ICG

Annual Report and Accounts 2022

INVESTING
CREATING
GROWING

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Our Annual Report for 2022

This report combines all aspects of ICG's performance and reflects how we are addressing areas which we believe have the potential to have a material impact on the delivery of our strategic objectives.

Unless otherwise stated, performance information is for the year ended 31 March 2022.

Our approach to sustainability

ICG recognises that we have a responsibility to collaborate and work closely with our peers and other stakeholder groups. We are committed to working with others to promote collaboration within our Responsible Investing activities as we believe that a collective voice may provide greater leverage and influence. To achieve this ICG is an active participant in several leading industry initiatives and memberships including:

See our Sustainability & People Report for more information

Navigation

This report will indicate key information points, identified through a series of icons to allow you to find further information from other sources.

- Read more
- Go online
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Visit icgam.com

A GLOBAL ALTERNATIVE ASSET MANAGER

ICG is a global alternative asset manager providing flexible and sustainable solutions across the capital structure to help companies develop and grow.

We manage capital on behalf of our global client base across four asset classes.

THIRD-PARTY ASSETS UNDER MANAGEMENT $BN

$68.5bn

(2021: $56.2bn)

PROFIT BEFORE TAX £M

£565.4m

(2021: £509.5m)

ORDINARY DIVIDEND PER SHARE

76.0p

(2021: 56.0p)

NUMBER OF EMPLOYEES

525

(2021: 470)

UNPRI ASSESSMENT RESULTS

A+ A+ A

(2021: A+A+A)

NUMBER OF CLIENTS

586

(2021: 476)

INVESTING CREATING GROWING

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 an outstanding 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 about how we are delivering on our purpose on page 19**

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 financing solutions in the real estate and infrastructure sectors

Credit: investing in primary and secondary public credit markets

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 28**

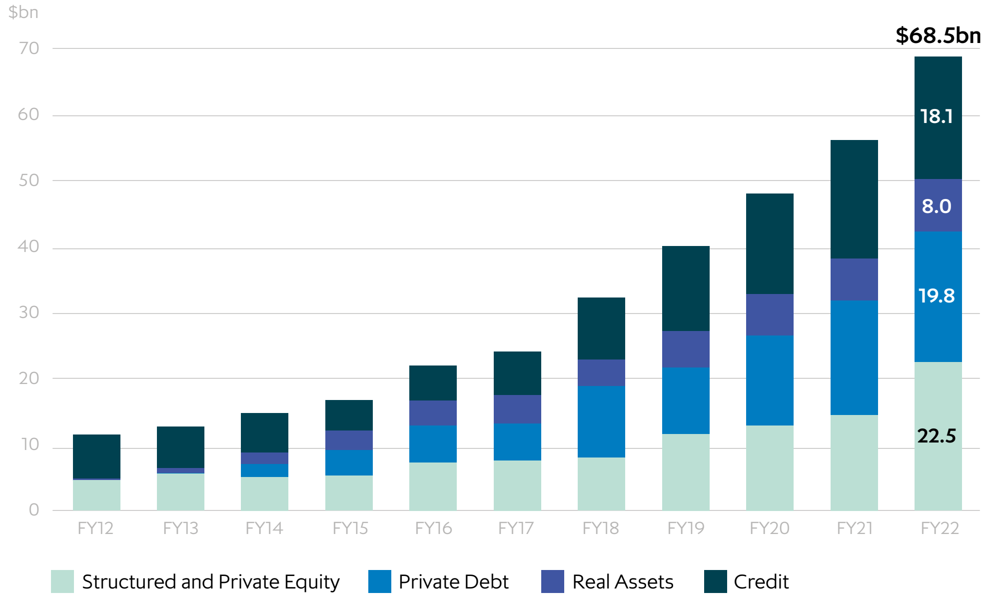
People

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

+ **Read more on page 30**

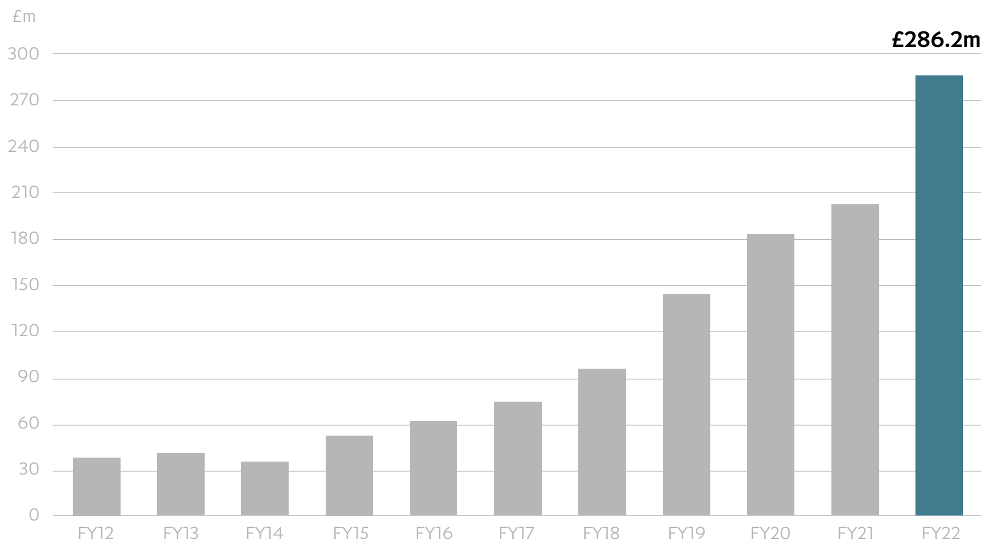
DELIVERING LONG-TERM GROWTH

Third-party Assets Under Management (AUM)



Read more about our business model on page 10

Fund Management Company (FMC) profit before tax



Read more about the ICG platform on page 8

Chairman's statement

RISING TO MEET GLOBAL CHALLENGES

"ICG has repeatedly demonstrated its resilience. We have focused on executing a clear strategy of expanding our product offering, client base, and AUM. We have delivered this strategy consistently and successfully, and in doing so, we have grown and diversified the sources of our fee income."

Andrew Sykes
Interim Chairman

To fellow shareholders,

It is a pleasure to write to you in my role as Interim Chairman of ICG[1]. As you are aware, Lord Davies of Abersoch, the Chairman since 2019, tendered his resignation in March 2022 due to the significant increase in time required by commitments to his other responsibilities. The Board is hugely grateful for his leadership through the challenges of the Covid-19 pandemic, and for the guidance and support he gave our management through a period of continued strong growth. We wish him all the very best for the future. In accordance with our protocols for Board succession, the Nominations and Governance Committee is undertaking the process to find a permanent successor for Lord Davies, and during this period the Board has appointed me as Interim Chairman. We will of course update shareholders in due course, and further details of this process, along with various changes to the Board's committees as a result of this change, can be found on page 92.

In his letter last year, Lord Davies spoke about the importance of innovation and resilience as the world looked to navigate a path out of the Covid-19 pandemic. Science has now enabled the daily lives of many people to return to something more normal following the pandemic, but as we shift from the acute stage of the pandemic to a more endemic phase, new and potentially enduring challenges are presenting themselves. Government responses to the pandemic in developed economies were extraordinary, mobilising the productive and economic power of the state to fund vaccine research, extend credit to businesses, and support individuals. The consequences socially and in the capital markets of unwinding such a dramatic and wide-ranging state intervention were always likely to be uncomfortable. Combined with an uncertain economic outlook, increased geopolitical instability, and pre-existing tensions in the social fabric of many countries, the coming years have the potential to be particularly unpredictable.

The economic and geopolitical background has been made even more uncertain and challenging with Russia's invasion of Ukraine. First and foremost, we are mindful of the terrible human suffering of innocent people that is occurring in Ukraine, and as a firm we have made a meaningful donation to help those fleeing the conflict. While we do not have a presence in Ukraine, a number of colleagues (including those in our Warsaw office) are personally and directly affected. We will continue to do all we can to support them and, more broadly, I am proud of the number of colleagues who have sought ways to personally help the relief effort.

1. Intermediate Capital Group plc and its subsidiaries.

From a commercial perspective, ICG has no material direct or indirect exposure to Russia or Ukraine. However, the second- and third-order consequences could have far-reaching effects on businesses, economies and capital markets globally. The increases in inflation and interest-rate expectations so far this year, accompanied by some quite significant movement in valuations of certain sectors, give an indication of how volatile this period might be.

There have of course been a number of other shocks and periods of economic uncertainty since the Global Financial Crisis, including the Great Recession, the Euro crisis, the 'taper tantrum', and Brexit. Throughout these periods, ICG has repeatedly demonstrated its resilience, as we did during the Covid-19 pandemic. We have focused on executing a clear strategy of expanding our product offering, client base, and AUM. We have delivered this strategy consistently and successfully, and in doing so, we have grown and diversified the sources of our fee income.

Today ICG has 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 private markets 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 streams of management fee income that are locked in over the life of our funds.

OUR GROUP

We are global, but multi-local rather than multinational, directly impacting local communities

525 employees

15 countries

We therefore take a long-term view when looking at the performance of our business, in line with our five- to ten-year investment cycle that generates value for clients over time. By consistently executing well, we are reinforcing strategic advantages that will provide the potential to capitalise on the opportunities ahead.

"Our resilient business model, increasing scale and the breadth of our platform mean we look to the future with confidence that we will continue to create long-term sustainable value for our shareholders and clients."

On its own, however, our track record is not a guarantee of future success. We also need to have the right people and client offering to continue to develop and grow our business. Here, we benefit enormously from our long-term approach and robust capitalisation that enable us to invest in our people and to successfully innovate and scale new investment strategies.

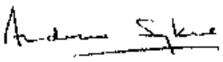
Our ability to attract, retain and develop the best people underpins every part of our business: investing our clients' capital; managing our client relationships; and keeping the infrastructure of the business operating in an environment of very rapid growth. We compete in a global marketplace for talent, and our successes at recruiting and retaining people at all levels are a testament to the dynamic, entrepreneurial and stretching career opportunities we offer.

The successful first-time fund raises for Sale and Leaseback and Infrastructure Equity during the year underline many facets of how we grow and create shareholder value, including how a thoughtful approach to sustainability can generate strong client demand, provide attractive economic returns and make a positive impact. They are also evidence of the emphasis ICG has placed on this critical aspect of our business. We will continue to assess our product offering in light of social and environmental concerns, ensuring that we both mitigate risks and capture new growth opportunities presented by these shifts.

In our conversations with shareholders over the last twelve months we have been encouraged by the level of engagement on these topics, as also evidenced by the positive response we received to our shareholder seminar on sustainability and people earlier this year. It is clear to all of us that the public markets are taking an increasingly sophisticated and nuanced approach to the qualitative issues of an organisation's culture, its impact on wider society and the environment, and how successes in these areas combine to help generate future shareholder value.

Volatility and uncertainty are never comfortable environments. As individuals, businesses and societies look to adjust to changing circumstances, we will be guided by a strong set of values, constantly seek to innovate, and be agile in capturing opportunities where they arise. Through multiple periods of uncertainty, ICG has successfully grown and developed. Our resilient business model, increasing scale and the breadth of our platform mean we look to the future with confidence that we will continue to create long-term sustainable value for our shareholders and clients.

Looking back over a year of notable growth and investment success, I salute the hard work, creativity and dynamism of the ICG team, and I would like to take this opportunity to thank them all on behalf of the Board.



Andrew Sykes
Interim Chairman

25 May 2022

INVESTING

"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."

The ICG business model

THE ICG PLATFORM

What we do

We help grow our clients' capital and provide flexible, sustainable financing solutions to companies

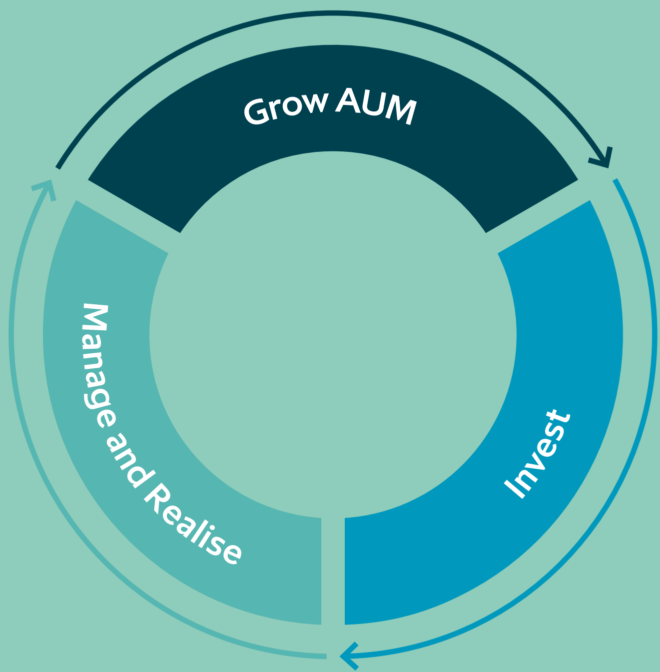
We manage capital, typically in long-term closed-end funds and across market cycles, on behalf of a global and diverse client base

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

We are committed to being net zero across our operations and relevant investments[1] by 2040, an ambition supported by approved and validated science-based targets

By investing successfully and growing our AUM, we create sustainable value for our clients, shareholders and broader stakeholders



+ **Read more about our performance in the year on page 12**

+ **Read more about our key performance indicators on page 19**

+ **Read more about our principal risks on page 57**

+ **Read more about our exposure to climate risk on page 64**

How we do it

We have 525 employees across 15 offices globally. 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

271

Marketing and Client Relations

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

46

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

208

+ **Read more about our people on page 30**

1. See Glossary on page 196 for definition of relevant investments

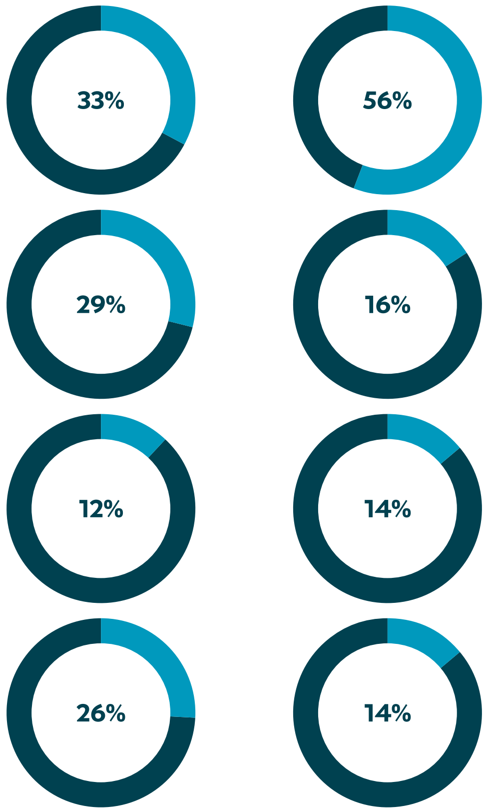
Our asset classes

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, and to help clients meet their investment objectives.

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

Third-party AUM	Third-party fee income

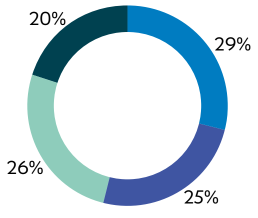


Read more about our funds on page 45

Our clients

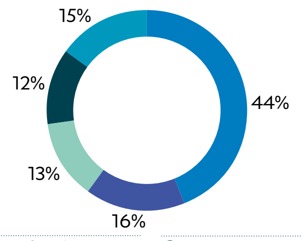
We develop long-term relationships and serve a global client base, helping them meet their investment objectives. Our clients include pension funds and insurance companies, and thereby indirectly we serve millions of individuals globally. Our strong client franchise enables us to grow existing strategies and launch new strategies. At 31 March 2022 we had 586 clients.

