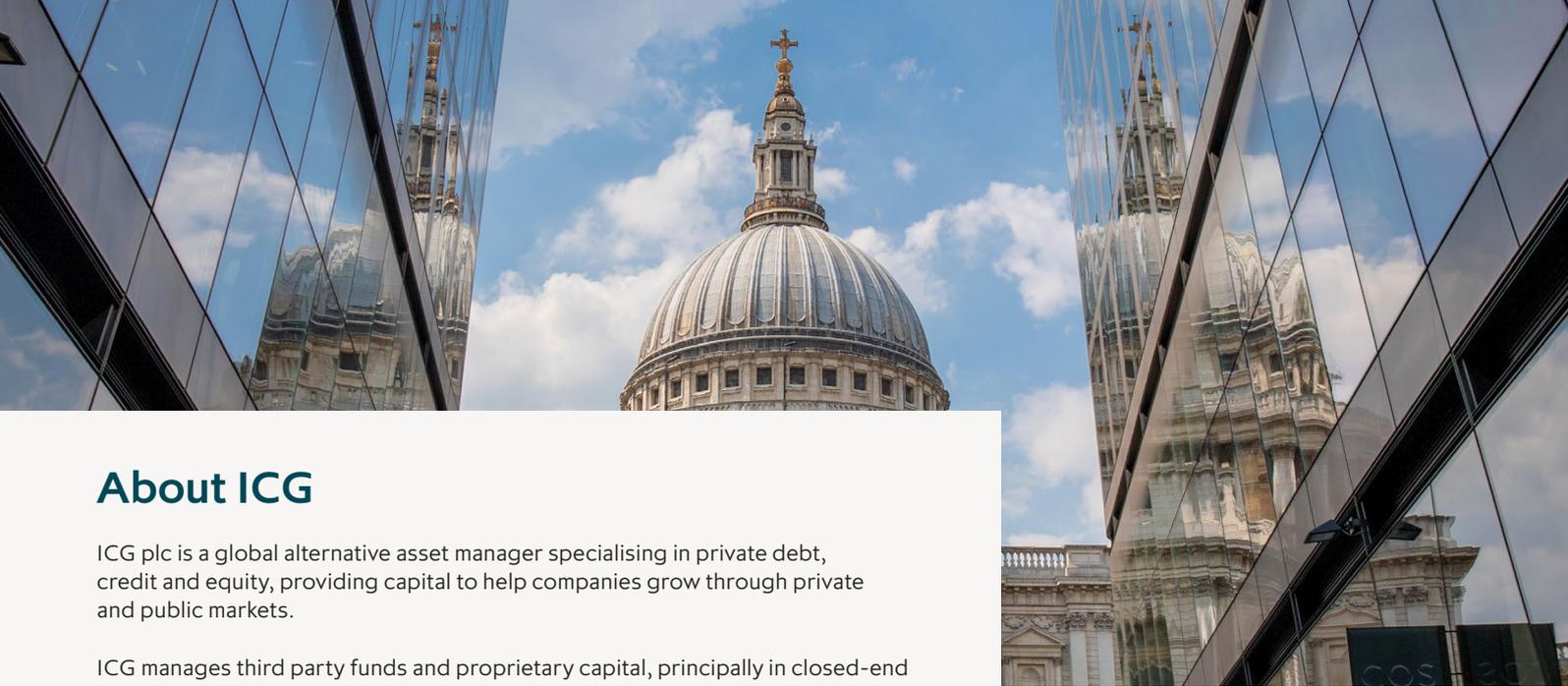




Responsible Investing Policy

February 2021



About ICG

ICG plc is a global alternative asset manager specialising in private debt, credit and equity, providing capital to help companies grow through private and public markets.

ICG manages third party funds and proprietary capital, principally in closed-end funds. We operate across four asset classes – corporate, capital markets, real assets and private equity solutions.

ICG works with businesses to develop capital solutions tailored around specific requirements.

Our Beliefs

As an asset manager and an institutional investor, ICG recognises that environmental, social and governance ('ESG') issues can be an important driver of investment value and source of investment risk.

ICG believes that by identifying and assessing ESG issues as part of our investment process, and by ensuring that these issues are properly managed over the lifetime of our investments, ICG can help to create more successful and sustainable businesses over the long-term and generate enhanced value for our clients.

We also believe that, through encouraging responsible and sustainable business practices in our investment strategies and in the companies in which we invest, we can both enhance our investment performance and contribute to building a more stable, sustainable society and a more inclusive global economy.

ICG has been a signatory to the United Nations sponsored Principles for Responsible Investment (PRI) since 2013 and is committed to the PRI's six principles.

