Climate Change Policy

ICG

About ICG

ICG is a global alternative asset manager with more than three decades of experience generating attractive returns. We operate from over 20 locations globally and invest our clients' capital across:

- Structured Capital
- Private Equity Secondaries
- Real Assets
- Private Debt
- Credit

We aim to deliver outstanding investment performance to our clients; to provide a range of attractive capital solutions for corporates and owners of real assets; and in doing so, to create long-term sustainable value for all our stakeholders.

Context

Climate change poses significant risks to people, ecosystems and the global economy whilst presenting opportunities for new technologies, markets and business models.

In 2015 under the Paris Agreement, 195 states agreed that the global increase in temperature should be kept well below 2˚C and that countries should strive to limit the increase to 1.5˚C. Since then, climate-related regulation, technology, consumer preferences and market conditions have evolved, and continue to evolve rapidly across jurisdictions.

Recent years have also seen continued evidence of climate-related physical risks with frequent extreme weather events, and the rate of sea level rise doubling since satellite measurements began. Acute and chronic hazards will affect assets, operations, supply chains, and markets, with potential implications for investment performance over time.

For companies and assets, this reinforces the importance of taking a practical approach to assessing and managing climate-related risks and opportunities; one that reflects the nature of their business, the sectors in which they operate, and the markets in which they invest.

For asset managers, this means supporting prudent capital allocation, identifying relevant opportunities and strengthening the assessment and management of climate-related considerations across portfolios in a manner consistent with our responsibilities to clients and our focus on long-term value creation.

ICG remains committed to strengthening the resilience and long-term performance of our investments by managing climate risks and supporting the transition to a lower-carbon economy.

Our Commitments

At ICG, we recognise that climate change may materially affect the companies and assets in which we invest in the short, medium and long term. Climate-related considerations may influence investment performance through both transition and physical risks, as well as through opportunities arising from the transition to a lower-carbon economy. We therefore seek to integrate climate-related risks and opportunities into our investment approach where relevant, including in investment screening, assessment and decision-making, portfolio monitoring and engagement, product design and our global operations.

As a global diversified alternative asset manager, we believe that understanding and managing climate-related considerations, including supporting decarbonisation across our investment portfolio, can help strengthen the resilience of our investments. Doing so enhances our ability to mitigate the adverse impacts of climate-related risks while also positioning us to capture opportunities arising from the transition to a low-carbon economy.

Each asset class, and the strategies within them, present distinct opportunities and challenges in relation to decarbonisation and climate resilience. Our approach therefore reflects the characteristics of each strategy and the degree of influence we have.

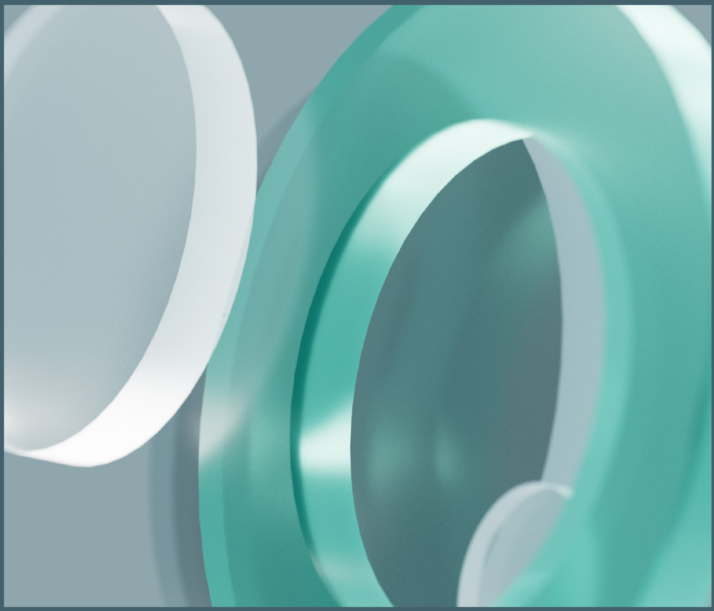
ICG is committed to net zero GHG emissions across its operations and investments by 2040. Our net zero commitment is supported by two ambitious emissions reduction targets by 2030, which have been validated by the Science Based Targets initiative (SBTi):

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

*Relevant investments include all direct investments within ICG's Structured and Private Equity asset class and Infrastructure Equity strategy, where ICG has sufficient influence. Sufficient influence is defined by SBTi as follows: At least 25% of fully diluted shares and at least a board seat. This currently applies the following investment strategies: European Corporate, Asia Pacific Corporate, European Mid-Market, European Infrastructure, and a small number of residual seed assets.

Scope

This policy covers 100% of our assets under management ('AUM'), and incorporates strategy-specific policy variations where they exist. This policy requires us to consider the implications of climate related risk and opportunities in our investment processes.



Incorporating Climate Change into our Investment Process

Climate risk is a core component of our sustainability and responsible investing approach and is integrated into each stage of the investment process.