Client split by geography[1]



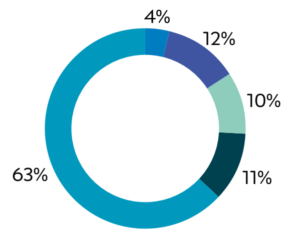
- EMEA (excl. UK and Ireland)
- Asia Pacific
- Americas
- UK and Ireland

Client split by type[1]



- Pension funds
- Insurance companies
- SWFs
- Asset managers
- Other

Client diversification[1]



- Largest client
- Top 2-5 clients
- Top 6-10 clients
- Top 11-20 clients
- Rest

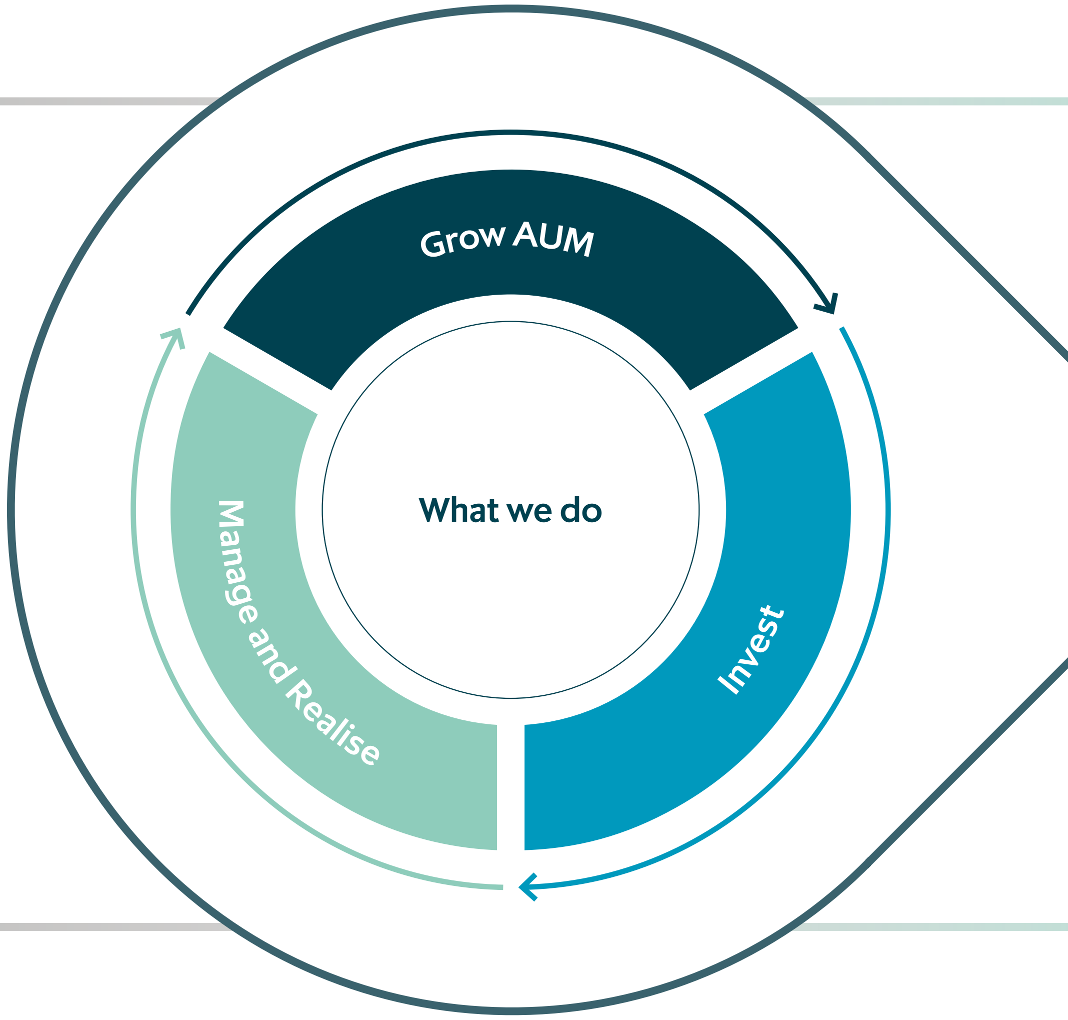
1. Weighted by % of third-party AUM, excluding CLOs and listed vehicles

GENERATING A POSITIVE IMPACT

ICG provides capital to help companies develop and grow. 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.

Our culture and values

- Performance for our clients
- Entrepreneurialism and innovation
- Ambition and focus
- Taking responsibility and managing risk
- Working collaboratively and acting with integrity



+ Read more about our people on page 30

Our competitive advantages

Local presence, global network

525 employees in 15 countries underpin our ability to source, execute and manage investments

Ability to invest across the capital structure

We provide capital to companies in a form appropriate to their needs

Focus on clients' needs

Global client team ensures that we continue to understand and meet the requirements of our clients

Capital to support growth

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

+ Read more about our Strategy and KPIs on page 19

Our resilient business model delivers stakeholder value

How we generate shareholder value

Grow AUM

Raise and manage third-party assets, largely in closed-end funds

Earn management fees on committed or invested AUM, generating long-term locked-in value

Invest

Identify and secure attractive investment opportunities

Earn performance fees if certain hurdle rates are met

Manage and Realise

Work with management teams in our investments to drive strategic change

Crystallise returns for clients and shareholders through successful realisation of investments

Shareholders and lenders

+ Read more on page 24

Clients

+ Read more on page 24

Employees

+ Read more on page 25

Suppliers

+ Read more on page 25

Community

+ Read more on page 26

Environment

+ Read more on page 26

Regulators

+ Read more on page 27

Underpinned by our unified platform

+ Our risk management on page 57

+ Our governance framework on page 73

+ Our fund distribution on page 8

A DEFINING YEAR

"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."

Benoît Durteste
CEO and CIO

Our product breadth, global footprint, client relationships and brand strength have enabled ICG to perform very strongly. We have made clear progress across our three strategic objectives encompassing fundraising, deployment and realisations:

- "Grow AUM": record $22.5bn third-party AUM raised, bringing total AUM to $72bn
- "Invest": record $15.0bn third-party AUM deployed from our direct investment funds
- "Manage and realise": continued value creation within our portfolio, realisations of $6.4bn of third-party fee-earning AUM within our direct investment funds

We are delivering on our growth strategy. During the period we pulled forward the launch of our flagship strategy Europe VIII to take advantage of an attractive fundraising window; we closed two first-time funds at over €1bn each; and we continued to make seed investments on behalf of strategies that we expect to launch in future. At 31 March 2022 we had a total of 586 clients (31 March 2021: 476), and during the year attracted new clients both across our established and first-time strategies.

This has been a defining year in demonstrating the scale and breadth of our business. We have a number of large strategies across equity and debt, making us even more relevant to our clients and potential clients. With a growing presence in real assets, we are opening up potentially very substantial markets and pools of capital to ICG that we could not access a number of years ago. ICG is scaling substantially, and the strategic and financial benefits of our business model are becoming ever more visible in the growth of our client base and in our operational and financial results.

As anticipated, FY22 was a record year for fundraising in this cycle, raising $22.5bn from our clients. It exemplifies our strategy of "growing up" and "growing out", which generates an increasingly diverse and compounding stream of visible management fees. These fundraises lock-in streams of fee income for future years and demonstrate the benefits of scale we are experiencing: the larger our strategies grow, the more relevant we are becoming to our largest clients.

In absolute terms, fundraising was driven by established strategies. Notably, Europe VIII (which is still fundraising) raised €6.5bn of capital from clients during the financial year and, at the end of April, has already attracted 69% more third-party AUM than its predecessor vintage. During the year we also signed our two largest-ever mandates within Private Debt (Senior Debt Partners), at over $1bn each.

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

2022 performance summary

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

- Total AUM of £72bn with record fundraising of $22.5bn
- Third-party fee income: £449m during the period, an increase of 34% compared to FY21
- Fund Management Company: profit before tax of £286m an increase of 41% compared to FY21
- Total dividends for FY22 of 76p per share, an increase of 36% compared to FY21 and the twelfth consecutive annual increase in ordinary dividend per share
- Accelerating fundraising guidance by a year due to confidence in outlook and execution

1 Grow AUM

$22.5bn

Record third-party AUM raised, bringing total AUM to $72bn

2 Invest

$15.0bn

Record third-party AUM deployed from our direct investment funds

3 Manage and realise

Continued value creation within our portfolio, realisations of $6.4bn of third-party fee-earning AUM within direct investment funds

+ **Results presented on an APM basis (see page 45)**

Successfully raising first-time strategies is an important milestone in underpinning future diversified growth as we continue to broaden our waterfront of strategies. FY22 was a very impressive year in this regard, with Sale and Leaseback I closing at a total fund size of €1.2bn and Infrastructure Equity I at €1.5bn. Both funds have already made a number of attractive investments, have large addressable markets, and in the coming years have the potential to generate meaningful incremental shareholder value as we raise subsequent vintages.

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. Our local footprint enables us to source and manage proprietary opportunities, and our investment strategies allow us to provide flexible financing solutions across the capital structure. Within our direct investment funds, these qualities have enabled us to deploy $15.0bn of our clients' capital and to realise $6.4bn of third-party fee-earning AUM during the period. Our funds in all asset classes continued to perform strongly during the period. In particular, a number of our equity strategies recorded significant increases in value and are showing the potential to be some of our best-ever vintages.

In the final quarter of our financial year there were a number of economic and geopolitical events, including rising inflation, rising interest rates and the invasion of Ukraine by Russia. Within this context, our levels of deployment and realisation activity remained robust; indeed, in absolute terms Q4 FY22 was in-line with or above what we saw in Q4 FY21. Furthermore, our funds continued to deliver attractive performance. And so while the markets are clearly more complex, we have the breadth and expertise to successfully navigate them.

Sustainability and people are integral to our success, and I enjoyed discussing this topic in depth during our shareholder seminar in January. More detail on our progress in this area during the year can be found later in this report, and I am particularly proud that during the period we committed to achieve Net Zero by 2040 across our operations and relevant investments (see Glossary on page 196 for definition). This is supported by ambitious emissions reduction targets that have been approved and validated by the Science Based Targets initiative. We are part of a small group leading the way in our industry in this field, and we believe there are powerful moral and commercial reasons to ensure we execute successfully on this ambition.

We are a long-term business, and take a long-term view when building for future growth. During this year we made a number of senior hires within investment teams to drive future growth, particularly in Real Estate, and we worked to further enhance how our colleagues collaborate to leverage the knowledge and capabilities across our organisation. Importantly, we also continue to reinforce our operating platform with a "fit for future" mindset.

These factors have culminated in strong financial performance, with third-party fee income of £448.7m, up 34% compared to FY21 and resulting in record Fund Management Company profit before tax of £286.2m, up 41% compared to FY21. We have declared a final dividend of 57.3p per share, bringing total dividends for the year to 76.0p per share, an increase of 36% compared to FY21. Our balance sheet is diversified and robust, with net gearing of 0.45x and total available liquidity of £1.3bn.

Looking ahead, we are well positioned to navigate the elevated levels of macro-economic and geopolitical uncertainty. We actively chose to pull forward fundraising in FY22, in particular for Europe VIII, which has resulted in us having significant levels of capital to deploy across our strategies. Our ability to invest across the capital structure and to execute on complex transactions puts us in advantageous position, and means we are able to provide flexible solutions at all points in a market cycle. While rising inflation and interest rates could have a range of potential impacts on the global economy, our investment approach and breadth of strategies – including those that directly benefit clients in rising interest rate environments – are strategic benefits supporting our long-term growth.

In FY23 we expect to hold final closes for Europe VIII and Strategic Equity IV, and will continue fundraising for Senior Debt Partners V and the first vintage of our LP Secondaries strategy. Depending on the pace of deployment of current vintages and the broader market conditions, we will consider launching subsequent vintages towards the end of the financial year for a number of existing strategies (including Sale and Leaseback II, Europe Mid-Market II and North America Private Debt III), as well as potentially launching some first-time strategies.

The enduring structural tailwinds that support successful platforms within our industry remain very much in place. We have exceptional people, a powerful client franchise, a strong origination capability, and a track record of creating sustainable value. With our focus and approach, I am confident we will continue to drive scalable growth in AUM and profitability.

As a result of our strong strategic and financial progress, we are accelerating our fundraising guidance: we now expect to raise at least $40bn in aggregate one year earlier than previously communicated. I look forward to building on this defining year in the development of ICG, and to continue delivering long-term success.

Benoît Durteste
CEO and CIO

Sustainability and people

Our people are at the heart of our success, and during the year we continued to focus on our employees. Our staff globally have largely returned to the office, and we are engaging with our colleagues to understand what we as an organisation can take from our experiences over the last two years to improve efficiency, work-life balance and employee wellbeing.

The record results we are reporting are testament to the hard work of our people and their collaborative, entrepreneurial approach. We would like to extend our thanks to each of our colleagues for their continued dedication to the success of ICG.

Diversity of thought has been a crucial ingredient in this success. We were pleased this year to achieve our UK Women in Finance Charter ambition a year early, with women accounting for 41% of our senior employees in the UK (35% globally). We continue to make progress internally through recruitment and development, and 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.

Strategic hiring across the organisation continues in order to ensure we have the breadth and depth of expertise to execute on the long-term opportunities ahead. The investments we have made in our people in recent years are meaningful, and our ability to successfully attract new colleagues highlights the appeal of ICG as a place to work as well as our growing reputation. The number of Group permanent employees grew by 12% during the period to 525 (31 March 2021: 470). In FY23 we expect to continue to invest in our platform, in particular in growing our Marketing and Client Relations team.

We are proud to be helping to lead the alternative asset management sector in the area of sustainability. During the year we committed to achieve Net Zero by 2040 across our operations and relevant investments (see Glossary on page 196 for definition). This commitment is supported by two ambitious emissions reduction targets, which have been approved and validated by the Science Based Targets initiative (SBTi):

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

The integration of sustainability into our existing and new strategies is fundamental to our offering to clients. During the year Europe VIII launched with an enhanced ESG engagement strategy, taking a thematic approach with a particular emphasis on climate change, human capital management and D&I. These topics will feed directly into the governance of portfolio companies, as well as into the tracking and reporting of their strategic, operational and financial performance. The first-time funds we raised during the year (Sale and Leaseback I and Infrastructure Equity I) are each aligned to specific

Charitable giving

The Group has increased its annual charitable donation budget beyond £2m annually and has entered into a number of major charitable partnerships to further our historic charitable philosophy of supporting educational and social mobility. We have sought appropriate and impactful partners for each stage of the journey to ensure that an impact is being made at every stage of young people's development, and will be partnering with The Access Project, UpReach and Seizing Every Opportunity (SEO)

Commitments of £3.75m in total are being made to these three partners over the next three years. This framework, together with our existing initiatives, positions ICG as a committed supporter of education as a means of improving social mobility outcomes, as well as confirming our contribution in the D&I space. They also allow us to build a more impactful profile at a global scale mirroring our business footprint, confirming us as both a global firm of note and a FTSE100 constituent taking responsibility locally

The three new partnerships are in addition to a number of other initiatives undertaken by the Group, working with local partners in London and New York to increase social mobility, donations in support of those affected by the conflict in Ukraine, our ongoing support for employee fundraising and donations, through matching amounts raised or donated; and the provision of two volunteering days for all employees worldwide in support of any charity they wish

UN Sustainable Development Goals, underlining how a thoughtful approach to sustainability can drive innovation and create value for all our stakeholders. Of the AUM raised during the year that is classified under the Sustainable Finance Disclosure Regulation (SFDR), 99% was categorised as Article 8.

We also continued to pursue a strategy of integrating ESG KPIs into our financing, and at 31 March 2022 we had $3.9bn of ESG-linked financing committed across Group- and fund-level facilities. At the Group level, we successfully executed an 8-year, €500m sustainability-linked bond in January 2022. This builds on the £550m ESG-linked RCF into which we entered during the last financial year. We also agreed ESG-linked fund facilities for Europe VIII and for Real Estate Partnership Capital VI during the period.

Our third-party ESG ratings reflect our focus in these areas. In 2021, ICG received a rating of AAA (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment. In October 2021 ICG received an ESG Risk Rating of 18.4 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. ICG's ESG Risk Rating places it 12th percentile in the Diversified Financials industry and 3rd percentile in the Asset Management and Custody Services subindustry assessed by Sustainalytics.

These areas will continue to be a focus in FY23, and we look forward to achieving further progress on these important matters.