- **Principle 1:** Incorporating ESG issues into investment analysis and decision-making processes
- **Principle 2:** Being active owners and incorporating ESG issues into ownership policies and practices
- **Principle 3:** Seeking appropriate disclosure on ESG issues by the entities in which investments are completed
- **Principle 4:** Promoting acceptance and implementation of the principles within the investment industry
- **Principle 5:** Working together to enhance effectiveness in implementing the principles
- **Principle 6:** Reporting on our activities and progress towards implementing the principles

Scope

This Responsible Investing Policy provides the overarching charter for our approach to responsible investment. It is supplemented with a dedicated Climate Change Policy (please refer to Appendix 1).

This Responsible Investing Policy covers 100% of ICG's assets under management ('AUM').

Our ESG Priorities

ICG's ESG priorities (outlined below) reflect our key ESG areas of focus and illustrate some of the material ESG topics that may be considered during our ESG due diligence and monitoring process. This is used as a tool when engaging directly with portfolio companies, where we have significant influence, and is also used to define our firm-level ESG priorities.



Climate change

- Greenhouse gas emissions
- Climate change adaptation
- Energy consumption and energy efficiency

Natural resources

- Biodiversity and habitat
- Raw materials use
- Water consumption

Waste management

- Hazardous and non-hazardous waste
- Contaminated land
- Plastic pollution

Innovation

- Renewable and alternative energy sources
- Low impact building materials
- Resource conservation

Human capital management

- Worker rights and working conditions
- Occupational health and safety
- Employee wellbeing

Diversity & inclusion

- Equal opportunity
- Equal pay

Value chain

- Supply chain management
- Child, slave or bonded labour
- Labour and environmental standards

Society

- Human rights
- Stakeholder engagement
- Inequality

Transparency

- ESG reporting
- Shareholder and investor rights and protections

Anti-bribery & corruption

- Political contributions
- Government payments
- Whistleblower protections

Corporate governance

- Executive remuneration
- Board structure and composition
- Business ethics

Risk management

- Internal controls
- Regulatory compliance
- Data protection and privacy

The table above is not an exhaustive list, but intended to illustrate the types of issues considered under each ESG priorities.



Our Approach to Responsible Investing

For each investment strategy, we analyse ESG issues at each stage of the investment process, from screening, through due diligence, closing, monitoring and eventual exit.

Each ICG investment strategy implements the ESG considerations relevant to it. These depend on the nature of the strategy and the level of influence over and access to management.

ICG's Responsible Investing approach covers all AUM and is an internal point of reference that provides practical guidance for the investment teams.

Pre-Investment

For many of our strategies, the best opportunity to fully understand the ESG implications of an investment and to exert influence are largely at the time of initial investment. We start by considering our Exclusion List to ensure that we do not make direct investments in companies that we consider to be incompatible with the corporate values and responsible investment approach of the firm.

For all potential investments, we identify whether there are any material ESG issues associated with the investment. We use our ESG Screening Checklist to guide this process. The checklist identifies potential ESG risks by industry sector and geography, including environmental concerns (with specific questions on climate change), social concerns (incorporating community, supply chain, human resources and health and safety-related issues) and corporate governance and ethical concerns.

The results of this process are recorded in each investment proposal, so that the Investment Committee can confirm that ESG-related issues have been explicitly assessed and ensure they are considered when making the investment decision.

In situations where ICG has significant influence in the capital structure, external ESG due diligence is typically conducted as standard and the results incorporated in the Investment Committee papers. Where material issues are identified, the Investment Committee may request further action is taken to ensure these issues are properly investigated or require further actions to be taken following an investment.

Exclusion List

ICG will not make investments in companies that are incompatible with the corporate values and ESG objectives of the firm. ICG will not knowingly¹ make direct² investments in businesses:

- which directly manufacture, distribute or sell (i) anti-personnel landmines, (ii) nuclear, chemical or biological weapons or (iii) cluster bombs or munitions;
- whose principal activity³ is the direct manufacturing of arms, ammunition or tobacco;
- which systematically use harmful or exploitative forms of forced or child labour; or
- which generates the majority⁴ of its revenue from:
 - (i) coal exploration, extraction, production, transportation, power generation, distribution and/or storage;
 - (ii) oil (including oil from tar sands) exploration, extraction, production, transportation, power generation, distribution and/or storage, and/or;
 - (iii) gas exploration, extraction and/or production.



Portfolio Monitoring

Where ICG has significant influence in the ownership or capital structure of companies, or with the existing private equity sponsor, we engage with management to ensure they deliver high levels of corporate responsibility. Where appropriate we also exercise our influence at the board level of a portfolio company and engage with them on strategy, risk, performance and governance matters.

In strategies where ICG is a minority stakeholder or where the nature of the strategy limits our ability to influence management with regard to ESG, we seek to monitor ESG risks and engage with management insofar as is feasible.

