

ICG

INTERMEDIATE CAPITAL
GROUP PLC

Investment Firm Prudential Regime
PUBLIC DISCLOSURE

For the year ended 31 March 2023

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1. INTRODUCTION

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

1.1 INTERNAL CAPITAL AND RISK ASSESSMENT PROCESS

The Internal Capital and Risk Assessment ('ICARA') process requires firms to conduct a risk assessment and quantify the amount and type of financial resources required to cover the nature and level of harms they may pose to others. The assessment considers the firm's business model, internal governance, and risk-management processes.

1.2 OVERALL FINANCIAL ADEQUACY REQUIREMENT

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

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

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

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

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

As part of the ICARA process the Group performs an internal assessment of OFTR and LATR which assesses the material potential harms that may result from the ongoing operations of, or winding down of, ICG's business.

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

1.3 BASIS OF DISCLOSURE

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

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

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

This disclosure has been prepared as at 31 March 2023 which is the firms' accounting reference date.

1.4 VALIDATION AND APPROVAL

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

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

2. GOVERNANCE & RISK MANAGEMENT

2.1 AIL AND ICML BOARDS

As at 31 March 2023, the AIL and ICML boards comprised of:

AIL

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

ICML

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

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

The corporate and risk governance of the AIL and ICML boards follows that of the Group. ICG Board, senior management of the Group and committee-based framework flow across AIL and ICML, offering close support and involvement so as to foster consistency across the Group. The application of the Group approach to the management of risk appetite, policies, procedures, controls and reporting is designed to ensure alignment and robustness with respect to compliance with relevant regulations, law, corporate governance and industry best practice.

AIL and ICML are not required by MIFIDPRU 7.3.1R to establish a risk committee since they fall below the threshold set out in MIFIDPRU 7.1.4R. The Group Risk Committee has oversight and authority with respect to AIL and ICML risk matters – risk matters for AIL and ICML are escalated to the Group Risk Committee by the Global Head of Compliance and Risk, and Head of Risk; this approach has been duly notified to the FCA.

2.2 DIVERSITY

The AIL and ICML boards have adopted the Group Diversity policy, as can be found on the ICG website (see here: [ICG Diversity and Inclusion Policy](#)). ICG as a group is committed to promoting equality and diversity as well as a culture that actively values differences and recognises that people from different backgrounds and experiences can bring valuable insights to the workplace and enhance the way we work. ICG expects its people to treat each other with dignity and respect, creating an inclusive culture to support equal opportunities.

ICG's firm principle is that each member of each board must have the skills, experience, knowledge and overall suitability that will enable each Director to contribute individually, and as part of the board team, to the effectiveness of the boards on which they sit. Subject to that overriding principle, ICG believes that diversity of experience and approach, including background, gender, age and geographic provenance amongst board members is of great value when considering overall board balance in making new appointments to the boards. ICG's priority is to ensure that the board continues to have strong leadership and the right mix of skills to deliver the business strategy. Within this context, the composition of the AIL and ICML Board will necessarily vary from time to time. Currently 36% of the ICG Board are women, which is a reduction from 42% in FY22 as a result of Kathryn Purves stepping down as a NED in March 2023 after over eight years of service. Her succession is currently being considered.

ICG was pleased to achieve its UK Women in Finance Charter commitment two years early in FY22. In FY23, the Group continues to exceed its commitment and currently 32% of senior employees with global leadership roles in the UK are women. ICG continues to make progress internally through recruitment, development and retention strategies, as well as externally through partnering with other organisations to help make successful and fulfilling careers in the investment industry accessible to a wide range of people irrespective of their ethnicity, gender, sexual orientation or socio-economic background.

2.3 THREE LINES OF DEFENCE MODEL

ICG operates 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, those who oversee risk and those who provide assurance.

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

The Risk Management Framework (‘RMF’) is supported by appropriate risk capabilities across all the lines of defence. External consultants are used to supplement expertise and provide full geographical coverage in specialist areas and in the second and third lines of defence.

2.4 RISK MANAGEMENT FRAMEWORK

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

The effectiveness of the RMF is periodically reviewed to ensure continuous improvement of risk management in the Group. This involves reviewing the assessment criteria used in the RMF to ensure they remain relevant to the size and complexity of the business. The Group’s risk profile has not changed materially since 2022.