Benoît Durteste and Antje Hensel-Roth

MARKET ENVIRONMENT

Market

Market activity

Description

- The alternative asset management industry saw a strong rebound in transaction volumes in 2021, with global buyout activity in 2021 increasing by 94% compared to 2020, over twice the five-year average
- For the majority of our financial year, global equity markets continued to rally. Between 1 April 2021 and 31 December 2021 the FTSE 100 was up 10.0%, STOXX 600 up 13.5% and S&P 500 up 20.0%
- The final quarter of our financial year (1 January 2022 to 31 March 2022) saw public market volatility rise, driven by concerns about rising inflation, interest rates and negative economic and financial spillover impacts from Russia's invasion of Ukraine

What this means for ICG

- Our diverse range of strategies and ability to invest across the capital structure mean that we are positioned to invest throughout economic cycles
- We generate the majority of our fees from long-term closed-end funds and make investments on behalf of our clients for the long term. As such, short term market moves do not materially impact the performance of most of the funds that we manage
- Management fees on our closed-end funds are charged either on committed capital or invested capital, so are not impacted by movements in valuations
- Our Investment Company co-invests alongside our funds and therefore its performance will be correlated to the performance of the funds
- Lower mark-to-market volatility compared to public markets is one of the attractions of private markets to our clients, a benefit which is underlined in periods such as these

Interest rates

Description

- Global interest rates fell to historically low levels during the Covid-19 pandemic as major central banks flooded markets with liquidity and slashed interest rates
- More recently, however, as economies have re-opened, economic growth has recovered and inflation has surged, central banks have moved to start normalising monetary policy. Markets have anticipated this with bond yields in most major developed economies rising quickly from their pandemic lows. However, real returns remain negative across the globe, underlining the challenge for investors seeking to grow wealth

What this means for ICG

- The main driver of our profitability and growth is third-party fee income, which is not impacted by movements in interest rates
- We take a conservative approach to leverage in our portfolio companies
- Where our funds invest in a portfolio company's debt, these are typically 'floating rate' instruments, providing those portfolios with a natural hedge against higher interest rates
- All of our term debt at the ICG plc level is fixed rate

Inflation

Description

- In the US, the consumer price index rose 8.5% in the 12 months to 31 March 2022, the largest 12-month increase since December 1981
- In the UK the Consumer Prices Index (CPI) rose by 7.0% in the 12 months to March 2022, up from 6.2% in February, its highest level since March 1992
- Inflation in the EU, US and the UK is generally expected to peak in 2022 and moderate through 2023, although the outlook remains uncertain, with diverse views in particular around how long elevated levels of inflation may last

What this means for ICG

- High inflation could make it harder for clients to achieve a 'real return', potentially making alternatives more attractive and supporting incremental client demand
- Our diverse range of strategies and ability to invest across the capital structure mean that we are positioned to invest throughout economic cycles
- 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 cost is staff costs, and we continue to ensure we hire selectively and remain competitive as an employer

Read more

+ Our business model → page 10

+ Our debt facilities → page 55

+ The valuation of our balance sheet → page 52

1. Bain_report_global-private-equity-report-2022.pdf
2. Before seasonal adjustment. Source: Consumer Price Index-March 2022 (bls.gov)
3. Consumer price inflation, UK – Office for National Statistics
4. Alternatives in 2022 (preqin.com)

Industry

Demand for alternatives

Description

- Demand for alternatives remains very strong, underpinned by investors' search for attractive risk-adjusted returns; the ability for investors to allocate a portion of their capital to longer-term investments that are less volatile than public markets; and the historic outperformance of private market investments compared to public markets
- Globally, $1.2tn was raised in private capital during 2021, a 14% increase on 2020 and the highest level reached[1]
- Alternative assets under management have grown at a 13.9% CAGR from the end of 2015 to 2021 and are forecast to grow at an annualised rate of 14.8% between 2021 and 2026, taking alternatives AUM (excluding hedge funds) to $17.8tn globally. Within that, Private Equity is expected to grow at 15.9% CAGR, Private Debt at 17.4% CAGR and Infrastructure at 16.6% CAGR over the same period

What this means for ICG

- The 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
- Our diversity of strategies allows us to help clients meet their investment objectives across a wide range of funds, and enables us to provide capital to portfolio companies in the form most appropriate to their needs
- Our global footprint with a local sourcing network underpins our ability to successfully invest and manage our clients' capital

Responsible investing

Description

- The long-term trend towards focussing on responsible investing continued in 2022, and clients' interest in strategies which incorporate Environmental, Social and Governance factors continued to increase
- Net zero carbon emissions achieved further prominence in both public and private sectors, given further prominence by COP 26 taking place during the year
- The EU's Sustainable Finance Disclosure Regulation (SFDR) came into force just before the start of this financial year
- Effective stewardship continued to gain momentum

What this means for ICG

- We aim to be an important voice in the alternative asset management space for ESG issues
- We have committed to the Net Zero Asset Manager Initiative, targeting net zero across our operations and relevant investments by 2040
- 99% of the new third-party AUM raised by the Group during the year was classified under SFDR as Article 8
- In March 2022 we were accepted by the FRC as a signatory to the UK Stewardship Code
- We have further enhanced our ESG reporting to shareholders, clients and other stakeholders
- We continue to develop new strategies that are linked to sustainability themes, for example Infrastructure and Sale and Leaseback, as well as enhancing our approach in existing strategies (for example Europe VIII)

Read more

+ Our clients → page 8

+ Sustainability → page 28

+ Our range of strategies → page 8

+ Task Force on Climate-related Disclosures → page 32

1. Bain_report_global-private-equity-report-2022.pdf
2. Before seasonal adjustment. Source: Consumer Price Index-March 2022 (bls.gov)
3. Consumer price inflation, UK – Office for National Statistics
4. Alternatives in 2022 (preqin.com)

ICG is well positioned to benefit from private market trends

Strong track record of investment performance

+ Read more on page 48

Structured and holistic approach to responsible investing

+ Read more on page 28

Multiple strategies to suit clients' investment objectives

+ Read more on page 8

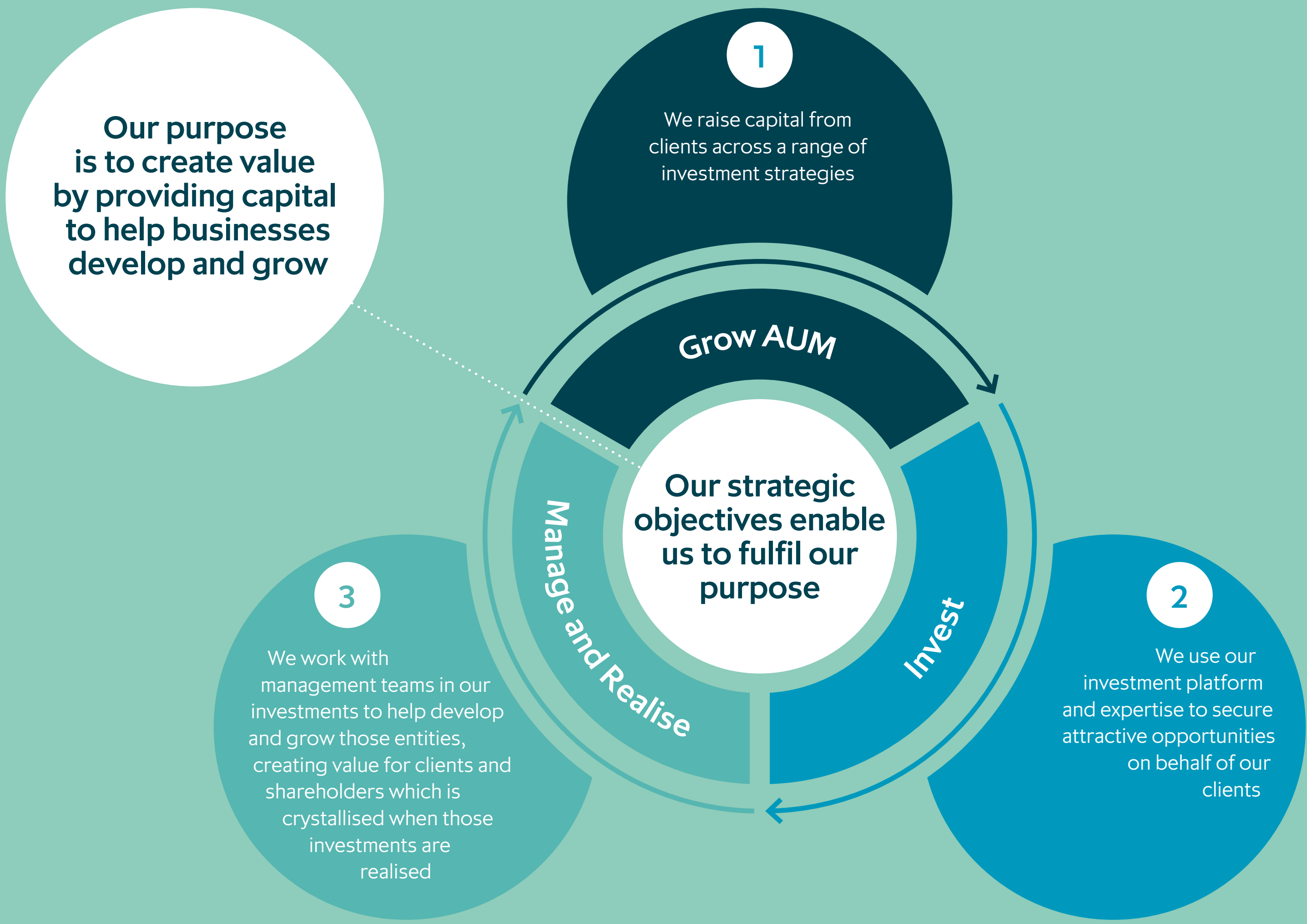
Proven ability to innovate and pioneer new strategies in response to client demand and market opportunity

+ Read more on page 12

Scalable and unified operating platform

+ Read more on page 10

DELIVERING OUR PURPOSE



Ⓐ Alternative performance measures

Our KPIs include alternative performance measures, providing additional insight into the performance of our business

The IFRS financial information on page 136 includes the impact of the consolidated funds which are determined by IFRS to be controlled by the Group, although the Group's loss exposure to these funds is limited to the capital invested by the Group in each fund

The glossary on page 196 includes the definitions of these alternative performance measures and reconciliation to the relevant IFRS measures

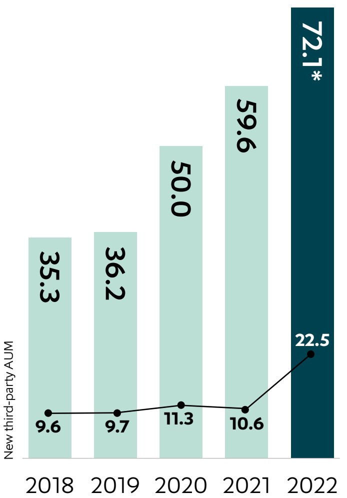
Our Key Performance Indicators (KPIs) help us monitor our progress:

Key Performance Indicator		Strategic objective alignment
Total AUM	A	1
Weighted-average fee rate	A	1
Fund Management Company operating margin	A	1 2
Deployment of direct investment funds		2
Percentage of realised assets exceeding performance hurdle		3
UK senior management diversity		1 2 3

MONITORING OUR PROGRESS

Total AUM ($bn) A

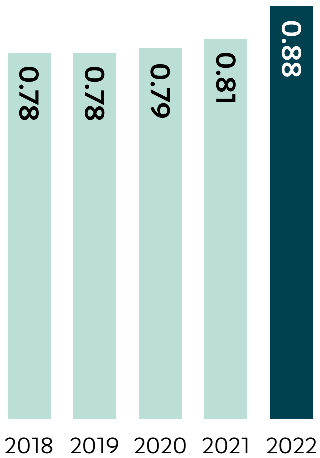
$72.1bn



* 2022 Total AUM includes Balance Sheet Investments portfolio of $3.5bn.

Weighted-average fee rate (%)[1] A

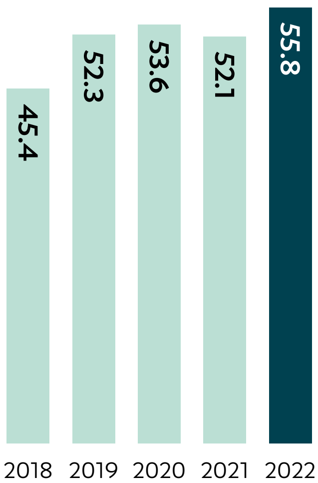
0.88%



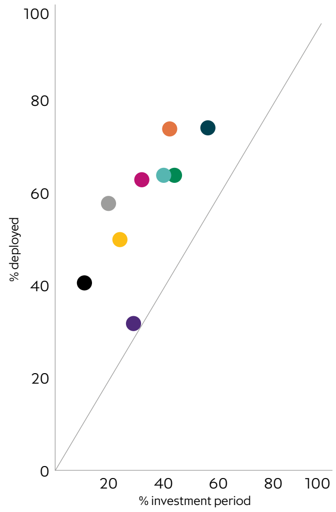
1. During the year the Group refined its calculation of weighted-average fee rate. Prior years are presented on a consistent basis.

FMC operating margin (%) A

55.8%



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.

Outcome

As expected, FY22 was a very strong year for fundraising given the funds we had in the market, which drove a 22% increase in third-party AUM (27% on a constant currency basis) and a 21% increase in total AUM (26% on a constant currency basis).

Rationale

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.

Outcome

Our weighted-average fee rate continued to grow during the year. The increase was due to the substantial fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital.

Rationale

The Fund Management Company (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.

Outcome

The FMC operating margin remains in line with our target of being above 50%. The operating margin for FY22 was supported by the rapid fundraising for Europe VIII as well as the catch-up fees that we earned during the year.

Rationale

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

We saw strong levels of deployment during the year across many of our strategies. For many strategies our deployment pace is quicker than a straight-line basis (based on a fund's contractual maximum investment period) would imply.

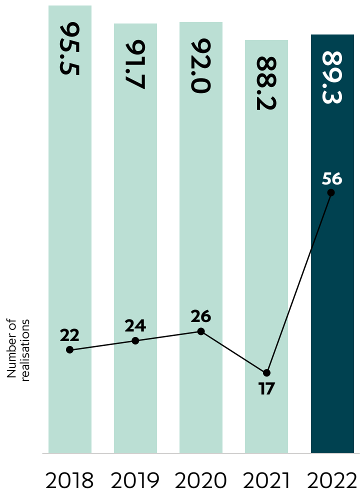
Strategic alignment

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

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

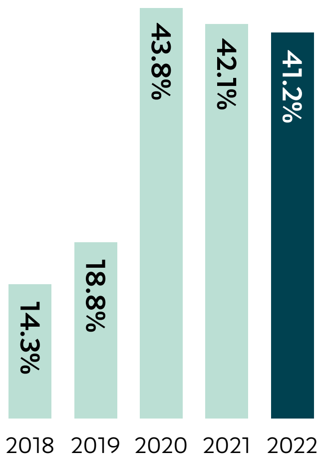
Percentage of realised assets exceeding performance hurdle (%)

89.3%



UK senior management gender diversity (%)[1]

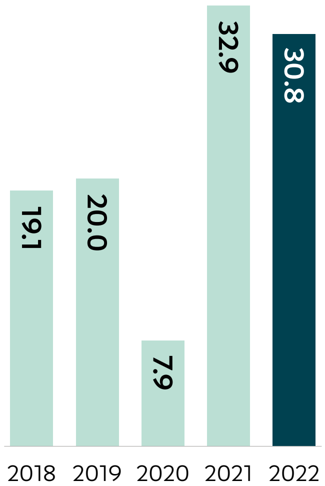
41.2%



1. During the year the Group updated its definition of senior management. Prior years are presented on a consistent basis.

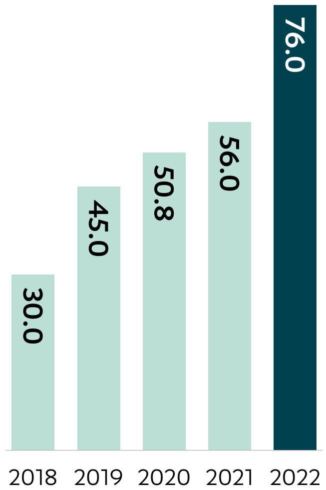
Return on equity (%) A

30.8%



Ordinary dividend per share (p)

76.0p



Rationale

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 201.

Outcome

Our strategies continued to perform strongly, and we took advantage of market conditions to anchor the performance of a number of funds, realising $6.4bn of third-party AUM from direct investment funds. The outcome for the year on this KPI is in line with our 5-year average.

Rationale

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.

Outcome

We continued to see progress in improving our gender balance.

The impact of the change in definition was to refine the population of senior management to Executive Directors and a defined group of key leadership roles.

Rationale

Return on equity reflects the combined performance of the Fund Management Company and the Investment Company.

Outcome

Growth in Group profit after tax was partially offset by high average shareholders' funds (due to increased retained earnings and reduced net debt), resulting a 30.8% return on equity during the year, marginally down on FY21.

Rationale

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 to recommend a dividend pay-out of 80-100% of the Fund Management Company profit after tax on an APM basis and this year's dividend is 36% higher than last year.