In strategies where ICG has influence and access to management, we look to maintain strong relationships with management at portfolio companies, and with controlling private equity sponsors, as relevant. These relationships allow us to maintain an ongoing dialogue around the ESG factors impacting the business and allow us to exert influence, wherever possible. For these companies, we circulate our Annual ESG Survey to better understand how they are managing ESG issues. Our Annual ESG survey includes questions on risk assessment and management, governance, environmental management, climate change, and social performance.

Exit

In strategies where ICG has influence and access to management, we typically consider engaging a specialist to conduct sell-side ESG due diligence in preparation for exit, to ensure that the potential buyer has a good understanding of the ESG risks and opportunities.

In situations where ICG does have significant influence, there are a number of ways we help portfolio companies focus on ESG issues, including:

1. We discuss with management or controlling private equity sponsors the ESG issues that are relevant to the business or that may be relevant in the future.
2. We ask investee companies to disclose to us how they manage ESG issues on a day to day basis, and how they take account of ESG issues in their business planning and strategy.
3. We monitor ESG risks through our Annual ESG Survey and react to findings.
4. We add ESG to the agenda of board meetings on a regular basis.
5. We collaborate with management to set company-specific ESG targets and KPIs, which we monitor and track annually.

Governance and Oversight

Our Executive Directors are ultimately responsible for ensuring the effective implementation of this policy, which is reviewed annually by ICG's Board of Directors.

Day-to-day implementation of this policy is the responsibility of all ICG investment professionals, guided by the Responsible Investing Committee. ICG's Responsible Investing Committee oversees the promotion, support and integration of responsible and sustainable business practices, including in respect of ESG matters, across ICG's investment strategies and the businesses in which it invests. The Responsible Investing Committee is comprised of the Head of Investment Office, the Responsible Investing Officer and senior investment professionals from across ICG's investment strategies.

The Committee's main responsibilities are to:

- Ensure that ESG considerations are integrated throughout the investment process for each strategy, in accordance with ICG'S Responsible Investing Policy and Responsible Investing Framework;
- Ensure that ICG's investment teams have the required skills and understanding to effectively monitor and engage with company management in our portfolio companies on ESG issues; and
- Monitor the wider landscape of ESG issues to identify new and emerging issues and ensure action is taken to implement ESG-related legislation, industry initiatives or ICG initiatives.

Ensuring that our investment teams have sufficient knowledge to implement this policy is essential. ICG is committed to providing all relevant ICG employees with regular bespoke responsible investing training, comprehensive responsible investing guidance and access to online ESG tools to ensure they can identify ESG risks and opportunities in their investments activities.

Reporting and Accountability

We publish an annual report on our approach to responsible investment, which we make available to all stakeholders on the ICG website. Our most recent report is available online at [icgam.com](https://www.icgam.com).

We also complete the annual PRI signatory survey, which requires us to explain how we have implemented the six Principles. Our most recent transparency report can be found on the [PRI website](#).



¹ Defined as actual knowledge following reasonable enquiry in the pre-investment due diligence process.

² Intended to exclude fund of funds investments.

³ Defined in this context as more than 20% of total revenue. Excludes (i) businesses which directly produce, sell or distribute components that are intended for use within such weapons, firearms or ammunitions or (ii) businesses which market or maintain arms or ammunition. For the avoidance of doubt, excludes the e-cigarette market or components intended for use within cigarettes.

⁴ Majority of revenue shall mean 50% or more.

Appendix 1 - Climate Change Policy

Context

Under the Paris Agreement, 195 states agreed that the global increase in temperature should be kept well below two degrees Celsius and that countries should strive to limit the increase to 1.5 degrees.

The Paris Agreement confirms that we are at the start of the transition to a low-carbon economy, and that we need to prepare for this transition. It is also clear to us that we need to prepare for the unavoidable consequences associated with the increase in global temperatures resulting from emissions of carbon dioxide and other greenhouse gases.

We recognise that climate change may have a material impact on investment returns over the short and long-term. We therefore need to ensure we properly account for climate change in our investment practices and processes. The financial services industry has a significant role to play in achieving the transition to a low carbon economy, in line with the goals of the Paris Agreement, and we at ICG are committed to supporting this.

Our Beliefs

We recognise that climate change can be an important source of investment risk and of investment opportunity. We believe that by identifying and assessing climate change-related risks as an integral part of our investment process and by ensuring that these issues are properly managed over the lifetime of our investments, we can create more successful and sustainable businesses over the long-term and generate enhanced value for our clients.

We believe that, through encouraging the companies in which we invest to adopt robust and effective climate change strategies, we can both enhance our investment performance and make a meaningful contribution to society's response to climate change.