2.5 POLICIES

The RMF is underpinned by a set of Group policies that capture the standards and requirements for the management of risk, which are reviewed regularly to ensure they remain relevant. ICG also operates and maintains effective organisational and administrative arrangements to prevent and manage conflicts of interest. The policies help our employees understand the culture of the Group and the parameters within which we expect them to operate.

2.6 RISK APPETITE

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 ICG 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 operational policies and procedures and internal controls and supported by limits to control exposures and activities that have material risk implications. The risk appetite framework is set at the Group level which reflects how risk is managed across all of our regulated entities, including AIL and ICML.

2.7 ASSESSING RISK

The Group adopts both a top-down and a bottom-up approach to risk assessment. The Risk Committee undertakes a top-down review of the external environment and the strategic planning process to identify the most consequential and significant risks to the Group’s businesses i.e., the Principal Risks. The assessment and identification of the Group’s Principal Risks also considers which risks could materially harm client and other stakeholder relationships.

The business undertakes a bottom-up review which involves a comprehensive risk assessment process designed to facilitate the identification and assessment of key risks and controls related to each business function’s most important objectives and processes. This is primarily achieved through the Risk and Control Self-Assessment (‘RCSA’) process. RCSAs require the business to assess the harm of each risk across 5 impact categories: Financial, Client, Regulatory, Business Process and Reputational. The risk assessment process is supported by the Group’s Risk Taxonomy which is a top-down comprehensive set of risk categories designed to encourage those involved in risk identification to consider all types of risks that could affect the Group’s strategic objectives.

2.8 KEY HARMS & RISKS

ICG has identified several principal risks inherent in the business and activities undertaken by the Group, including AIL and ICML. These are not all the risks to which the Group, AIL and ICML is exposed, rather these are certain individual risks, or a combination of risks, that have been assessed and identified as having the potential to harm the Group and our clients by affecting the performance, prospects, operations, or reputation of the Group and its entities. These include those risks and

harms that could threaten our business model, future performance, solvency, or liquidity and risks that could materially harm our client and stakeholder relationships. The key categories of risks are described below.

Operational Risk

Operational risk is defined as the risk of loss or missed opportunity, resulting from a regulatory or legislative failure or inadequate or failed internal processes, people or systems.

The Group has considered the types of harm that may impact AIL, ICML, our clients and the market, that could arise from our business and operating model, and the winding-down of AIL and ICML. The harms that have been assessed to have the potential to cause severe but plausible harms are set out below. In determining these material identified harms, we acknowledge that the system of internal controls does not provide absolute assurance that control objectives will be met. There are several inherent limitations to the control environment such as collusion and human error. We assume that these harms cannot be completely controlled and a residual risk of harm remains, hence Additional Own Funds are held above AIL and ICML's basic own funds requirement.

Scenarios considered under the ICARA process include:

1. Key Person Risk – Unplanned Key Person Departure
2. Regulatory Risk – Anti Money Laundering Breach
3. Tax Risk – Transfer Pricing Implementation Error
4. Business Continuity Risk – Loss of Procession House, ICG's Headquarters in London
5. Information Security Risk – Data Breach
6. Third Party Administrator Oversight Risk – Material Fund NAV Error
7. Trading Risk – Erroneous Trade Error
8. Fraud Risk – Internal Payment Fraud

Market Risk

Market risk is the possibility that the Group may suffer a loss as a result of adverse market fluctuations arising from holding investments on the balance sheet and exposure to interest rates and foreign exchange rates. Volatility in currency and interest rates leads to changes in the value of assets and liabilities of the Group and, to the extent that these are unhedged, will impact on the financial performance of the Group.

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. Additionally, the Group's balance sheet investments are diversified by sector, size and geography. Portfolio and asset valuations are reviewed quarterly by the Group Valuation Committee, and currency and interest rate exposures are reported monthly and reviewed by the Group's Treasury Committee.