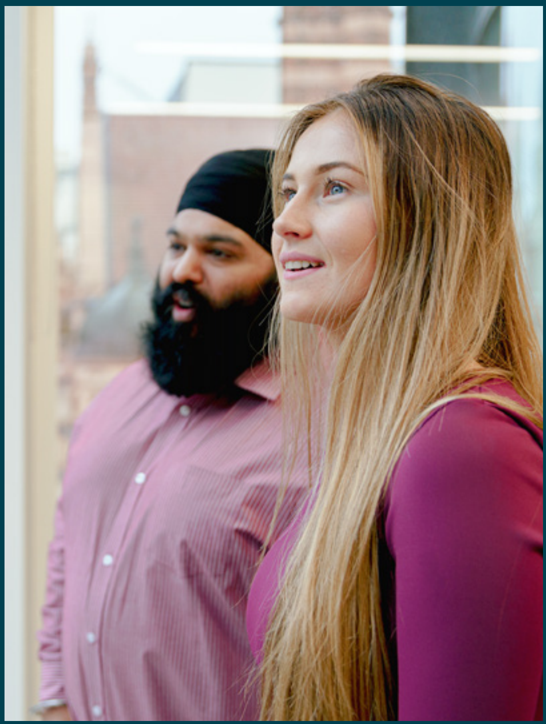
Outcome

Our progressive dividend policy has been maintained, and the 36% increase compared to FY21 is driven by the significant growth in FMC profit after tax during the year.

+ **Details of our Executive Director KPIs are shown on page 98**

CREATING

"We offer creative solutions, developing strategies which are increasingly shaped by our responsible and sustainable investment principles."



ENGAGEMENT WITH OUR STAKEHOLDERS

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 68

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 determining the level of commitments our balance sheet would make to new funds, 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 over time where appropriate
- Growing third-party fee income in the FMC, seeding investments to launch new strategies that will be a source of future incremental management fees
- Maintaining robust capitalisation, with strong liquidity and appropriate gearing

	Shareholders & lenders	Clients
Why is it important to engage?	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 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. 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?	The Group conducts an active Investor Relations programme, engaging with shareholders, lenders and rating agencies throughout the year using a variety of channels. 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 Investor Relations function and from third parties such as our corporate brokers. The 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.	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 8. Our in-house distribution 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?	– Ability to deliver continued strong growth for shareholders – Investment performance – Clear communication of strategy – Understanding our shareholders' and lenders' ESG requirements – Clarity around our balance sheet's function in driving new business – Longer-term plans for the Group's balance sheet gearing	– Designing funds to meet clients' needs – Reporting of portfolio performance – Integrating ESG considerations into our client reporting and our investment processes
Outcomes as a result of that engagement	– Increased engagement with current and potential shareholders both through regular reporting and off-cycle – Focused engagement with selected ESG ratings providers to ensure shareholders viewing this information have accurate and up-to-date insight into ICG – Shareholder seminar hosted on Sustainability and People, with clear statement that we will host seminars on a range of topics more regularly in the future – Issued €500m ESG-linked bond, to ensure long term gearing aligned with expectations and requirements	– 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

Employees

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 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 formal and informal sessions with employees during the year in individual and group forums.

Details of our employee engagement can be found on page 30.

- Growth and development of our employees
- Wellbeing of employees
- Managing the complexities of hybrid working
- Succession planning
- Ensuring that the employee experience is not adversely impacted by our growth trajectory

- Enhanced formal engagement with senior management through ‘town halls’ and more regular videos and information sharing
- Series of discussions and workshops with employees at all levels to review the results of the 2021 employee engagement survey and disseminate response points
- Launch of new internal communications system to ensure employees are informed about business developments
- Significant review of framework for performance management and reviews
- Rollout of enhanced training and development programme for employees
- Further enhancements of Diversity and Inclusion initiative led by our Diversity and Inclusion hub, including the launch of new networks
- Continued to hold significant global induction events for new joiners

Suppliers

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.

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.

- Ability of key providers, including third-party administrators, to continue to provide a high-quality service
- Enhancement of ethical and responsible procurement practices including conducting of Modern Slavery risk assessment of suppliers
- Building broader relationships with key supplier teams

- Review of key relationships by specialist in oversight of suppliers
- Reviewed prompt payment practices and processes to ensure that suppliers are not left unpaid for inappropriate lengths of time
- Enhanced invoice payment process

	Community	Environment
Why is it important to engage?	We are a people business, with offices in 15 countries and 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 work in the area of social inclusion through education.	Details of our focus on environmental matters and climate risk can be found on pages 28 to 43.
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', client's and regulator's ESG requirements
Outcomes as a result of that engagement	– Established more robust internal governance around charitable giving – Launched major new charitable partnerships in support of social mobility across the educational spectrum – Continued to support our £1.5m, three-year relationship with the Education Endowment Foundation supporting the Nuffield Early Learning Intervention and Tutor Trust	– Continue to reduce greenhouse gas emissions from our operations – 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 28)

Commitment to Net Zero and SBTi

Following significant consideration, in November the Group committed to a goal of net zero greenhouse gas emissions by 2040 and became a signatory to the Net Zero Asset Managers initiative. The Group's commitment is supported by approved science-based targets (more details of our commitment can be found on page 28). This followed a detailed discussion at our Board offsite of the impact of climate change on global society and the economy, including a roundtable session led by Lord Turner of the Energy Transitions Commission. The Board is mindful of our responsibilities in respect of climate change to a variety of stakeholders, and seeks to use our influence to make a positive impact towards the net zero economy.

Key considerations:

- Our responsibility to wider society
- Impact, including costs and reduction of potential investment universe
- Operational readiness for making a commitment

Issuance of new sustainability-linked bond to maintain balance sheet diversification

The Board decided to issue a public bond to diversify its sources of debt and to ensure availability of funding for future growth. A €500m Bond was issued on 28 January 2022 with an eight-year maturity period and a sustainability linked coupon with links to the achievement of the Group's approved science-based targets. This followed the Board requesting a balance sheet review and consideration of a proposal from management. It was concluded that the issuance would benefit shareholders by providing long-term funding to the balance sheet on attractive terms.

Key considerations:

- Balance sheet position of the Group, with regard to overall gearing and forthcoming maturity dates for existing debt
- The projected cash flow of the Group over a multi-year period
- The potential to continue to grow the business
- A desire to engage with a diverse range of sources to provide debt
- ESG metrics and their impact on the coupon

Regulators

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.

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.

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.

- Amendment of certain line items in 2021 Annual Report compared to the prior year following constructive dialogue with the Financial Reporting Council.
- After participation in a number of industry round tables with regulators, we reviewed all internal operations in respect of the implementation of the Investment Firms Prudential Regime
- We have completed our project to ensure that our business practices move away from LIBOR-related benchmarks

Employee engagement

The Board is always mindful that attracting and retaining talent in a highly competitive sector is crucial to the success of the Group. As such, we are keen to understand the employee voice on an ongoing basis. Our annual programme includes a regular update from Amy Schioldager, the NED responsible for leading employee engagement. Amy hosts regular formal and informal discussion groups and roundtables to understand employee motivations and concerns, and this is reported back to the Board on an aggregated basis for discussion. This forms an important part of our consideration of the Group's culture and operations. In addition, during the year management reported on the in depth findings from a full employee engagement survey, which provided further detailed insight. Management has also determined that more regular 'pulse' engagement surveys will be carried out to ensure the Board, Executive Committee and senior management are able to effectively monitor employee engagement more actively.

Key considerations

- Obtaining the authentic employee voice to understand the business from the people who know it best
- Talent retention
- Articulation of our culture

Capital Allocation to support business growth

The Board approves the strategy and business plan of the Group, which defines the approach to capital allocation. Each new product is subject to approval by the Executive Directors who may approve allocations of capital within the limits specified within the Board terms of reference. 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 choice; and how different investment strategies benefit our potential portfolio companies by giving them access to capital to support their business and grow.

The Board receives regular updates on the current and proposed future investment strategies of the Group and approves allocations of capital which exceed limits defined in the Board terms of reference. The Board closely monitors the performance of all investment strategies and considers the implications of that performance for clients, portfolio companies and employees.

Key considerations

- Aligning the Group's interest with its clients
- Growing third-party fee income in the FMC
- The overall gearing and balance sheet position of the Group

Dialogue with Financial Reporting Council

In February 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2020 Annual Report and Accounts. The letter focused on (a) the significant judgement in respect of non-consolidation of carried interest partnerships and (b) the cashflow statement. This led to an exchange of correspondence with the FRC on these points, including a live meeting. Discussions were led by management, with detailed oversight by the Audit Committee. As disclosed in the annual report published in June 2021, certain line items were restated in the Group Statement of Changes in Equity, the Parent Company Cashflow Statement and the Parent Company Statement of Financial Position. The Company also adopted a number of recommendations in preparing its 2021 Annual Report and Accounts (and retained them for this 2022 Annual Report and Accounts). Discussions continued following June 2021, and in November 2021 the FRC concluded that its points of query had been answered and confirmed that their review had been closed without the need for further changes.

Key considerations

- Transparent and open dialogue with a key regulator
- Ensuring clarity in our accounts for shareholders and other stakeholders

HOW WE OPERATE MATTERS AS MUCH AS WHAT WE DO

"Our focus on sustainability and people is not an adjunct to our day-to-day work, it is a key pillar of our successful execution of that opportunity, and we treat it as such."

Benoît Durteste
CEO

To watch our Sustainability & People Seminar

To read our Sustainability & People Report

SUSTAINABILITY

THE GROUP

We are a long-term business that manages capital on behalf of our clients, looks to generate attractive returns for our shareholders, and seeks to have a positive impact on our broad range of stakeholders, including our employees.

By encouraging responsible and sustainable business practices in our investment strategies, in the companies in which our funds invest, and in our own operations, we can both enhance our investment performance and contribute to building a more sustainable global economy and inclusive society.

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

- Issued a €500m sustainability-themed bond (read more on page 26)
- Committed to net zero by 2040 across our operations and relevant investments – one of only a handful of alternative asset managers worldwide to do so – and this commitment is supported by approved and validated science-based targets covering 100% of our relevant investments (read more on page 32)
- Raised AUM into SFDR-classified funds, 99% of which was into Article 8 funds including into three sustainability-themed funds

Industry Initiatives

INVESTING SUSTAINABLY

Sustainability-linked 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.

ICG has been a signatory to the UN-backed Principles for Responsible Investment (UNPRI) since 2013 and is an active contributor to a range of industry collaborative initiatives.

Our responsible investing policy, which cover 100% of our AUM, is available at www.icgam.com

ICG's approach to Responsible Investing

Our approach to Responsible Investing is focused around four key activities which represent our Responsible Investing Fundamentals:

ENGAGE
with portfolio companies to drive sustainability

INNOVATE
to drive sustainability outcomes

REPORT
on company-specific ESG progress to enhance transparency to our stakeholders

COLLABORATE
on initiatives to drive industry best practice

KEY AREAS OF FOCUS FOR RELEVANT INVESTMENTS

Environment:
- Climate change

Social:
- Diversity and inclusion
- Human capital management

During the year we enhanced our reporting on these critical areas and published a comprehensive Sustainability & People Report

Key highlights

From our focus on sustainable investing during the year:
- Committed to support the goal of net zero with approved science-based targets (read more on page 26)
- Launched three sustainability-themed funds in the market which align to specific Sustainable Development Goals (SDGs), which are classified as SFDR Article 8 or 8+
- Raised $2.6bn of ESG-linked fund-level financing

Read more about Task Force on Climate-related Financial Disclosures (TCFD) on page 32

Read more about our new funds on page 12

"We have exceptional people who are thriving at the firm, giving us an excellent foundation to grow to $100bn AUM and beyond. We will continue to maintain and enhance our culture, as we have done successfully throughout our significant growth to date. Our hiring will remain targeted, ambitious and strategic."

Antje Hensel-Roth
CPEAO

Our people initiatives focus on four areas:

DIVERSITY AND INCLUSION

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 dependants

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:

- Three new employee networks formed in FY22: NextGen (early professionals), Together (LGBTQ+) and Unify (ethnic minorities). These networks join alongside the groups for Women, Family & Carers, Wellbeing and Sport &Wellness
- Conducted the first Inclusion Survey, which had a 75% response rate, and acted swiftly on a number of suggestions for development
- Continued our Graduate Programme with a focus on diversity
- Ran a series of campaigns focused on working practices and maintaining a healthy work-life balance, and have also focused on hard-hitting topics such suicide prevention
- Conducted Group-wide employee engagement survey with 88% participation

Key employee metrics

	2022	2021
Number of permanent employees (total)	**525**	470
Number of permanent employees (FTE)	**523**	456
Employee turnover (%)	**16%**	8%
Female representation at Board (%) (see page 75)	**45%**	42%
Female representation in senior leadership (%) (see page 44)	**35%**	44%
Female representation in all employees (%)	**35%**	34%

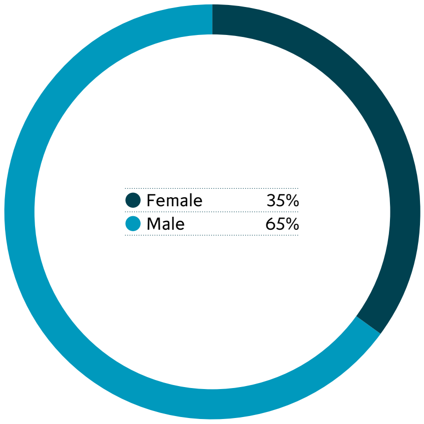
+ Read more about Employee matters on page 44

+ Read more about Board diversity on page 75

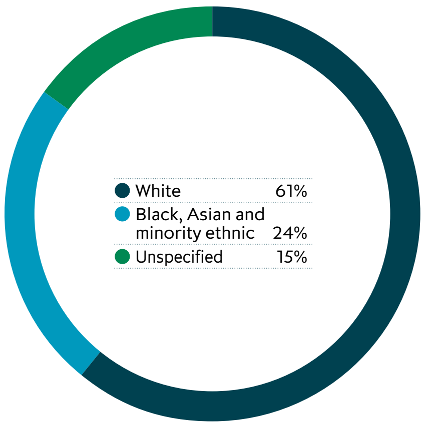
+ Read more about Gender pay gap disclosures on page 107

Gender

All employees (525)



Ethnicity (UK only)



OUR CLIMATE-RELATED FINANCIAL DISCLOSURES

The Group first reported against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) in 2020 and has continued to do so in each financial year thereafter.

The report below sets out the 11 TCFD recommended disclosures within each of the four pillars representing how our organisation operates and summarises the progress we have made over the past year. Please refer to the Group's 2022 Climate Change Policy for further details.

In this report we look at climate-related disclosure through two lenses: at the level of the Group's operations, and at the level of our third-party fund management activities. These funds are generally not consolidated; however, we consider the climate-related issues surrounding these funds and our fund management activities as an integral part of our business. We clearly outline in our disclosures whether we are discussing the Group's operations or our fund management activities.

@ **Our Climate Change Policy is available at www.icgam.com**

OUR COMMITMENT TO NET ZERO

In November 2021 the Group announced its commitment to support the goal of net zero greenhouse gas emissions across its operations and relevant investments by 2040

The Group's net zero commitment is underpinned by two ambitious emissions reduction targets by 2030, which have been approved and validated by the Science Based Targets initiative (SBTi)

The Group committed to systematically monitoring progress against its targets and reporting on an annual basis. Over the coming years, relevant investments in more recently launched strategies will also be included in the targets

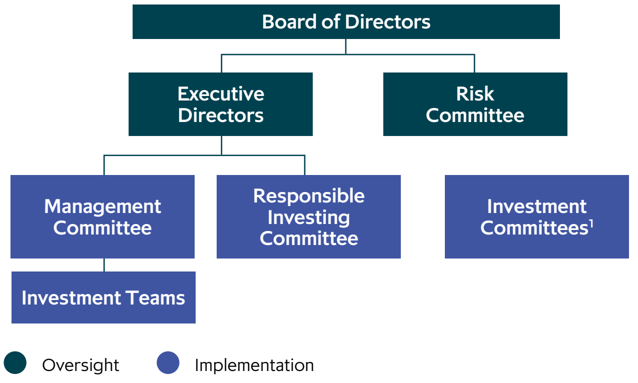
GOVERNANCE

(a) Describe the Board's oversight of climate-related risks and opportunities

Group operations

The diagram below gives a summary overview of our governance structure for the oversight of climate-related risks and opportunities.

Organisational oversight of climate-related matters



[1]Each third-party fund has its own Investment Committee (IC). The ICs are comprised of senior investment professionals and include members of the Management Committee.

The CEO has lead responsibility for climate-related issues. The Board sets the Group's strategic direction and, when setting strategic objectives, it considers all material influencing factors including those relating to climate change. The Executive Directors implement the strategy, including driving climate-related programmes across the organisation.

