High

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, proprietary assets and liabilities. The Group does not deliberately seek exposure to market risks to generate profit; however, on an ancillary basis we will co-invest alongside clients into our funds, seed assets in preparation for new fund launches or hold investments in Collateralised Loan Obligations (CLOs) in accordance with regulatory requirements. Consequently, the Group is exposed to having insufficient liquidity to meet its financial obligations, including its commitments to its fund co-investments. In addition, adverse market conditions could impact the carrying value of the Group's investments resulting in losses on the Group's balance sheet.

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 net exposure of income and expenditure, and net assets 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.
- Valuation of the balance sheet investment portfolio is monitored quarterly by the Group Valuation Committee, which includes assessing the assumptions used in valuations of underlying investments.

Trend and Outlook

Global markets remain susceptible to volatility from a number of macro-economic and geopolitical factors. We continue to implement measures to mitigate the impact of market volatility and interest rate fluctuations in line with Group policy, and we will respond to the prevailing market environment where appropriate.

Our balance sheet remains strong and well capitalised, with net gearing of 0.50x, and with £1.1bn of available cash and unutilised bank lines as of 31 March 2023. In addition, the Group has significant headroom to its debt covenants. All of the Group's debt is fixed rate, with the exception of the RCF, which was undrawn as of 31 March 2023 and which is only intended to provide short-term working capital for the Group if required. Additionally, Standard & Poor carried out their year-end assessment of the Group's financial status and upgraded ICG to BBB (Stable), aligning them to Fitch at the BBB Stable level.

The Groups liquidity, gearing and headroom are in the finance review 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 of 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.

As such, the loss of key personnel could have a material adverse effect on our long-term prospects, revenues, profitability and cashflows and could impair 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 appropriate and in line with market practice.

Trend and Outlook

Attracting and retaining key people remains a significant operational priority. Strategic hiring across the organisation has continued during the period to ensure we have the breadth and depth of expertise to execute on the long-term opportunities ahead. Building on the investments we made in FY22, we have continued to welcome a number of senior hires within the organisation across our investment and ESG and Sustainability teams, helping to future-proof ICG as we continue to market and invest in a larger range of products.

Within our marketing and client relations teams a number of key positions have recently been filled, including a new Head of Client Relations and marketing specialists for insurance clients and real estate. These are notable hires as we continue to evolve our fundraising team, moving beyond our historical geographic organisation towards a more nuanced structure incorporating product specialisms where appropriate.

Staff turnover continues to be somewhat elevated in certain areas of finance and operations, where the hiring market remains particularly candidate driven. Against this backdrop we are still able to hire at the levels of experience and calibre required for ICG, and are meeting our recruitment objectives. We expect the candidate-driven dynamic to shift in the coming months as the financial industry adapts to a more challenging period.

Read more about our people on page 28.

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 marketing and investment management and distribution of the Group's strategies and supporting our business operations. The failure of the Group to comply with the relevant rules of professional conduct and 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 our competitiveness, reduce our future revenues and profitability, or require us to hold more regulatory capital.

Key Controls and Mitigation

- Compliance and Legal functions are 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 relevant regulations and legislation
- The Tax function has close involvement with significant Group transactions, fund structuring and business activities, both to proactively plan the most tax efficient strategy and to manage the impact of business transactions on previously taken tax positions.
- Regulatory, legislative and tax developments are continually monitored to ensure we engage early in any areas of potential change

Trend and Outlook

ICG operates in highly regulated markets, and as the nature and focus of regulation and laws evolve, the complexity of regulatory compliance continues to increase and represents a challenge for our global business. Regulatory engagement through 2022 has focused on the Group's implementation of the IFPR, strategic transformation and regulatory initiatives. Proactive engagement on emerging focus areas has helped the regulatory risk profile remain broadly stable.

Legal risk continues to be impacted by the evolving UK legal and regulatory landscape due to the UK's exit from the EU and other changing regulatory standards as well as uncertainty arising from the current and future litigation landscape.

In December 2022 the Organisation for Economic Co-operation and Development published an implementation package in respect of the Pillar Two Model rules (also referred to as the 'Anti Global Base Erosion' or 'GloBE' rules), which are expected to come into force for the financial year commencing 1 April 2024. 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. Pillar One is not expected to apply for the Group based the worldwide revenue threshold. The Group has performed an impact analysis on the Pillar Two proposals for a global minimum tax rate of 15% and does not expect the implementation to be significant.

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 recruit specialist roles that optimise our coverage and enhance our monitoring and oversight capabilities.

Operational Resilience Risk

Strategic alignment	Risk trend
1 2 3	↔

Risk appetite: 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 Leadership 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 Group continually seeks to increase operational resilience through adaptation, planning, preparation and Testing of contingency plans, and our ability to respond effectively to disruptive incidents and significant global events like the Covid-19 pandemic and Russia's invasion of Ukraine. We actively manage relationships with key strategic technology suppliers to avoid any disruption to service provision that could adversely affect the Group's businesses. Business continuity and contingency planning processes are regularly reviewed and tested.

The Group continues to strengthen its robust information security management framework and progress our programme to enhance and maintain levels of cyber hygiene. We implement ongoing training, phishing campaigns and disaster recovery exercises, aligned with threat intelligence, to support data privacy and operational resilience.