SCREENING AND ASSESSMENT

Exclusion List

Screening against ICG's Exclusion List, as contained in our Responsible Investing Policy, is the first step investment teams take in determining whether they might consider a potential investment. ICG's Exclusion List includes prohibitions on direct investments in certain coal, oil and gas activities — by reference to revenue thresholds and position in the value chain. Therefore it generally limits portfolio exposure to some investments with higher climate-related transition risk.

Climate Risk Assessment Tool

For potential investment opportunities, we incorporate a climate risk assessment within our pre-investment sustainability assessment to identify and evaluate material climate-related risk exposures. The scope of this assessment varies according to the nature of the investment (i.e. company or real asset), the investment strategy, and the type and quantity of data available.

Transition risks and opportunities are assessed through consideration of factors such as regulation, technology, markets, customer preferences and decarbonisation pathways. Physical climate risks are assessed through consideration of both acute and chronic climate hazards and their potential implications for investments.

We also make use of third-party platforms to undertake more granular location-specific assessments using asset-level geolocation data where available and relevant to the nature of the business or asset. These assessments consider the type and level of exposure to a range of acute physical climate risks (such as wildfires, flooding and extreme heat) and chronic physical climate risks (such as changing wind patterns, water stress and sea level rise).

Together, these assessments help us identify material climate-related risks and opportunities that may affect asset resilience, operational performance and long-term investment outcomes.

For investments where we have significant influence, we may engage third-party due diligence advisors to conduct external assessments - including specific analysis of climate-related risks and opportunities - as appropriate.

We make use of established frameworks and data sources to assess both climate physical and transition risks and opportunities. Where possible and feasible, our assessment includes the risk and opportunity profile across different time horizons and climate change scenarios. Frameworks we draw on may include:

- The Network for Greening the Financial System (NGFS)
- The Intergovernmental Panel on Climate Change (IPCC)
- The Task Force on Climate-related Financial Disclosures (TCFD)

INVESTMENT DECISIONS

The outcomes of ICG's pre-investment screening and sustainability assessment are incorporated into the Investment Committee memos for all ICG strategies – with appropriate variations where relevant to a specific investment approach. This enables material climate change factors, where present, to be considered by ICG Investment Committees when deciding whether to proceed with an investment opportunity.

An Investment Committee may decline to proceed with an investment wholly or partly due to sustainability, including climate, factors. It may also require further due diligence or risk mitigation measures, to be put in place before proceeding with an investment opportunity.

For select strategies, risk mitigation measures may include incorporating sustainability terms into investment agreements where this is appropriate, proportionate and relevant to the structure of the investment. The scope and strength of provisions generally reflect the findings of pre-investment sustainability assessment and, where undertaken, third-party due diligence. These may include enhanced protections where material risks, liabilities or gaps have been identified.

Incorporating Climate Change into our Investment Process (cont'd)

MONITORING

ICG undertakes ongoing monitoring of climate-related matters, metrics and progress across assets and portfolio companies. The exact approach and frameworks we use depend on the strategies and asset classes in focus.

For strategies investing in companies where we have greater influence and access to management, ICG issues an annual sustainability survey. Climate change is an integral part of the survey, which collects both qualitative climate-related information (such as policies, governance and target setting) and quantitative KPIs. The questions are informed by frameworks such as the Taskforce for Climate-Related Financial Disclosures (TCFD), the Partnership for Carbon Accounting Financials (PCAF) and the Private Markets Decarbonisation Roadmap (PMDR).

We may also seek to collect data and information through a range of other means and channels where relevant and possible. This may include:

- Direct engagement with companies or assets where we may request information on specific topics including Greenhouse Gas Emissions and the management and governance of climate-related risks;
- Specific questionnaires and data collection exercises that are more focused and specific than our annual survey. These may focus on real estate assets, the policies and practices of investment counterparties such as GP Sponsors or fund-level climate metrics in line with establish climate-change disclosure frameworks;
- Using information provided by third party data providers.

Our monitoring is linked to and underpins a tailored engagement approach with management teams and/or sponsors, where relevant.

ENGAGEMENT

We also engage with investments on climate change and decarbonisation, helping companies and assets prepare for and respond to climate-related risks and opportunities where these are material. Our approach is tailored to different investment strategies, structures and levels of influence, and is guided by an understanding of each investment and our role as an investor or lender.