The Board receives formal updates on ESG-related matters, including climate-related issues, at least twice every financial year. For specific climate-related targets (see Metrics in this TCFD disclosure), 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 68). In addition, the Board also considers climate risk, 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 profile/ appetite of the Group.

Moreover, the Board Risk Committee oversees the Group's risk management framework and controls associated with it, including ESG and climate-related risks, and formally discusses climate risk as it relates to the Group at least annually (see page 85).

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.

Fund management activities

The CEO, who also serves as the Group's Chief Investment Officer, has ultimate accountability and oversight of investment processes and is therefore responsible for climate-related issues across the investment process and in our portfolios.

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 us to consider the implications of climate-related risk and opportunities in our investment research, valuation, and decision-making processes.

The Board has delegated responsibility for the implementation of the Responsible Investing and Climate Change policies to the Executive Directors. As part of the normal course of business, the Board receives updates on how these policies are being implemented.

(b) Describe management's role in assessing and managing climate-related risks and opportunities

Group operations

The Group has a comprehensive risk governance framework and compliance processes and procedures 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. Given the limited direct impact of climate-related issues at a Group level, climate change is not deemed by the Board Risk Committee to be a Principal Risk, albeit it is considered a cross-cutting risk as described below (see page 64).

The Responsible Investing (RI) team and Legal and Compliance teams are jointly responsible for monitoring current and potential environmental legislative changes that could impact the Group and provide formal updates to the Executive Directors on a quarterly basis.

Fund management activities

The Management Committee supports the CEO in overseeing our climate-related policies and procedures for our fund management activities, addressing issues if there are any, and approving new investment strategies, including those with specific climate-related objectives and targets.

An assessment of climate-related risks and opportunities is included in all investment proposals, presented to, and considered by, the Investment Committees (IC) of all our investment strategies. Each IC is responsible for ensuring that climate-related issues are appropriately considered when taking an investment decision. This includes ensuring that the RI team's view is factored into the investment decision, where climate-related issues are material.

Once an investment is made, the investment teams and the RI team monitor climate-related risks and (as appropriate) the implementation of climate-related initiatives and performance relative to established targets by the portfolio companies, as described in Metrics within this TCFD disclosure. Where a Fund has significant influence in the capital structure, progress of climate-related initiatives are monitored by the relevant Fund's IC on a quarterly basis as part of the broader regular portfolio monitoring process.

Day-to-day implementation of the Climate Change Policy is the responsibility of all investment professionals, guided by the Group's RI Committee. The RI Committee meets four times a year and is comprised of the Head of Investment Office and the Head of Responsible Investing, along with senior investment professionals from across the investment strategies. Its role is to oversee the promotion, support and integration of responsible investing practices, including in respect of climate-related matters, across all asset classes. The RI Committee provides regular updates to the Executive Directors and escalates matters to the CEO, as necessary.

As part of the day-to-day activities of the RI team and investment professionals, there is frequent dialogue on climate-related issues for both potential investment opportunities and current investments.

STRATEGY

(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term

We look at three time horizons for 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 change as a cross-cutting risk type that manifests through the Group's established principal risks (see page 64 of this Annual Report). The table below outlines the relevant climate-related risks and opportunities within the Group's operations and our fund management activities. 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 the organisation.

Climate-related risks and opportunities

ICG	Risk/opportunity	Category	Description	Principal risks	Time horizon	Potential impact
Group operations	**Risks**	Acute physical	– Increased severity and frequency of extreme weather	6	– Short term	– Operational disruptions – Increased capital expenditure e.g., higher cost related to workforce impacts; higher insurance premiums factored into office leases
		Chronic physical	– Changes in precipitation patterns – Rising mean temperatures – Rising sea levels	6	– Long term	
		Policy and legal	– Enhanced emissions reporting and climate-related compliance obligations – Potential exposure to regulatory censure, fines and penalties for non-compliance	5	– Short term	– Increased cost of compliance – Reputational damage – Decreased profitability
	Opportunities	Resource efficiency	– Use of lower-emissions sources of energy in offices – Upgrade energy efficiency of, or move to, more efficient offices – Use of more efficient modes of transport for business travel or business conduct – Use of alternatives to travel such as online meetings	6	– Short term – Short term – Medium term	– Reduced operating cost and exposure to energy price volatility – Increased capital expenditure / operating expenditure associated with upgrade requirements – Increased profitability
Fund management activities	**Risks**	Policy and legal	– Enhanced climate-related disclosure obligations for funds – Increasing regulatory pressure (e.g. carbon price/tax) for current and potential investments	5	– Short term	– Increased cost of compliance including the requirement to ensure compliance during holding period of investments – Increased due diligence cost – Reduced fund performance – Loss of clients or reduced demand for our funds
		Technology	– Substitution of existing products and services with lower emissions options impacting portfolio companies	2 3	– Medium term	– Lower fund performance and impact on track record – Lower asset valuations impacting the Group's balance sheet and fund investments – Loss of clients or reduced demand for our products
		Market	– Changing client behaviour impacting demand for products and/or services of current or potential investments – Increasing production costs for portfolio companies due to changing input prices and/or output controls across current or potential investments	2 3	– Medium term	– Lower fund performance and impact on track record – Lower asset valuations impacting the Group's balance sheet and fund investments – Loss of clients or reduced demand for our funds

ICG	Risk/opportunity	Category	Description	Principal risks	Time horizon	Potential impact
Fund management activities	**Risks**	Reputation	– Changing client behaviour impacting demand for products and/or services of current or potential investments – Stigmatisation of specific industries, impacting existing investment exposure	2 3	– Short term	– Lower fund performance and impact on track record – Lower asset valuations impacting the Group's balance sheet and fund investments – Loss of clients or reduced demand for our products – Negative stakeholder perception
	Opportunities	Products and services	– Evolution of products that incorporate climate change mitigation and/or adaptation – Expansion of investment strategies that focus on climate solutions	2 3	– Short term	– Increased revenues in line with growing demand – Growth in AUM
		Technology	– Substitution of existing products and services with lower emissions options across current and potential investments	2 3	– Medium term	– Higher fund performance and enhanced track record – Higher asset valuations impacting the Group's balance sheet and fund investments – Increasing client demand
		Market	– Attracting new clients through strategies aligned with the Paris Agreement/Net Zero – Climate-linked financing reducing the cost of capital at portfolio company, fund, and corporate level	2 3	– Short term	– Growth in AUM – Retention of current and attraction of new clients – Enhanced brand and competitive reputation

Link to Principal Risks

Strategic & Business	Financial	Operational	
1 External Environment Risk	3 Financial Risk	4 Key Personnel Risk	7 Third Party Provider Risk
2 Fund Performance Risk		5 Legal, Regulatory & Tax Risk	8 Key Business Process Risk
		6 Operational Resilience Risk	

(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Group operations

As a cross-cutting risk type, climate-related risk manifests through many of the Group's established principal risks. We consider that the Group's direct operations are not materially exposed to climate risk from changing climatic conditions 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) are likely to be materially exposed to physical climate-related risks.

The RI, Legal and Compliance teams work closely to ensure the Group's compliance with climate-related regulation, including the UK Streamlined Energy and Carbon Reporting (SECR).

The Group is committed to supporting the goal of net zero GHG emissions by 2040 or sooner, in line with global efforts to limit warming to 1.5°C. As part of this commitment, the Group has committed to reducing our direct (Scope 1 and Scope 2) emissions by 80% from a 2020 base year.

We seek to link our climate ambition to our third-party financing, where possible. At the Group level we have raised a total of £1.0bn 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.

Fund management activities

We recognise that the financial impact of climate-related risk and opportunities is most likely to materialise through our investment decisions. The impact of climate change on the operations of portfolio companies or specific asset classes may impact the valuation of those assets 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 long-term risk to the Group.

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

The Group's Net Zero commitment is supported by approved and validated science-based targets covering 100% of our relevant investments. Relevant investments as at 31 March 2022 comprise 25.7% of AUM and include all investment strategies within Structured and Private Equity and Real Assets where a Fund has sufficient influence (defined as at least 25% equity ownership and at least one Board seat).

More detail on our science-based targets can be found here.

Retaining existing clients and attracting new clients through our climate commitments and sustainability-themed funds is an important part of our growth strategy and to date the Group has launched three sustainability-themed funds which, at 31 March 2022, managed a total of $3.2bn of client capital.

At a fund level, we seek to link our climate ambition to our third-party financing, where possible. We have raised a total of $2.6bn ESG-linked fund-level financing since 2021.

(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Group operations

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, so an increase or decrease in the valuation of funds (including as a result of climate-related issues) would not immediately impact the Group's financial position. At a Group level, we do not believe we are directly impacted by climate-related risks.

Fund management activities

Climate risk assessment of existing portfolio

We conduct a formal assessment of exposure to climate-related risks across the portfolio every two years with support from a third-party climate consultancy. We assess the impact of climate-related drivers associated with both changing climatic conditions (physical risks) and the transition to a low carbon economy (transition risks) related to policy, regulatory, market and technology changes. We then conduct a scenario analysis exercise on selected investments which we identified as having potentially higher exposure to climate-related risks.

In 2022, our climate risk assessment assessed approximately 900 portfolio companies across our four asset classes covering almost 90% of our AUM at 31 December 2021.

Scenario analysis of existing portfolio

In 2022 we conducted our second scenario analysis exercise. We expanded the number of scenarios from two to three in line with market practice and used the framework provided by the Network for Greening the Financial System. We considered both transition and physical risk against three scenarios:

- Hot House World: no new international or national policy action takes place to reduce greenhouse gas emissions, leading to warming of over 3°C and severe physical risks
- Orderly: immediate and global action to reduce emissions in a measured way, at a rate that is fast enough to keep climate warming within 2°C with 67% probability, leading to net zero carbon emissions before 2070
- Disorderly: ambitious new climate policies are introduced, but only in 2030. Emissions are sufficiently limited to keep global warming below 2°C, but the transition is faster than in the Orderly scenario as a result of delayed action, leading to larger transition risks for households and businesses

Our transition risk scenario analysis uses scenario indicators drawn from globally recognised datasets. Our physical risk assessment is undertaken at the country level, utilising data trends of countries in which our portfolio companies' key operations are located.

The principal mechanism we employ for assessing climate risk is a proprietary Climate Risk Assessment Tool (CAT), that we have developed in-house with the support of a third-party adviser. The initial step is to use CAT to identify all companies with a potentially heightened exposure to climate risk. The findings from the process helped us define the scope for conducting further climate risk scenario analysis.

Within our Structured and Private Equity and Private Debt asset classes, CAT identified 13 companies as having potentially heightened exposure to climate risk and with unrealised value above our materiality threshold[1]. Further scenario analysis has been conducted on these portfolio companies.

Within our Credit asset class, we conducted a sector-based scenario analysis across 10 sectors. This covered all companies with a potentially heightened exposure based on the results of our analysis with CAT and where the unrealised value exceeded our materiality threshold[1].

Our scenario analysis enables us to improve our understanding of the heightened exposure of these companies to transition and/or physical risks. This analysis is shared with the portfolio company management teams, where relevant, to support their strategic decision making. As appropriate, we then work closely with the management teams to help them address these issues and improve their resilience to climate-related issues.

Developing new 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 changing 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 decision-making process.

We have considered climate-related opportunities in the development of new strategies, including when developing our new sustainability-themed Sale and Leaseback, Infrastructure Equity, and Real Estate Partnership Capital investment strategies. During the year the Group raised a total of $1.7bn of capital for these sustainability-themed funds.

More broadly, 99% of capital raised[2] since 31 March 2021 has been in funds classified as Article 8 under the EU's Sustainable Finance Disclosure Regulation, which are funds that promote environmental or social characteristics. Please refer to our Sustainability and People Report for further details.

To read our Sustainability and People Report.

RISK MANAGEMENT

(a) Describe the organization's processes for identifying and assessing climate-related risks

Group

We consider climate risk broadly and have incorporated it into our Group-wide risk framework as a cross-cutting risk. We assess the following principal risks as currently most likely to be impacted, to varying degrees, as follows:

- **Fund Performance Risk:** Considering the varying climate-related risks that have the potential to affect our investment decisions, driven by changes in regulation and consumer preferences and other physical and business risks and adapting our screening and due diligence and monitoring processes, where appropriate
- **Financial Risk:** Recognising that climate risk will increasingly be incorporated into risk assessments and asset valuations, which could have a material impact on the attractiveness of existing and potential transactions impacting the Group's balance sheet and fund investments
- **Legal, Regulatory and Tax Risk:** Assessing increasing legal and regulatory requirements in relation to climate risk and ensuring that (where relevant) such requirements are embedded in our processes and disclosures
- **Operational Resilience Risk:** Recognising and understanding the potential for business disruption caused by climate change, including within the Group's key third-party providers, to ensure that the Group can adapt and increase our resilience where appropriate

1. Materiality for this assessment was £25m
2. 99% of capital raised that is classified under SFDR, from 1 April 2021 to 31 March 2022

Reputational risk, whilst not a principal risk, is also an important consideration and the Group recognises the increased scrutiny of its actions following a change in stakeholder perceptions of climate-related action or inaction.

Further details of the Group's risk management framework, including the processes used to determine which risks could have a material financial impact on the Group, are set out on page 57.

Fund management activities

For relevant investments, setting climate-specific targets and KPIs is a core component of our ESG engagement process, which we monitor and track over the life of the investment.

Our approach to identifying and assessing climate risk is summarised by key strategy below:

	Structured and Private Equity			Private Debt	Real Assets		Credit
	European and Asia Pacific Corporate	Strategic Equity	Fund of funds/ Secondaries	Senior Debt Partners	Real Estate debt and equity	Infrastructure Equity	Structured Credit CLOs Multi-Asset Credit
Pre-investment							
– Bespoke Climate Risk Assessment Tool	Y	Y	Y	Y	Y[2]	Y	Y
– Enhanced internal climate due diligence (as needed)	Y	Y	Y	Y	Y	Y	Y
– External climate due diligence (as needed)	Y	Y		Y[1]	Y	Y	
Post-investment							
– Ongoing portfolio monitoring process (incl. RepRisk, a third-party ESG research tool)	Y	Y	Y	Y	Y	Y	Y
– Annual ESG survey (including climate change)	Y	Y		Y	Y[2]	Y	
– Investment-specific climate-related KPIs	Y				Y[2]	Y	
– Investment-specific targeted SBT engagement	Y					Y	
– Bi-annual climate risk assessment and scenario analysis (see page 36)	Y	Y	Y	Y		Y	Y

1. ESG due diligence supplied by the third-party equity investment partner
2. Real Estate strategy conducts environmental due diligence as standard and is in the process of standardising its Annual ESG Survey. ICG Real Estate Debt Fund VI has specific climate targets.

(b) Describe the organization's processes for managing climate-related risks.

Further details of the Group's risk management framework, including the processes used to determine which risks could have a material financial impact on the organisation, are set out on page 57.

Group

The Group's exposure to climate risk arising from its co-investment portfolio is managed in line with our standard fund management activities, as outlined above.

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.

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

Fund management activities

The Group incorporates climate-risk assessment into the investment process for all funds. Where the Group has the necessary level of and influence over management, we undertake specific carbon footprint analysis and agree with the portfolio companies' management their bespoke climate-related targets. For relevant investments, the investment team and RI team engage directly with the board and management teams to help them calculate their carbon emissions, and then set emissions reduction targets aligned with the latest climate science and develop strategies to help deliver these targets. We support portfolio companies to get these targets approved and validated by the SBTi.

Across our investment portfolio we have integrated the review, assessment and monitoring of climate change considerations into our investment processes. In line with our commitment to support a more climate-resilient economy, in 2021 we introduced new prohibitions on any direct investments in companies that generate the majority of their revenue from:

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

@ **Please refer to ICG's 2022 Climate Policy and Responsible Investing Policy for further details including our complete Exclusion List.**

For each potential investment opportunity, we identify whether there are any material climate change-related issues associated with the investment. We use our CAT to guide this process. The tool assesses potential climate risk associated with an investment by evaluating industry sub-sector, low-carbon economy transition, and physical climate risks. The tool draws upon various data sources (including the TCFD, Sustainability Accounting Standards Board (SASB), ThinkHazard, Climate Change Performance Index and the World Bank Carbon Pricing Dashboard which are regularly reviewed and updated as necessary. The CAT is a core component of our investment process; it is embedded within our mandatory ESG Screening Checklist, and the result of the assessment is recorded in each investment proposal for consideration by the IC. This ensures that exposure to climate-related risks and opportunities has been explicitly assessed by the relevant IC and considered when making the investment decision. Where investment opportunities are identified as having a higher potential exposure to climate-related risks, additional analysis is completed during the pre-acquisition due diligence process.