Scope

This policy covers all of our assets under management.

This policy requires us to consider the implications of greenhouse gas emission reductions (mitigation) and of the physical impacts of climate change (adaptation) in our investment research and decision-making processes.

Our Approach

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

Screening

Exclusion List

ICG's firm-wide Exclusion List was enhanced in February 2021 to reflect our new climate strategy. As such, ICG will not knowingly make direct investments in companies which generate a majority of revenue from:

1. Coal exploration, extraction, production, transportation, power generation, distribution and/or storage;
2. Oil (including oil from tar sands) exploration, extraction, production, transportation, power generation, distribution and/or storage, and/or;
3. Gas exploration, extraction and/or production.

Climate Risk Assessment Tool

For each potential investment opportunity, we assess whether there are any material climate-related risks associated with the investment.

We use our Climate Risk Assessment tool ('tool') to guide this process. The tool assesses climate risk by incorporating industry sub-sector, transition and physical risk.

The tool utilises various data sources, including the Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), ThinkHazard, Climate Change Performance Index and the World Bank Carbon Pricing Dashboard. All data sources are regularly reviewed and updated as necessary.

Each investment opportunity receives a climate risk rating. During due diligence, additional analysis must be completed for opportunities identified as having a higher exposure to climate related risks.

The Climate Risk Assessment tool is embedded within our ESG Screening Checklist and the results of this assessment are recorded in each investment proposal. This ensures that the Investment Committee can consider the climate risk exposure when making the investment decision.

Due Diligence

Following the Climate Risk Screening, further analysis is conducted for opportunities identified as having a higher exposure to climate related risks. This includes a review of the integration of climate risk into governance, reporting and disclosure along with any adverse impacts due to climate related hazards.

In strategies where we have more influence and access to management, climate risk assessments are incorporated as standard in external ESG due diligence.

Appendix 1 - Climate Change Policy continued...

Engagement and Monitoring

Following investment, material climate change-related risks and opportunities are monitored and reviewed, as a standard part of the portfolio monitoring process. Depending on the issue and the level of influence, we may ask investee companies to disclose to us how they manage these issues. We may also encourage them to set company-specific targets and KPIs which can then be monitored over the life of the investment.

Climate change is an integral part of our annual ESG survey. We encourage companies to provide information on their governance and management of climate change, as well as their performance and plans for improvement.

For certain strategies where we have greater influence and access to management, we have commenced Fund level carbon footprint assessments.

Where ICG has significant influence in the capital structure, we support portfolio companies to address climate risk in a number of ways, including:

- Assigning responsibility for climate related matters;
- Sharing the results of our company-specific climate risk assessment, including scenario analysis, as relevant;
- Establishing company-specific climate change and energy-focused KPIs & targets;
- Conducting a carbon footprint of the asset.

We regularly review ICG's exposure to climate-related risks across all key strategies and conduct a scenario analysis exercise on selected investments where we have a higher exposure to climate-related risks.

Exit

Strategies with greater influence in the capital structure:

- Sell-side ESG due diligence conducted prior to exit includes a climate risk assessment and review of performance.

Industry Engagement

We recognise that effective action on climate change requires us to work with other investors and other stakeholders. ICG is a launch signatory and active member of the UK network of the Initiative Climate International (iCI), a group of investors that collectively commit to action on climate change. As a signatory, ICG commits to reducing the carbon emission intensity of private equity-backed companies and securing sustainable investment performance by recognizing and incorporating the materiality of climate risk.

Governance and Oversight

Our Executive Committee is responsible for ensuring the effective implementation of this policy.

Day-to-day implementation of this policy is the responsibility of all ICG investment professionals, guided by the Responsible Investing Committee.

Reporting and Accountability

We support the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) and incorporate our response to the recommendations into our Annual financial filings. [See ICG's latest Annual Report \(page 42\).](#)

Our response sets out how we incorporate climate-related risks and opportunities into our governance, strategy, risk management and targets.

We participate in the CDP Climate Change assessment programme on an annual basis. CDP provides a framework which encourages companies to measure, manage and disclose their greenhouse gas emissions with the ultimate aim of enabling their reduction. The recommendations of the TCFD are also integrated in the Climate Change programme.

We publish an annual report on our approach to responsible investment, which we make available to all stakeholders on ICG website. This report includes discussion of climate change and related issues. Our most recent report is available online at <https://www.icgam.com/society/environmental-social-and-governance>.

We also complete the annual PRI signatory survey. Part of this survey requires us to describe how we have implemented the recommendations of the TCFD. Our most recent transparency report can be found on the [PRI website](#).

We are committed to sustainable financing and increasingly seek to incorporate climate-related metrics into our financing solutions, where feasible.