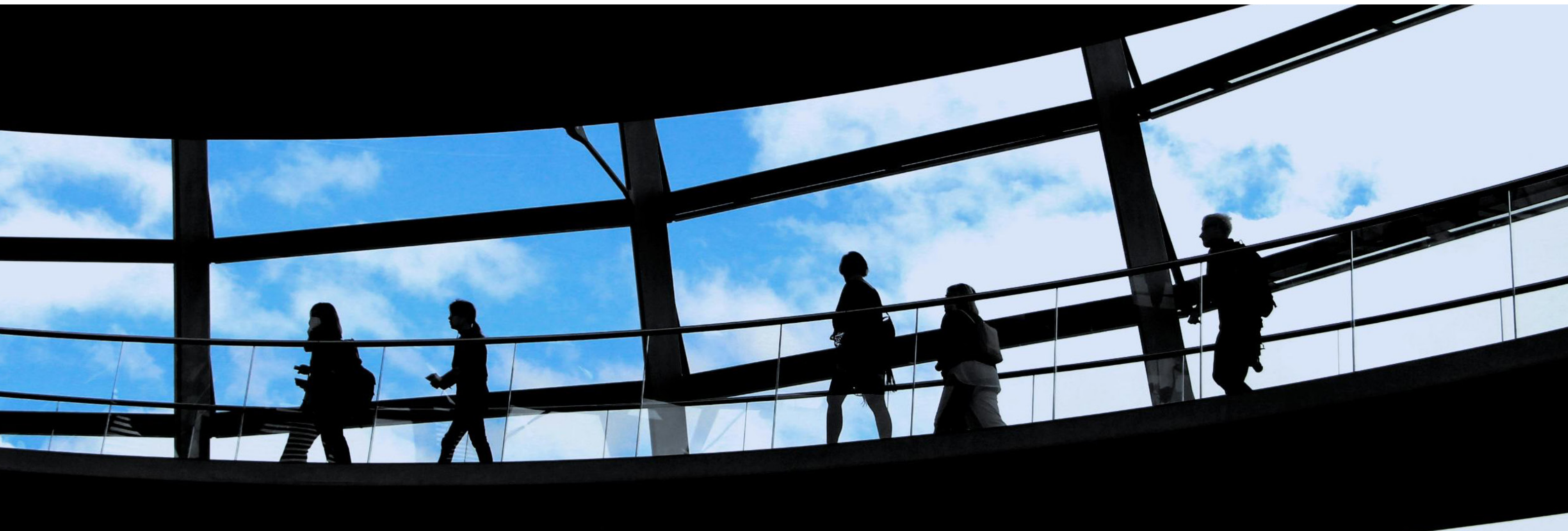
Our engagement approach is informed by insights developed during the screening and assessment process. This process helps establish a baseline understanding of material climate and sustainability risks and opportunities, their implications for long-term performance, and how they are managed. This then informs a focused and proportionate approach to engagement post investment.

Engagement is an ongoing process, and where progress is slower than expected, we prioritise continued dialogue to understand challenges, support improvement and encourage appropriate action. For strategies where we have greater influence and access to management, we support portfolio companies to address climate risk and capitalise on climate opportunities in a number of ways, which may include:

- Assigning responsibility for climate related matters;
- Sharing the results of our company-specific climate risk assessment, including scenario analysis, where 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 & targets.

EXIT

We may, where relevant to the exit process, engage a specialist to conduct sell-side due diligence covering material climate change risks and opportunity and how they are managed. This can help potential buyers understand material climate change risks and opportunities for further value enhancement.



Reporting

Group-level Disclosures

We publish an annual Sustainability and People report on our approach to responsible investment, which we make available to all stakeholders on the ICG website. This report includes discussion of our approach to climate change and decarbonisation, as well as a portfolio-wide climate-risk assessment and decarbonisation progress. The report is available to all stakeholders at Sustainability reports - ICG.

In line with our obligations as a UK-listed company, we incorporate climate-related financial disclosures in our Group Annual Report and Accounts focusing primarily on the climate-related risks and opportunities to ICG PLC. This includes analysis of risks and opportunities across our investment portfolio, given that Group risks may arise from Fund Management and investment activity undertaken on behalf of our clients.

In addition, we often complete third-party assessments which assess our Group-level Climate Change practices and our approach to Climate Change in our investment process.

Product Level Disclosures

We are committed to enhancing transparency regarding product-level climate related risk and opportunities. We endeavour to provide clients fund-level climate metrics aligned with key frameworks such as SFDR, PCAF and TCFD insofar as feasible. This includes key climate metrics such as: Financed Emissions, Portfolio Carbon Footprint and Weighted-Average Carbon Intensity (WACI).

Our fund reports also include, where feasible, the latest decarbonisation progress of companies as classified by Private Markets Decarbonisation Roadmap (PMDR).

Collaboration

We are committed to working with others to advance best practice and seek solutions to shared challenges, as well as learning from industry experts and thought leaders.

ICG is an active member of the Initiative Climat International (iCI), a global community of private markets investors who seek to display leadership in improving the industry's understanding and management of the risks and opportunities associated with climate change.

We are also frequent contributors to a variety of other industry working groups regarding climate risks and opportunities and, where appropriate, engage policy makers on regulatory developments and other matters of consequence to the private markets.[4]

Governance and Risk Management

Further information on ICG's governance, oversight and management of sustainability-related risks and opportunities is available in our Responsible Investing Policy, and our Climate-Related Financial Disclosures (contained within our Annual Report and Accounts).

[1] Our participation in these groups does not involve collective decision-making or the coordination of investment activity with other investors.

ICG plc

Procession House,
55 Ludgate Hill,
London EC4M 7JW

www.icgam.com