Credit Risk

Credit Risk is the possibility that the Group may suffer a loss as a result of a counterparty's failure to meet the terms of any contract with the Group, or otherwise fail to perform as agreed. ICG plc's credit risk principally arises from exposure to loans, securitisations and other investments. In addition, the Group is exposed to counterparty credit risk through use of derivatives to hedge market risk on its balance sheet and cash deposits. The Group's counterparties are national or multinational banks and counterparty exposures are managed within levels agreed by the Board and regularly reviewed by the Group's Treasury Committee.

Liquidity Risk

The Group's strategy is to maintain enough liquidity to meet its financial obligations as they fall due. The Group seeks to ensure that debt funding is obtained from diversified sources and that the payment profile is managed to minimise material repayment events. A 12-month liquidity forecast is prepared on a monthly basis and reviewed frequently by the Group's Treasury Committee.

Concentration Risk

ICG is exposed to concentration risk in several areas:

ICG's ability to meet its strategic targets is dependent upon a small number of key employees including, but not limited to, senior management and the Executive Directors. This is a Principal Risk under the Group's risk framework and the unplanned departure of key persons is assessed as a specific scenario within the ICARA process.

ICG's investor base is well diversified and its product offerings take the form, predominantly, of closed-ended funds. The impact of the loss of any one investor will not, therefore, have a material impact on ICG.

ICG has a diverse supplier base which is considered to be fungible.

ICG uses common counterparties for executing transactions and for providing balance sheet financing.

Other Risks

Strategic and Business Risk

Strategic and business risk is the possibility that the Group fails to deliver on our strategic objectives resulting in a negative impact on investment performance and Group profitability. Strategic and business risks are considered across the Group through the business planning process and they are reviewed on a regular basis by the Executive Directors and the Board. Additionally, the risk scenarios considered in the ICARA process include those that would impact the ability of the Group to meet its strategic objectives.

Group Risk

The risk that the financial position of ICG, ICML and AIL may be adversely affected by its relationships with other entities in the Group or by risks which may affect the financial position of the whole Group. The regulated entities in the Group maintain independent capital resources to protect clients and shareholder interests. The likelihood of failure of the Group is considered remote due to the Group's strong capital position.

Brand and Reputation Risk

The reputation of ICG can be impacted by any of the Group's principal risks. For this reason, ICG considers reputational impact across all aspects of the Group's risk framework, rather than managing a separate reputational risk activity.

In addition, the Group's RMF identifies eight Principal Risks which are accompanied by associated responsibilities and expectations around risk management and control. Each of the Principal Risks is overseen by an accountable Executive Director, who is responsible for the related framework, policies, and standards.

The Principal Risks to which ICG is exposed, and to which the Group's resources and risk management capabilities are focused on assessing and mitigating, are set out below. Additional information on the Principal Risks can be found in the [Annual Report and Accounts 2023](#) on pages 68-71.

Principal Risk	Executive Director Responsible
1. External Environment Risk	Benoit Durteste
2. Fund Performance Risk	Benoit Durteste
3. Financial Risk	Vijay Bharadia
4. Key Personnel Risk	Antje Hensel-Roth
5. Legal, Regulatory & Tax Risk	Vijay Bharadia
6. Operational Resilience Risk	Vijay Bharadia
7. Third Party Provider Risk	Vijay Bharadia
8. Key Business Process Risk	Vijay Bharadia

2.9 EMERGING RISKS

Emerging risks are newly developing risks that cannot yet be fully assessed but that could, in the future, affect the viability of the Group's strategy or impact our current Principal Risk exposures. We proactively assess the internal and external risk environment, as well as review the themes identified across our global businesses for any risks that may require additional monitoring, updating our principal and emerging risks as necessary and assessing where they can be used to inform stress and scenario testing and capital adequacy requirements. Consideration is given to the risks that could materially harm our client and stakeholder relationships.

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 programs underway to deliver our strategy for growth; implications of IFPR; and the increased importance of diversity and other social issues.

2.10 ESG RISKS

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 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.