We maintain heightened vigilance for cyber intrusion. The Group's technology and resiliency requirements will continue to be kept under review to ensure that the management of our cyber risk provides appropriate mitigation and supports the growth of the business.

Strategic alignment

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

Third-Party Provider Risk

Strategic alignment	Risk trend
1 2 3	↑

Risk appetite: Moderate

Executive Director Responsible: Vijay Bharadia

Risk Description

The Group outsources a number of 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. Any future over reliance on one or a very limited number of TPPs in a specific and important 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 compared to the expected standards documented in service agreements and agreed-upon standards.

Trend and Outlook

The Group has continued to embed the TPP Governance and Oversight Framework during the course of the year, which has increased the resilience of our outsourced arrangements. The regular monitoring coordinated by the TPP Oversight Team has provided tangible measurement of performance to ICG's operational management and has allowed the correct focus to be applied to improve the day to day activities provided by our TPPs. The KPI reporting has provided an improved understanding of the performance themes across our TPPs and allowed us to benchmark the quality of services from across the supplier base. The Group will continue to embed the framework and gather further performance reporting ahead of potential rationalisation of the portfolio to those TPPs providing the most consistent services to the Group.

Key Business Process Risk

Strategic alignment	Risk trend
1 2 3	↔

Risk appetite: Moderate

Executive Director Responsible: Vijay Bharadia

Risk Description

All operational activities at the Group follow defined business processes. We face the risk of errors in existing processes, or from new processes as a result of the growth of the business and 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.
- Regular reporting and ongoing monitoring of underlying causes of operational risk events, to identify enhancements that require action.
- A well-established incident management processes 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

Our Operational Risk Framework defines our approach to the identification, assessment, management and reporting of operational risks and associated controls across the business. There were no significant changes to the Group's RMF's overall approach to risk governance or its operation in the period.

We monitor underlying causes of errors to identify areas for action, promoting a culture of accountability and continuously improving how we address issues. We also continue to enhance the RMF. Against the backdrop of macroeconomic uncertainty, and growth of the business, the operational risk profile has remained broadly stable with operational losses in line with previous years. Investment Operations, Fund Accounting and Finance continue to be the most material operational risk areas.

The Group continues to make progress on improving the scalability of our operations platform by implementing systems and enhancing infrastructure to manage our growth plans more effectively. Transformation and project activity, including workflow automation, is yielding more efficient and automated processes and a reduction in operational risk.

Climate Risk

The Group's risk management framework defines how climate risk, and broader ESG risks, are assessed for their proximity and significance to the Group. Climate risk is considered a cross-cutting risk type that manifests through all of ICG's established principal risks. While our direct operations have very limited exposure to climate-related risk, it is integrated into the Group-wide operational risk management framework through existing policies, processes, and controls. We consider the climate-related risks and opportunities surrounding our third-party funds and our fund management activities as a key part of our business. Climate-related risk for both our own operations and our fund management activity are addressed in greater detail in ICG's TCFD disclosures (see page 30).

Please refer to note 1 of the financial statements on page 150 which sets out how this risk has been considered in the basis of preparation.

Emerging Risks

Emerging risks are thematic risks with potentially material unknown components that may form and 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, attending industry events, 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.

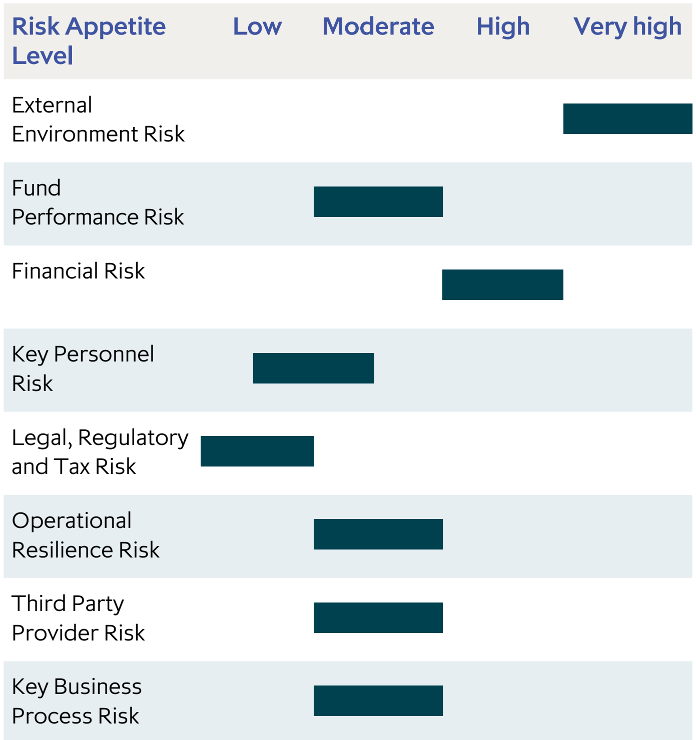
Examples of emerging risks which have been considered during the year include; current and developing macro challenges, including the elevated levels of inflation and interest rate rises that could impact the Group and our fund investments; ongoing risks related to the transformation programmes underway to deliver our strategy for growth; implications of IFPR; 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. The risk appetite framework is implemented through the Group's operational policies and procedures and internal controls and supported by limits to control exposures and activities that have material risk implications.

Risk Appetite Summary

The current risk profile is within our risk appetite and tolerance range.



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 4).

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 76). 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 2026 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 74.

Given the above, the Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on pages 127 and 151.