In situations where we have significant influence over portfolio companies, external ESG due diligence, including a specific analysis of climate-related risks and opportunities, is conducted as standard and the results incorporated in the IC review process. Following the enhancement of our Responsible Investing Policy in February 2021, we began to systematically track deals declined for climate-related reasons. Between February 2021 and March 2022, we have declined 67 deals where climate-related risk was a contributing factor to the decision. These include investments with significant exposure or dependency on fossil fuel-related products or industries. 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.

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 nature of the issue and the level of influence, we may ask portfolio companies to disclose to us how they manage these issues through our annual ESG survey. Climate change is an integral part of this survey which monitors portfolio companies' governance and management of climate change, as well as their performance and plans for improvement. We publish summary results of our annual ESG survey in our Sustainability and People Report.

To read our Sustainability and People Report.

(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Group

Climate-related risks are considered within the Group's wider risk management framework (see page 57) and section (b) above.

METRICS AND TARGETS

(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Fund management activities

We undertake a carbon footprint analysis of key funds in our Structured and Private Equity and Real Assets asset classes, and the results of this analysis have been incorporated into our ESG reporting to clients.

During this financial year, we enhanced our monitoring and transparency of climate-related matters across our Private Debt and Credit asset classes with the development of a bespoke ESG and Climate Factsheet for our clients. This includes a Fund Climate risk assessment along with key climate metrics recommended by the TCFD for Asset Managers, such as portfolio carbon footprint and weighted average carbon intensity.

We are focused on decarbonising our relevant portfolio, integrating climate risk assessments into our investment decisions, and improving and monitoring energy efficiency and reducing emissions at both portfolio company and fund level.

1. Exposure by asset class to heightened climate-related risk

This metric supports the Group's management of climate-related risk by asset class

Fund Management activities

The table below discloses investments with heightened exposure to climate risk by asset class, based on investments identified as very high risk using the CAT. We take a conservative approach to climate risk assessment and the score is a combination of transition (sector and value chain) and physical risk, taking into account the geographical location of company headquarters and key operational assets. The CAT identifies the following sectors as having a heightened exposure to climate risk: energy, transportation, materials and building and agriculture, food and forestry sectors. The value of investments with heightened exposure to climate-related risks within our portfolios[3] is:

	Structured and Private Equity[1]	Private Debt	Real Assets[2]	Credit[3]
% of portfolio by unrealised value	3%	0%	0%	6%
% of portfolio companies assessed as material	3%	0%	0%	2%

1. Includes the top 30 largest investments of ICG Enterprise Trust Plc (as at 31 July 2021).
2. ICG Infrastructure Equity I only
3. Excluding Structured credit strategies

(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Group

We disclose the Group's GHG emissions in alignment with SECR requirements. We quantify and report our Scope 1 and Scope 2 GHG emissions and voluntarily report our Scope 3 indirect GHG emissions from business travel (see page 42).

(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The following targets and underlying metrics are used by the Group to assess climate-related risk and opportunities, support the Group's Net Zero commitment and are directly linked to the Group's approved and validated science-based targets:

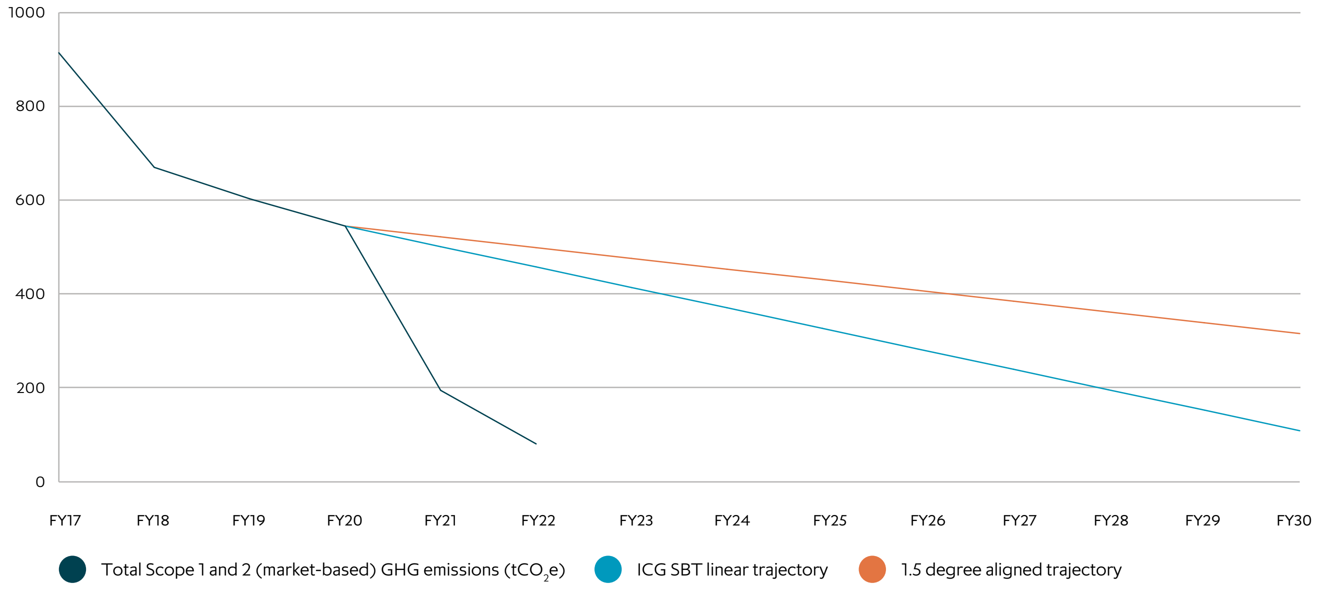
1. Total Scope 1 and Scope 2 GHG emissions

- This metric supports our operational GHG emissions reduction target, which has been approved 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 chart below illustrates the Group's emission reduction versus our SBT trajectory and a 1.5 degree aligned trajectory (see page 42 for our annual disclosure table)

2. Relevant investments with SBTi-approved science-based targets (%)

- The Group's target for 100% of relevant investments to have SBTi-approved science-based targets by 2030, with an interim target of 50% by 2026, was approved by the SBTi in November 2021. This supports our ambition to reduce portfolio emissions
- Relevant investments were 25.7% of AUM as at 31 March 2022

Group Scope 1 & 2 (market-based) greenhouse gas (GHG) emissions (tCO_2e)



3. As at 31 December 2021 or the latest available at the time of assessment

FUTURE PRIORITIES

We are pleased with our progress to date but recognise the way we address certain TCFD recommendations could be further enhanced. As the Group looks to increase its investment and focus on climate-related risks and opportunities, our future priorities will include:

- Continuing to build on existing knowledge at the Board-level to support its work on overseeing climate-related risks and opportunities within the Group's overall business strategy
- Continuing to monitor progress against the Group's Net Zero commitment and particularly the Group's approved science-based targets
- Further embed climate-related risk and opportunities in due diligence, where information is available, to provide more detailed understanding of the impacts of physical climate change and the transition to a lower carbon economy. The Group recognises this is a rapidly evolving area, and improved access to standardised information will facilitate improved due diligence
- Enhancing reporting to clients in respect of climate-related matters through the deployment of our standardised ESG disclosure framework, including fund-level climate metrics, particularly across investing funds
- Expanding product-specific climate-related disclosures to include Scope 3 emissions reporting
- Continuing to assess how each investment strategy might be affected by the transition to a lower carbon economy
- Continuing to closely monitor developments in TCFD disclosures across our market to ensure we can provide information which suitably meets stakeholder requirements and market practice

Metrics: working with peers to improve industry-wide disclosure

One of the challenges facing private market investors is the lack of consistent, comparable climate-related data. As a member of private equity investor-led Initiative Climat International (iCI), we actively participate in three working groups focusing on Carbon Footprinting, Regulation and Net Zero

As part of the Net Zero working group, during 2021, we engaged directly with the SBTi, and were a member of the industry-wide Expert Advisory Group, to develop and road test sector-specific science-based target guidance for the private equity industry. In order to improve and standardise carbon disclosures we have worked with our peers to develop guidance for the private equity industry to measure and report on Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

We are also an active member of the CDP Private Markets Technical Working Group. The aim is to improve the availability and consistency of climate-related metrics and facilitate the benchmarking of climate-related data across the private market

ANNUAL GHG EMISSIONS STATEMENT

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

GHG Emissions Performance

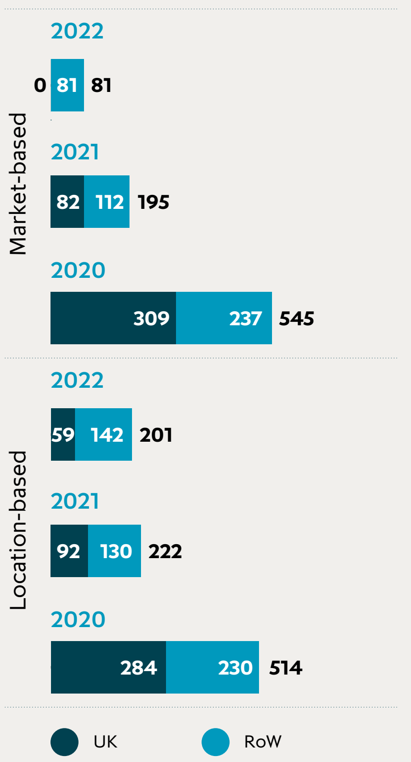
During the reporting period **1 April 2021** to **31 March 2022**, our measured Scope 1 and Scope 2 (market-based) emissions totalled 81 tCO_2e. This equated to 0.13 tCO_2e/FTE or 0.08 tCO_2e/ £m revenue.

Office and business travel-related GHG emissions:

GHG emissions (tCO_2e)		2022	2021	2020
Direct emissions (Scope 1)	Combustion of fuel and operation of facilities	**7**	11	66
Indirect emissions (Scope 2)	Purchased electricity/heat (location-based)[1]	**194**	211	448
	Purchased electricity/heat (market-based)	**74**	184	479
Indirect emissions (Scope 3)	Business travel (flights, rail, vehicles & taxis)	**749**	41	2,640
	Water supply and waste generation (offices)	**4**	0.6	8
	Total Scope 3	**753**	42	2,647

1. 2021 Scope 2 (location-based) emissions for the UK have been restated following an update of the electricity consumption data. Therefore, the UK total found here will differ from previously reported.

Scope 1 & 2 emissions (tCO_2e)



Overall, our 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. As shown in the next section, our offices are consuming a comparable amount of electricity, which explains why total Scope 2 (location-based) emissions have only decreased slightly as national energy mixes continue to decarbonise.

With business travel rebounding, Scope 3 emissions have risen though still significantly below pre-Covid-19 reporting periods. Air travel emissions make up 96% of the Scope 3 total. Water consumption and waste generation in offices has also increased as people are not working from home as often as before.

Our emissions were verified to a limited level of assurance by an independent third party according to the ISO 14064-3 standard.

Metrics	2022	2021	2020
Scope 1 & 2 (market-based) emissions per FTE[2] (tCO_2e)	**0.13**	0.35	1.07
Scope 1 & 2 (market-based) emissions per £M revenue (tCO_2e)	**0.08**	0.24	1.32

Selected fund investments:

GHG emissions (tCO_2e)	2022	2021	2020
Measured emissions related to fund investments[3]	**234,102**	54,997	–

2. FTE figures include all staff: permanent employees and contractors.
3. These emissions represent the total absolute Scope 1 and 2 (market-based) emissions of the portfolio companies in ICG Europe Fund VII and ICG Infrastructure Equity I. Figures reported for 2022 reflect a more comprehensive coverage of Scope 1 and 2 emissions related to the portfolio companies in each fund as well as an increase in the number of portfolio companies in each fund compared to 2021.

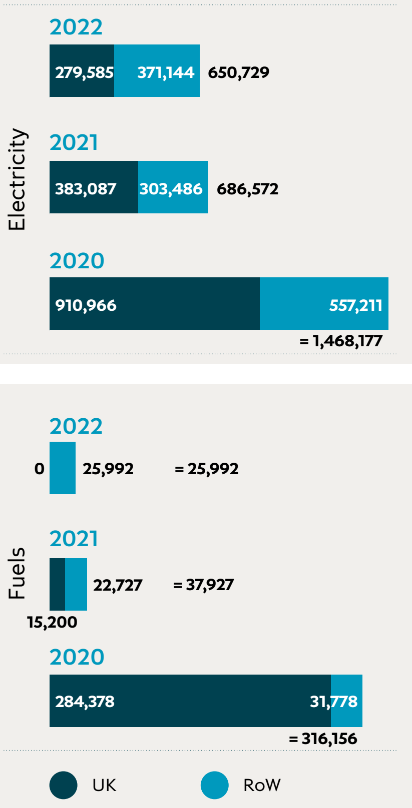
Energy Consumption

During the year, our total fuel and electricity consumption in our operations totalled 677 MWh, of which 41% was consumed in the UK. The split between fuel and electricity consumption is displayed below; with 58% of our electricity from renewable sources (vs 23% in the previous year).

Energy Consumption (kWh)	**2022**	2021	2020
Electricity	**650,729**	686,572	1,468,177
Of which, from renewable sources	**379,161**	154,744	–
Fuels[1]	**25,992**	37,927	316,156

1. Natural gas and transportation fuels (petrol and diesel).

Energy Consumption (kWh)



Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. We consolidate our organisational boundary according to the operational control approach, which includes all our offices around the world. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year are:

- **Scope 1:** Natural gas combustion within boilers and refrigerants from air-conditioning equipment
- **Scope 2:** Purchased electricity consumption for our own use
- **Scope 3**: Business travel (grey fleet, rail, taxis, and air), water supply, and waste generation

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.

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.

Consumption data has been converted into CO_2 equivalent using:

- UK Government 2019, 2020 and 2021 Conversion Factors for Company Reporting
- International Energy Agency international electricity conversion factors (to calculate emissions from corresponding activity data)

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 28 and 32). 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 included in the Strategic Risk section.

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 2022, the Group has a permanent employee population of 525 of which 184 are women and 341 are men. There are three Executive Directors including one woman and one from an ethnic background. Of the 17 senior managers reporting to the Executive Directors (including those based outside the UK), 35% are women.

Board diversity

Biographical details of the Board are set out on page 70 with information on diversity on page 75.

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 19).

We have published our gender pay gap data which is set out on page 107.

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 Task Force on Climate-related Financial Disclosures are set out on page 32.

The Group's disclosures in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements are set out on page 42.

A DISCIPLINED APPROACH TO INVESTING FOR FUTURE GROWTH

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

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

Under IFRS, 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. Details of the reconciliation of APM to IFRS can be found in note 4 to the IFRS financial statements on page 146.

The Group's profit after tax on an IFRS basis was above the prior year at £525.1m (FY21 £461.0m). On the APM basis it was also above the prior year at £538.0m (FY21 £462.7m).

AUM and fund performance

Total AUM

Total AUM for the Group grew 21% during the year (26% on a constant currency basis) and at 31 March 2022 was $72.1bn (31 March 2021: $59.6bn). The balance sheet investment portfolio (excluding warehoused assets) accounted for 5.0% of the Total AUM (31 March 2021: 5.8%).

Third-party AUM

Third-party AUM grew 22% (27% on a constant currency basis), or $12.3bn, during the period to $68.5bn (FY21: $56.2bn).

Third-party AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party AUM
At 1 April 2021	14,548	17,289	6,317	17,998	**56,152**
Additions	11,064	4,239	3,017	5,064	**23,384**
Realisations	(2,642)	(860)	(576)	(4,607)	(8,685)
FX and other	(463)	(862)	(730)	(328)	(2,383)
At 31 March 2022	**22,507**	**19,806**	**8,028**	**18,127**	**68,468**
Change $m	7,959	2,517	1,711	129	**12,316**
Change %	55%	15%	27%	1%	**22%**
Change % (constant exchange rate)[1]	61%	19%	34%	4%	**27%**

1. Please see page 56 for an explanation of constant exchange rate calculation methodology.

At 31 March 2022 we had $17.3bn of third-party AUM available to deploy in new investments, $10.1bn of which is not yet paying fees but will do so when the capital is invested or enters its investment period.

Additions to third-party AUM include $0.9bn of capital that we have called during the period from vintages of funds that have previously had a step-down and are therefore reflected in third-party AUM on a net invested cost basis. Of this, $0.7bn was in Structured and Private Equity and $0.2bn in Private Debt. This is not included in the fundraising performance discussed below.