3. OWN FUNDS

3.1 OWN FUNDS REGULATORY REQUIREMENT

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

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

1. its permanent minimum capital requirement ("PMR"), which for AIL and ICML is £75,000; or
2. its fixed overheads requirement ("FOR"), which amounts to 25% of its most recently audited annual expenditure less discretionary cash bonuses; or
3. its K-factor requirement, a series of risk parameters/indicators representing the specific risks investment firms face and the risks they pose to customers/markets. IFPR uses nine K-factors and AIL and ICML are only subject to K-AUM, which is equal to 0.02% of the average AUM

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

3.2 OFAR COMPLIANCE

The Group was compliant with the OFAR as at 31 March 2023 and the OFTR and LATR are continually monitored on both an individual basis and consolidated basis. The Group sets internal requirements for both the OFTR and LATR, to ensure that there are sufficient buffers in place so that the OFAR is met. These metrics are monitored at least monthly on both an individual and consolidated basis.

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

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

3.3 ICML

The table below shows ICML's Own Funds Requirement as at 31 March 2023.

Basic Own Funds Requirement	£'000s
<i>Higher of:</i>	
1. Permanent Minimal Requirement (£75,000)	75
2. Fixed Overhead Requirement (FOR)	2,981
3. K-Factors: K-AUM	1,717
Basic Own Funds requirement:	2,981
Additional Capital to meet ICARA Overall Financial Adequacy Rule (OFAR)	£'000s
Additional Own Funds requirement:	5,978
Total Own Funds Threshold Requirement (OFTR)	£'000s
Total Own Funds Threshold Requirement (OFTR):	8,959

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

The tables below show:

1. The composition of the Regulatory Own Funds of ICML
2. The reconciliation of own funds to the balance sheet as at 31 March 2023, per the audited financial statements.
3. The main features of Own Instruments issued by ICML

Composition of Regulatory Own Funds Item	Amount (£'000)	Source based on reference Numbers / letters of the balance sheet in the audited financial statements
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1	OWN FUNDS	225,920	
2	TIER 1 CAPITAL	225,920	
3	COMMON EQUITY TIER 1 CAPITAL	225,920	
4	Fully paid up capital instruments	400	Note 9
5	Share premium	140,000	Note 9
6	Retained earnings	85,520	Statement of changes in equity
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other fund		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions, and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions, and adjustments		
25	TIER 2 CAPITAL		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Reconciliation of Own Funds Amount (£'000)	a	b	c
As at period end	Balance sheet as in published/audited financial statements As at 31 March 2023	Under regulatory scope of consolidation	Cross-reference to template OF1
ASSETS			
1	Financial assets designated as FVTPL: non-current	179,614	
2	Derivative financial assets: non-current	0	
3	Trade and other receivables	33,885	
4	Derivative financial assets: current	0	
5	Cash at bank	46,614	
	Total Assets	260,113	
LIABILITIES			
1	Derivative financial liabilities: non-current	(0)	
2	Trade and other payables	(34,193)	
3	Derivative financial liabilities: current	(0)	
	Total Liabilities	(34,193)	
SHAREHOLDER EQUITY			
1	Called up share capital	400	Item 4
2	Share premium	140,000	Item 5
3	Retained earnings	85,520	Item 6
	Total Shareholder Equity	225,920	

Main Features of Own Instruments Issued	£'000s	
Tier 1 Capital	225,920	Includes 400,003 ordinary shares of £1, share premium of £139,999,997 and audited retained earnings of £85,520,000 as at 31 March 2023
Tier 2 Capital	0	
Total Capital Resources, net of reductions	225,920	

3.4 AIL

The table below shows AIL Own Funds Requirement as at 31 March 2023.

Basic Own Funds Requirement	£'000s
<i>Higher of:</i>	
1. Permanent Minimal Requirement (£75,000)	75
2. Fixed Overhead Requirement (FOR)	15,473
3. K-Factors: K-AUM	215
Basic Own Funds requirement:	15,473
Additional Capital to meet ICARA Overall Financial Adequacy Rule (OFAR)	£'000s
Additional Own Funds requirement:	14,757
Total Own Funds Threshold Requirement (OFTR)	£'000s
Total Own Funds Threshold Requirement (OFTR):	30,230

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

The tables below show:

1. The composition of the Regulatory Own Funds of AIL
2. The reconciliation of own funds to the balance sheet as at 31 March 2023, per the audited financial statements.
3. The main features of Own Instruments issued by AIL.

Composition of Regulatory Own Funds

Item	Amount (£'000)	Source based on reference Numbers / letters of the balance sheet in the audited financial statements
1 OWN FUNDS	312,548	
2 TIER 1 CAPITAL	312,548	
3 COMMON EQUITY TIER 1 CAPITAL	312,548	
4 Fully paid up capital instruments	0	Note 9
5 Share premium	1,500	Note 9
6 Retained earnings	311,048	Statement of changes in equity
7 Accumulated other comprehensive income		
8 Other reserves		
9 Adjustments to CET1 due to prudential filters		
10 Other fund		
11 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19 CET1: Other capital elements, deductions, and adjustments		
20 ADDITIONAL TIER 1 CAPITAL		
21 Fully paid up, directly issued capital instruments		
22 Share premium		
23 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24 Additional Tier 1: Other capital elements, deductions, and adjustments		
25 TIER 2 CAPITAL		
26 Fully paid up, directly issued capital instruments		
27 Share premium		
28 (-) TOTAL DEDUCTIONS FROM TIER 2		
29 Tier 2: Other capital elements, deductions and adjustments		

Reconciliation of Own Funds Amount (£'000)	a Balance sheet as in published/audited financial statements	b Under regulatory scope of consolidation	c Cross-reference to template OF1
As at period end	As at 31 March 2023		
ASSETS			
1 Derivative financial assets: non-current	0		
2 Trade and other receivables	274,769		

3	Derivative financial assets: current	0	
4	Cash and cash equivalents	38,059	
	Total Assets	312,828	
LIABILITIES			
1	Derivative financial liabilities: non-current	(0)	
2	Trade and other payables	(0)	
3	Derivative financial liabilities: current	(280)	
	Total Liabilities	(280)	
SHAREHOLDER EQUITY			
1	Called up share capital	0	Item 4
2	Share premium	1,500	Item 5
3	Retained earnings	311,048	Item 6
	Total Shareholder Equity	312,548	

Main Features of Own Instruments Issued			
Additional Capital to meet ICARA Overall Financial Adequacy Rule (OFAR)		£'000s	
Tier 1 Capital		312,548	Includes 101 ordinary shares of £1, share premium of £1,499,900 and audited retained earnings of £311,048,000 as at 31 March 2023
Tier 2 Capital		0	
Total Capital Resources, net of reductions		312,548	

4. REMUNERATION

The FCA's remuneration requirements under IFPR are set out in the MIFIDPRU Remuneration Code: SYSC 19G ("the Code"). As a non-SNI, non-significant firm, ICG is required to apply the basic and standard remuneration requirements. The disclosures detailed below refer to the Group in total and as such include ICML and AIL.

4.1 REMUNERATION COMMITTEE

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

- be consistent with and promote sound and effective risk management, and to not encourage excessive risk taking;
- be in line with business strategy, objectives, values, and long-term interests of the Group;
- include measures to avoid conflicts of interest; consider the long-term interests of shareholders, fund investors and other stakeholders; and
- be formulated on the basis of advice from the Group's compliance function, particularly in relation to performance measurement.

The Remuneration Committee comprised of five independent Non-Executive Directors on 31 March 2023 and held five meetings in the financial year ended 31 March 2023. The Remuneration Committee retains independent consultants to provide advice on specific matters. Advisers are selected on the basis of their expertise in the area and with a view to ensuring independence from other advisers to the Group. Details of external advice provided to the Committee during the year to 31 March 2023 is detailed in the Annual Report.

4.2 REMUNERATION POLICY AND PRINCIPLES

The Remuneration Policy applies in its entirety to all ICG employees and supports the delivery of ICG's business objectives and corporate values, including prudent risk management, by offering a market competitive reward package to attract, retain and motivate the key talent needed to achieve these outcomes.

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

- Alignment between staff and shareholders: A central function of the Group's remuneration policy is the Annual Award Pool ("AAP") which is limited to 30% of pre-incentive cash profit over a rolling 5-year period which ensures long-term affordability.
- Support of the long-term corporate strategy: Compensation for the Executive Directors is directly linked to the

strategic objectives of the firm through the assessment of both qualitative and quantitative key performance indicators. The AAP under which compensation is awarded for all employees of the Group is a function of profits made through Balance Sheet investment realisations as well as fee income generated and therefore is also linked to the Group's strategic goals of growing assets under management (and thus fee income); investing well; and managing and realising investments successfully.