The movement in "FX and other" during the year of $(2.4)bn was largely due to the strengthening of the US dollar against the euro during the year.

Fundraising

- We raised $22.5bn of third-party AUM during the period, a record amount for ICG. Fundraising was strong across existing and first-time strategies
- Structured and Private Equity was the key driver of fundraising, contributing $10.4bn. Within this, Europe VIII raised $7.7bn from clients and Strategic Equity IV raised $1.5bn during the year. At 31 March 2022, Strategic Equity IV's total fund size was $3.0bn. Both funds are still raising, and we expect to hold final closes for them during FY23
- Private Debt raised a total of $4.1bn, including $2.9bn across two mandates for our SDP strategy, our two largest-ever single-client mandates within ICG

AUM drives visible and contractual management fee income

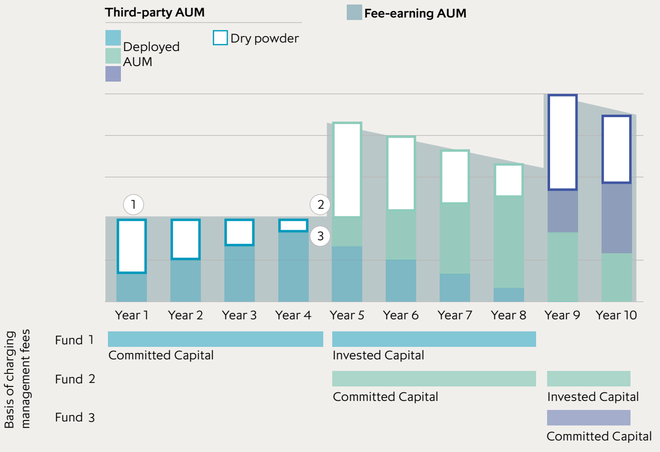
Management fees for closed-end funds are charged on one of two bases:

- Fees on committed capital; or
- Fees on original cost of invested capital

Management fees for closed-end funds are not subject to market movements

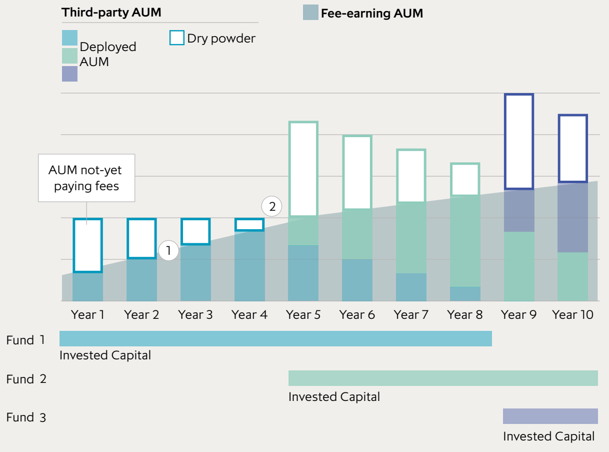
As subsequent vintages of funds are raised, we generate fees from multiple vintages concurrently, creating a compounding fee stream profile.

A strategy charging fees on committed capital



1. Fees are charged on total committed capital during a fund's investment period. *All commitments to the fund are charged fees from the date of the 'first close'.*
2. Successor funds are launched typically once a fund is 85 – 90% invested.
3. At this point, the previous vintage of the fund 'steps down' to charge fees on invested capital, potentially with a reduction in fees of ~25bps. *As the fund realises investments, the invested capital base is reduced.*

A strategy charging fees on invested capital



1. Fees are charged on the original cost of total invested capital for the entirety of the fund's life. The fee-earning AUM therefore increases as capital is deployed, and reduces as the fund realises investments.
2. No 'step down' in fees when a successor fund is launched.

+ In addition to management fees, the Group receives performance fees from certain funds if performance thresholds are met: see page 50

- Real Assets raised $3.0bn, with real estate debt raising a total of $1.6bn across a number of strategies. In addition Infrastructure Equity I raised $1.0bn and Sale and Leaseback I raised $0.5bn during the year. Both funds had final closes during the period (with total fund sizes of €1.5bn / $1.7bn and €1.2bn / $1.3bn at 31 March 2022 respectively), and both represent very strong first-time funds, embedding the future growth potential of those strategies
- Credit raised $5.1bn, of which $0.9bn was in liquid funds and $4.2bn was in CLOs. During the year we raised three new CLOs, accounting for $1.2bn of fundraising. We also took advantage of attractive market conditions by amending the terms of eight existing CLOs to extend the duration of our management fees and lock-in enhanced future returns. This accounted for $3.0bn of fundraising, for which we recorded an equivalent level of realisations

Realisations

- We continued to take advantage of attractive valuations and elevated levels of market activity to anchor fund performance by realising assets as appropriate. We had $8.7bn of realisations within third-party AUM and $11.0bn of realisations of third-party fee-earning AUM (of which $6.4bn was from direct investment funds)
- Structured and Private Equity accounted for $2.6bn of realisations within both third-party AUM and third-party fee-earning AUM, with particularly notable activity in Europe VI and Europe VII (2015 and 2018 vintages respectively)
- Realisations of third-party AUM in Private Debt were $0.9bn, whilst realisations within third-party fee-earning AUM were $2.8bn. The difference between the two is that the majority of realisations were from funds and mandates within Senior Debt Partners where we can re-deploy the capital we realised. While we do not earn fees on uninvested capital on these funds and mandates, and so it is no longer within third-party fee-earning AUM, it remains within our third-party AUM (and we will earn fees on the capital once it is re-deployed)
- Credit accounted for $4.6bn of realisations within both third-party AUM and third-party fee-earning AUM, of which $3.0bn were due to the eight CLOs we amended during the year and for which we recorded an equivalent level of fundraising. The remainder primarily came from liquid credit ($1.2bn)

Deployment

During the year we deployed a total of $15.0bn of AUM on behalf of our direct investment funds (FY21: $7.2bn), split between our asset classes as follows:

$m	FY22
Structured and Private Equity	**8,027**
Private Debt	**4,843**
Real Assets	**2,280**
Group	**14,950**

- Within Structured and Private Equity we saw particularly strong activity in our European Corporate strategies ($5.2bn) and Strategic Equity ($2.5bn)
- Within Private Debt, deployment was driven by Senior Debt Partners ($4.3bn from combination of co-mingled funds and SMAs)
- Within Real Assets, real estate debt strategies deployed $1.2bn, Sale and Leaseback I deployed $0.5bn and Infrastructure Equity deployed $0.2bn

Third-party fee-earning AUM

Third-party fee-earning AUM grew 25% (30% on a constant currency basis), or $11.6bn, during the period to $58.3bn (FY21: $46.7bn).

Third-party fee-earning AUM ($m)	Structured and Private Equity	Private Debt	Real Assets	Credit	Total third-party fee-earning AUM
At 1 April 2021	13,878	10,315	5,331	17,205	46,729
Funds raised: fees on committed capital	9,598	–	1,388	–	10,986
Deployment of funds: fees on invested capital	1,534	4,843	1,403	5,064	12,844
Total additions	11,132	4,843	2,791	5,064	23,830
Realisations	(2,642)	(2,756)	(1,005)	(4,607)	(11,010)
FX and other	(268)	(449)	(244)	(253)	(1,214)
At 31 March 2022	**22,100**	**11,953**	**6,873**	**17,409**	**58,335**
Change $m	8,223	1,637	1,542	204	11,606
Change %	59%	16%	29%	1%	25%
Change % (constant exchange rate)[1]	66%	20%	35%	5%	30%

1. Please see page 56 for an explanation of constant exchange rate calculation methodology.

Deployment levels of key funds

Deployment levels are lead indicators of our potential fundraising timetable. The deployment level for funds that charge fees on invested capital also has an impact on our profitability. The table below details the deployment levels for funds whose fundraising cycle for the subsequent vintage is dependent on the deployment level of the current vintage (excluding funds that were still fundraising at 31 March 2022):

	Percentage deployed at 31 March 2022
Fees charged on committed capital	
Structured and Private Equity	
Europe Mid-Market I	**64%**
Real Assets	
Infrastructure Equity I[1]	**32%**
Sale and Leaseback I	**74%**
Fees charged on invested capital	
Private Debt	
North American Private Debt II	**74%**
Senior Debt Partners IV[1]	**64%**

1. Co-mingled fund, excluding mandates, and, for Senior Debt Partners IV, excludes mandates and undrawn commitments.

To ensure continuity between two fund vintages, ICG's fundraisings usually follow a cycle whereby successor vintages start investing when the predecessor fund is close to being fully invested. This means that the investment period of the predecessor fund typically ends when approximately 90% of its total commitments are invested (with the remaining commitments being used primarily for add-on acquisitions and other capital injections as well as for ongoing expenses).

Performance of key ICG funds

Our funds have continued to perform very strongly this year. We saw particularly significant value creation across all our strategies within Structured and Private Equity. Equity strategies within Real Assets (Sale and Leaseback I and Infrastructure Equity I) are at relatively early stages of their fund lives, and both are showing very promising signs at this point. Our debt strategies are performing well, and the floating-rate nature of many of these strategies is attractive to clients in the current environment, who benefit from rising rates.

We take a disciplined approach to portfolio management. This is reflected in our core sectors such as software, healthcare services, education and renewable energy, as well in how we structure our transactions (typically with lower leverage and a focus on downside protection). Across all our strategies, we ensure that our portfolio companies are appropriately hedged to protect them against interest rate rises, and this is an area we have been spending time on during the last twelve months.

Gross MOIC (Multiple of Invested Capital) is an indication of the returns our funds have made before fees, including both realised and unrealised returns, and therefore of the value that we have created. The target MOIC will vary between strategies and within strategies, and newer vintages with more recent investments will typically have a lower MOIC as the investments have not had time to grow in value. The Gross MOIC of key ICG funds is set out below:

	Investment period started	31 March 2022	31 March 2021
Structured and Private Equity			
Europe V	September 2011	**1.8x**	1.8x
Europe VI	March 2015	**2.1x**	1.9x
Europe VII	April 2018	**1.7x**	1.5x
Europe VIII	April 2021	**1.1x**	–
Europe Mid-Market I	May 2019	**1.2x**	1.1x
Asia Pacific III	July 2014	**2.1x**	1.7x
Asia Pacific IV	February 2020	**1.4x**	1.2x
Strategic Secondaries II	March 2016	**2.8x**	1.8x
Strategic Equity III	November 2018	**2.2x**	1.5x
Strategic Equity IV	March 2021	**1.3x**	–
Private Debt			
Senior Debt Partners II	March 2015	**1.3x**	1.2x
Senior Debt Partners III	December 2017	**1.2x**	1.2x
Senior Debt Partners IV	January 2020	**1.1x**	1.1x
North America Private Debt I	June 2014	**1.4x**	1.4x
North America Private Debt II	January 2019	**1.2x**	1.2x
Real Assets			
Real Estate Partnership Capital III	December 2012	**1.4x**	1.4x
Real Estate Partnership Capital IV	February 2015	**1.3x**	1.3x
Real Estate Partnership Capital V	April 2018	**1.2x**	1.2x
Infrastructure Equity I	March 2020	**1.2x**	1.1x
Sale & Leaseback I	September 2019	**1.3x**	1.0x

Overview: Group financial performance

Third-party fee income grew 34% to £448.7m, driving a 32% increase in our Fund Management Company (FMC) revenue to £512.8m. FMC profit before tax was £286.2m, an increase of 41% compared to FY21, resulting in an FMC operating margin of 55.8% (FY21: 52.1%).

Strong performance of our funds led to a significant net investment returns (NIR) for the co-investment by the Investment Company (IC) of £485.7m, driven predominantly by Structured and Private Equity.

In aggregate the Group reported profit before tax of £568.8m (FY21: £507.7m).

Group earnings per share grew by 16% to 187.6p (FY21: 162.3p).

We remain committed to our progressive dividend policy, and the proposed final dividend of 57.3p per share brings the total dividend per share to 76.0p for FY22, an increase of 36% compared to FY21.

Our balance sheet remains strong and well capitalised, with net gearing of 0.45x, total available liquidity of £1,311.5m and a net asset value per share of 696p. We have a long-term objective to have zero net gearing.

Recognition of performance fees

In addition to management fees (see page 46), the Group receives performance fees from certain funds if performance thresholds are met (see page 201).

Performance fees are a relatively small but important part of the Group's revenue.

The Group receives approximately 20 – 25% of performance fees from the funds that it manages, with the remainder going to the investment teams.

Over the medium term we expect performance fees to be ~10 – 15% of our total third-party fee income.

Accrual of unrealised performance fees is a matter of judgement (see note 3 on page 144) and we take a conservative approach to minimise the possibility of any significant reversals.

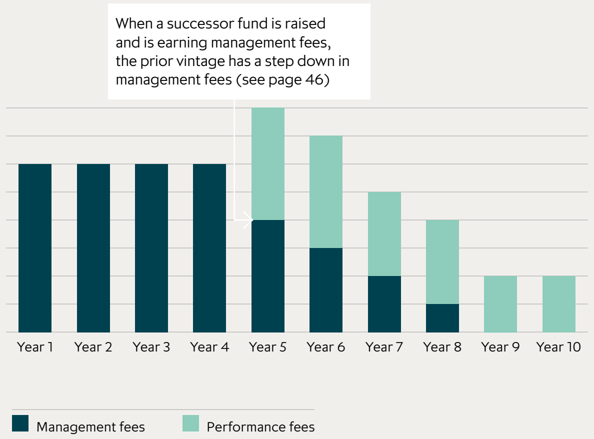
Illustrative recognition of performance fee accrual under IFRS for a fund that charges fees on committed capital (see page 144)

Performance fees are recognised only if it is highly probable that there will not be a significant reversal in the future.

In practice recognition generally occurs after a number of realisations have been made.

Timing of recognition depends on deployment, exits and fund performance.

Where the hurdle date is expected to be reached within 24 months of the year end, a constraint will be applied to the performance fee that is recognised but not yet paid. For FY22, this constraint was 46% (see page 145).



Certain funds that charge fees on invested capital also charge performance fees, which the Group benefits from. The process for recognising performance fees in these funds is the same as outlined above, and the illustrative profile in the graph would change to reflect the management fee being charged on invested. For more detail on how we charge management fees (see page 46).

£m unless stated	31 March 2022	31 March 2021	Change %
Third-party management fees	**392.7**	280.5	40%
Third-party performance fees	**56.0**	53.2	5%
Third-party fee income	**448.7**	**333.7**	**34%**
Other income	**64.1**	54.8	17%
Fund Management Company revenue	**512.8**	**388.5**	**32%**
Fund Management Company operating expenses	**(226.6)**	(186.2)	22%
Fund Management Company profit before tax	**286.2**	**202.3**	**41%**
Fund Management Company operating margin	**55.8**	52.1%	7%
Investment Company revenue	**451.7**	419.0	8%
Investment Company operating expenses	**(118.6)**	(58.1)	104%
Interest expense	**(50.5)**	(55.5)	(9%)
Investment Company profit before tax	**282.6**	**305.4**	**(7%)**
Group profit before tax	**568.8**	**507.7**	**12%**
Tax	**(30.8)**	(45.0)	(32%)
Group profit after tax	**538.0**	**462.7**	**16%**
Earnings per share	**187.6p**	162.3p	16%
Dividend per share	**76.0p**	56.0p	36%
Net gearing	**0.45x**	0.63x	(0.18)x
Net asset value per share	**696p**	566p	23%

Fund Management Company

The Fund Management Company (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.

During the year the FMC generated profit before tax of £286.2m, a 41% increase compared to FY21 (FY21: £202.3m).

Third-party fee income

Third-party fee income grew 34% to £448.7m in FY22 (FY21: £333.7m).

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Structured and Private Equity – management fees	**206.2**	131.4	57%
Structured and Private Equity – performance fees	**47.3**	42.0	13%
Structured and Private Equity	**253.5**	**173.4**	**46%**
Private Debt – management fees	**66.5**	52.9	26%
Private Debt – performance fees	**6.1**	2.9	110%
Private Debt	**72.6**	**55.8**	**30%**
Real Assets – management fees	**61.4**	36.5	68%
Real Assets – performance fees	**0.1**	–	–
Real Assets	**61.5**	**36.5**	**68%**
Credit – management fees	**58.6**	59.7	(2%)
Credit – performance fees	**2.5**	8.3	(70%)
Credit	**61.1**	**68.0**	**(10%)**
Third-party fee income	**448.7**	**333.7**	**34%**
Of which management fees	**392.7**	**280.5**	40%
Of which performance fees	**56.0**	**53.2**	5%

Our third-party fee income is largely comprised of management fees, which have a high degree of visibility and are directly linked to our third-party fee-earning AUM. The increase in management fees during FY22 was largely due to fundraising for Europe VIII and Strategic Equity IV, both of which charge fees on committed capital. Real Assets also saw a notable year-on-year increase due to fundraising for Sale and Leaseback I and Infrastructure Equity I.