- Promotion of staff equity ownership provides alignment with shareholders: The significant majority of variable incentives for Executive Directors is delivered in the form of equity (at least 70%) and shareholding guidelines have been introduced. Variable incentives for other employees also typically includes deferrals in ICG shares.
- Transparency: All aspects of remuneration are clear to employees and openly communicated to employees and shareholders.
- Reward on cash: The "reward on cash" principle ensures that employees are only rewarded for realised gains, and encourages and reflects sustained, long-term performance.

4.3 COMPONENTS OF REMUNERATION AND EX-ANTE RISK ADJUSTMENT

The Group operates a total compensation approach which comprises fixed and variable remuneration:

- Fixed remuneration includes market competitive base salary and other local employee benefits, including pension;
- Discretionary variable remuneration may consist of both cash and deferred elements, with deferred elements typically delivered in shares or in the form of deal vintage bonus structures for specific teams (excluding Executive Directors).

ICG considers the aggregate level of variable compensation as a whole in light of the performance of the business and the risk profile of investments held. The Annual Award pool is determined by the Executive Committee and Remuneration Committee through an assessment of ICG's financial performance against targets and a qualitative review of the performance management outcomes by business unit, taking into consideration the current and likely future financial and non-financial risks inherent in the business.

Financial performance is based on cash which not only provides a link between income generation for shareholders and employee compensation, but also ensures any awards that are made are affordable on a cash basis. This approach for determining the total variable compensation pool does not limit ICG's ability to strengthen its capital base because it is based on a percentage of realised profit (capped at 30%) which ensures that a larger portion is available for capital investment in the business.

Individual variable compensation decisions are determined based on individual performance against a number financial and non-financial performance criteria related to an individual's role, as well as risk management, regulatory compliance and business conduct in line with the Firm's values.

4.4 MATERIAL RISK TAKERS AND EX-POST RISK ADJUSTMENT

ICG's Material Risk Takers (MRTs) are determined by reference to the qualitative criteria set out in the Code (SYSC 19G.5). Categories of MRTs include, but are not limited to, members of the Executive and Investment Committees, individuals performing FCA Significant Influence Functions (SIFs), heads of Control Functions (as appropriate) and any staff falling within the Code's qualitative criteria.

The Remuneration Committee, at its discretion, will identify other individuals as MRTs if it is felt that their role means that their activities will have a material impact on the firm's risk profile.

"Malus and Clawback" applies to variable compensation awarded to MRTs, which ensures this population is exposed to the longer-term impact of their actions. Forfeiture of compensation will be triggered, amongst other reasons, by regulatory breaches, serious breaches of contract or participation or responsibility for conduct which results in a significant loss to, or material failure of risk management by, a Group member.

4.5 GUARANTEED BONUSES AND TERMINATION PAYMENTS

Guaranteed bonuses for new MRTs are only granted in respect of the first year of service and subject to the strength of the firm's capital base, and will require the prior approval of the Executive Committee or, for MRTs, the Remuneration Committee (where appropriate). Guarantees are captured by the ratio between fixed and variable remuneration compensation and are subject to malus (where relevant) and clawback.

Termination payments are determined taking into account local regulations, statutory requirements and contractual obligations, ensuring that any payments do not reward underperformance or misconduct. In determining the amount of a severance payment, criteria include, but are not limited to the reasons for the early cessation of employment, the length of an employee's service with the Group and the potential costs of legal fees and settlement costs.

4.6 QUANTITATIVE DISCLOSURE

The table below details remuneration for MRTs as defined under the Code (employees and Non-Executive Directors only) and all staff for the Group for 2023.

	Senior Management	Other MRTs	Other Staff	Total
Number of staff	3	50	544	597
Fixed Remuneration (Note 1) £m	1.37	11.83	64.58	77.78
Variable Remuneration (Note 2) £m	9.18	35.15	76.49	120.82
Total Remuneration £m	10.55	46.98	141.07	198.60

Note 1: Salary paid during FY23

Note 2: Bonus payments and long-term incentives awarded for FY23.