Management fees during FY22 include a total of £14.3m catch-up fees, primarily due to Sale and Leaseback I and Infrastructure Equity I.

The effective management fee rate on our third-party fee-earning AUM at the period end was 0.88% (FY21: 0.81%). The increase was due to the substantial fundraising within Structured and Private Equity in strategies with higher fee rates charging fees on committed capital. The fee rate is split between asset classes as follows:

	31 March 2022	31 March 2021
Structured and Private Equity	**1.24%**	1.21%
Private Debt	**0.83%**	0.82%
Real Assets	**0.87%**	0.88%
Credit	**0.47%**	0.45%
Group	**0.88%**	**0.81%**

Performance fees are a relatively small but integral part of our revenue, and during the five years to 31 March 2022 accounted for an average of 12.3% of our third-party fee income. In FY22 performance fees totalled £56.0m (FY21: £53.2m) and accounted for 12.5% (FY21: 16.0%) of our third-party fee income.

Third-party fees are 88% denominated in euros or US dollars. The Group's policy is to economically hedge non-sterling fee income to the extent that it is not matched by costs and is predictable. Third-party fee income in FY22 included a negative impact of £(14.7)m due to FX (FY21: £(1.6)m).

Other income

The FMC recorded dividend receipts of £38.0m (FY21: £33.4m) from investments in CLO equity and recognised £24.8m for managing the IC balance sheet investment portfolio (FY21: £21.4m).

Operating expenses and margin

Operating expenses of the FMC were £226.6m (FY21: £186.2m). The increase was driven by employee-related expenses due to the full year impact of hires made in FY21 and new hires made in FY22, as well as an increase in incentive costs due to the strong performance of the Group during the year.

During the year we have hired across the business, particularly into investment teams and corporate functions (CBS), ensuring that we have the platform to continue to execute on our growth ambitions. We expect to continue to invest in our business during FY23, as well as to see the full-year impact of the hires made in FY22.

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Salaries	**76.0**	63.3	20%
Incentive scheme costs	**87.2**	73.1	19%
Administrative costs	**55.1**	43.2	28%
Depreciation and amortisation	**8.3**	6.6	26%
FMC operating expenses	**226.6**	**186.2**	**22%**
FMC operating margin	55.8%	52.1%	7%

The FMC therefore recorded a profit before tax of £286.2m (FY21: £202.3m) and an operating margin of 55.8% (FY21: 52.1%). The operating margin for FY22 was supported by the rapid fundraising for Europe VIII as well as the catch-up fees that we earned during the year. For FY23 we continue to expect an operating margin in excess of 50%, consistent with our medium-term guidance.

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 funds to align interests between our clients, employees and shareholders. 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 (excluding warehoused investments) was valued at £2,727.1m at 31 March 2022 (31 March 2021: £2,491.8m). The growth was due to valuation gains of £473.1m, largely within Structured and Private Equity. On a cash basis, it experienced net realisations during the year of £269.9m, being new investments of £748.3m and realisations of £1,018.2m.

In addition, the balance sheet had £94.6m (FY21: £64.6m) of warehoused investments at 31 March 2022 that are held in anticipation of being transferred to a third-party fund once the relevant fund has had a first close. Within the warehoused assets, we made new investments of £203.7m during the year including on behalf of LP Secondaries and Life Sciences, and transferred £187.1m to funds that were launched (primarily Real Estate Partnership Capital VI and LP Secondaries I).

The total value of the balance sheet investment portfolio at 31 March 2022 was therefore £2,821.7m (31 March 2021: £2,556.4m).

£m	As at 31 March 2021	New investments	Realisations	Gains / (losses) in valuation	FX & Other	As at 31 March 2022
Structured and Private Equity	1,564.6	509.5	(706.8)	454.2	4.4	**1,825.8**
Private Debt	158.8	37.6	(75.8)	24.6	3.6	**148.8**
Real Assets	303.8	107.7	(117.7)	(5.2)	16.4	**305.0**
Credit[1]	464.8	93.5	(117.9)	(0.5)	7.5	**447.5**
Total balance sheet investment portfolio (excluding warehoused investments)	**2,491.8**	**748.3**	**(1,018.2)**	**473.1**	**31.9**	**2,727.1**
Warehoused investments	64.6	203.7	(187.1)	7.7	5.7	**94.6**
Total balance sheet investment portfolio (including warehoused investments)	**2,556.4**	**952.0**	**(1,205.3)**	**480.8**	**37.6**	**2,821.7**

1. Within Credit, at 31 March 2022 £162.0m was invested in liquid strategies, with the remaining £285.5m invested in CLO debt (£105.6m) and equity (£179.9m)

The balance sheet investment portfolio is 45% euro denominated, 28% US dollar denominated and 19% sterling denominated. We hedge the majority of the FX exposure on our balance sheet.

Net Investment Returns

Net Investment Returns (NIR) of £485.7m (FY21: £445.1m) were primarily driven by Structured and Private Equity, and was split by asset class on an absolute basis as follows:

£m	As at 31 March 2022	As at 31 March 2021	Change %
Structured and Private Equity	**457.7**	342.1	34%
Private Debt	**24.9**	19.2	29%
Real Assets	**(4.1)**	20.9	n/m
Credit	**(0.5)**	57.9	n/m
Total net investment returns (excluding warehoused investments)	**478.0**	440.1	9%
Warehoused investments	**7.7**	5.0	54%
Total net investment returns (including warehoused investments)	**485.7**	**445.1**	**9%**

This translated into the following NIR as a percentage of the average balance sheet investment portfolio:

£m	Balance sheet investment portfolio at 31 March 2022	FY22 average balance sheet investment portfolio	FY22 net investment returns %
Structured and Private Equity	1,825.8	1,695.2	27.0%
Private Debt	148.8	153.8	16.2%
Real Assets	305.0	304.4	(1.4%)
Credit	447.5	456.0	(0.1%)
Total net investment returns (excluding warehoused investments)	**2,727.1**	**2,609.4**	18.3%
Warehoused investments	94.6	79.6	9.7%
Total net investment returns (including warehoused investments)	**2,821.7**	**2,689.0**	**18.1%**

During the five years to 31 March 2022, NIR have averaged 12.8% and we continue to expect NIR of low double-digit percentage points over the medium term.

Our NIR in FY22 were driven by a strong performance in Structured and Private Equity, which reported a 27.0% NIR in the year. The main contributors to that performance were our European Corporate, Asia Pacific Corporate and Strategic Equity strategies. Real Assets was impacted by a write-down on one legacy asset. Within Credit, FY21 was a particularly strong year given write-ups following FY20, and there was also a modest (£2.6m) negative impact on our NIR in Q4 as a result of our liquid funds mark-to-market. Structured and Private Equity and Private Debt both continued to see positive NIR in Q4 of FY22.

Over 50% of the NIR generated during the period were from assets that were sold or for which sale prices were agreed during the period.

In addition to the NIR, the IC recorded other operating income of £2.6m, paid a fee of £24.8m (FY21: £21.4m) to the FMC and recorded a fair value loss of £11.8m (FY21: loss of £7.3m) in movements on derivatives (which are now reported through the revenue line). This resulted in the IC recording revenues of £451.7m (FY21: £419.0m).

Investment Company expenses

Operating expenses in the IC of £118.6m increased from £58.1m in FY21. The increase is predominantly due to a £52.1m increase in incentive scheme costs, which were higher following the strong performance of certain investments within the balance sheet investment portfolio that are eligible for the deal vintage bonus (DVB) scheme. This relates to the performance of relevant balance sheet investments and is paid to investment professionals. It is accounted for on an accrual basis but is distributed only when assets are realised. For more information on the DVB scheme, see page 162.

Employee costs for teams who do not yet manage a third-party fund are allocated to the IC. Once those funds have a first close, the costs of those teams are reported in the FMC from that date onwards. For FY22, the costs within the Investment Company attributable to teams that have not had a first close of a third-party fund were £15.4m (FY21: £11.6m).

£m	Year ended 31 March 2022	Year ended 31 March 2021	Change %
Salaries	**16.7**	12.4	35%
Incentive scheme costs	**82.5**	30.4	171%
Administrative costs	**16.0**	13.0	23%
Depreciation and amortisation	**3.4**	2.3	48%
IC operating expenses	**118.6**	**58.1**	**104%**

Interest expense was £50.5m (FY21: £55.5m) and the IC therefore recorded a profit before tax of £282.6m (FY21: £305.4m).

Group

Tax

The Group recognised a tax charge of £30.8m (FY21: £45.0m), resulting in an effective tax rate for the period of 5.4% (FY21: 8.9%). The decline in the Group's effective tax rate was largely due to the mix of earnings, resulting in lower taxable income in FY22, as well as a number of reversals of previous accruals.

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

We have a progressive dividend policy, distributing 80-100% of FMC profit after tax, to be paid twice-yearly (with the interim dividend being one-third of the previous year's total dividend).

For FY22, in addition to the 18.7p per share interim dividend, the Board is proposing a 57.3p per share final dividend. This would result in a total dividend of 76.0p per share being paid for the year, and increase of 36% compared to FY21 (56.0p). We continue to make the dividend reinvestment plan available.

Balance sheet

Balance sheet strategy

Delivering our strategy and maximising shareholder value require a clear approach to managing our balance sheet. We have a robust, diversified balance sheet and strong liquidity position that allows us to weather crises whilst continuing to invest in the business and support our long-term growth prospects.

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

Net debt and liquidity

At 31 March 2022, the Group had net financial debt of £893.5m, total available liquidity of £1,311.5m, and net gearing of 0.45x. Over time we expect our net gearing to continue to reduce.

In January 2022 the Group issued a sustainability-linked, €500m 8-year bond with a fixed coupon of 2.5%. This provides ample liquidity for repaying outstanding instruments as they mature, at an attractive rate below our current blended cost of debt. The bond features a coupon adjustment based on the progress ICG makes in achieving its science-based targets, underlining our commitment to achieving Net Zero by 2040 across all of our operations and relevant investments.

Net financial debt decreased during the year to £893.5m (31 March 2021: £1,027.2m), with cash increasing from £296.9m to £761.5m due to positive operating cashflow along with the proceeds from the bond issuance:

£m	
Cash at 1 April 2021	**296.9**
Net cash generated by operating activities	324.9
Debt issuance – term debt	300.6
Dividend paid	(165.7)
FX and other movements	4.8
Cash at 31 March 2022	**761.5**
Available undrawn ESG-linked RCF	**550.0**
Cash and undrawn debt facilities (total available liquidity)	**1,311.5**

The Group has a credit rating of BBB (stable outlook) / BBB- (positive outlook) from Fitch and S&P respectively. The Group's drawn debt is provided through a range of facilities and in a range of currencies (the Group hedges certain material foreign currency exposures).

All facilities, except the ESG-linked RCF, are fixed-rate instruments. The weighted average cost of term debt at 31 March 2022 was 3.29% (31 March 2021: 3.59%), with the reduction driven by the attractive rate of the bond issuance we undertook during the year as well as a repayment of a more expensive private placement that matured.

Committed debt facilities in place at 31 March 2022 were as follows:

	Currency	Drawn £m	Undrawn £m	Total £m	Interest rate	Maturity
ESG-linked RCF	**GBP**	**–**	**550.0**	**550.0**	**SONIA +1.41%**	**Jan-25 +1 yr**
Eurobond 2020	EUR	421.0	–	**421.0**	1.63%	Feb-27
ESG Linked Bond	EUR	421.0	–	**421.0**	2.50%	Jan-30
EMTN 2015	GBP	160.0	–	**160.0**	5.00%	Mar-23
Total bonds		**1,002.0**	**–**	**1,002.0**		
PP2013 – Class B	USD	48.7	–	**48.7**	6.25%	May-23
Private Placement 2013		**48.7**	–	**48.7**		
PP 2015 – Class B	USD	32.0	–	**32.0**	4.95%	May-22
PP 2015 – Class C	USD	60.9	–	**60.9**	5.21%	May-25
PP 2015 – Class F	EUR	37.0	–	**37.0**	3.38%	May-25
Private Placement 2015		**129.9**	–	**129.9**		
PP 2016 Class B	USD	86.0	–	**86.0**	4.66%	Sep-24
PP 2016 Class C	USD	41.1	–	**41.1**	4.96%	Sep-26
PP 2016 Class F	EUR	25.3	–	**25.3**	3.04%	Jan-25
PP 2016 Class E	EUR	18.5	–	**18.5**	2.74%	Jan-27
Private Placement 2016		**170.9**	–	**170.9**		
PP 2019 – Class A	USD	95.1		**95.1**	4.76%	Apr-24
PP 2019 – Class B	USD	37.1	–	**37.1**	4.99%	Mar-26
PP 2019 – Class C	USD	76.1	–	**76.1**	5.35%	Mar-29
PP 2019 – Class D	EUR	95.2	–	**95.2**	2.02%	Apr-24
Private Placement 2019		**303.5**	**–**	**303.5**		
Total Private Placements		**653.0**	**–**	**653.0**		
Total		**1,655.0**	**550.0**	**2,205.0**		

The weighted-average life of drawn debt at 31 March 2022 was 4.6 years (31 March 2021: 4.2 years). The maturity profile of our term debt is set out below:

£m	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Term debt maturing	192.0	48.7	301.6	135.0	480.6	–	76.1	421.0

Net asset value

Shareholder equity increased to £1,995.0m (31 March 2021: £1,619.5m), equating to 696p per share (31 March 2021: 566p), due to the retained profits generated during the year.

Net asset value	£m	Pence per share
At 1 April 2021	1,619.5	566
Group profit after tax	538.0	188
Dividends paid	(165.7)	(58)
FX and other	3.2	–
At 31 March 2022	**1,995.0**	**696**

Net gearing

The movements in the Group's cash position, debt facilities and shareholder equity resulted in net gearing declining to 0.45x at 31 March 2022 (31 March 2021: 0.63x).

In line with our prudent approach to balance sheet management, we have a long-term objective to have zero net gearing. As we continue to launch a number of new equity funds in the coming years, supported by our balance sheet, we view this as an appropriate trajectory.

£m	As at 31 March 2022	As at 31 March 2021	Change %
Cash	**761.4**	296.9	156%
Gross drawn debt	**1,655.0**	1,324.1	25%
Net financial debt (A)	**893.5**	**1,027.2**	**(13%)**
Shareholder equity (B)	**1,995.0**	1,619.5	23%
Net gearing (A/B)	**0.45x**	**0.63x**	**(29%)**

Russia and Ukraine

ICG does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or the Ukraine, nor do we have any Russian or Ukrainian clients. From an investment perspective we do not have any investment strategies whose investment focus is Central and Eastern Europe (including Russia). Operationally, with the exception of Warsaw, we do not have any offices in Central and Eastern Europe (including Russia).

We extend our sympathies and thoughts to those impacted by the ongoing conflict as a result of Russia's invasion of Ukraine. At a corporate level we have made donations to support humanitarian relief efforts, and a number of our colleagues and portfolio companies have also taken direct action to help those in need.

Medium-term guidance

We are accelerating our fundraising ambition given the strength and breadth of our platform, along with the strong continued operational performance of the business we are seeing. We now expect to raise at least $40bn in aggregate between 1 April 2021 and 31 March 2024 (previously: $40bn between 1 April 2021 and 31 March 2025).

Guidance on performance fees, FMC operating margin and net investment returns remains unchanged.

Fundraising	Performance fees	FMC operating margin	Net investment returns
At least $40bn fundraising in aggregate between 1 April 2021 and 31 March 2024	Performance fees to represent 10 – 15% of third-party fee income over medium term	In excess of 50%	Low double-digit percentage points over the medium term

Foreign exchange rates

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

	Average rate for FY22	Average rate for FY21	31 March 2022 year end	31 March 2021 year end
GBP:EUR	**1.1755**	1.1254	**1.1876**	1.1750
GBP:USD	**1.3626**	1.3173	**1.3138**	1.3783
EUR:USD	**1.1595**	1.1705	**1.1063**	1.1730

At 31 March 2022 our third-party AUM was $68,469m. If GBP:USD had been by 5% higher 1.3795 our reported third-party AUM would have been $473m higher. If EUR:USD had been 5% higher 1.1616 our reported third-party AUM would have been $1,979m higher.

Where noted, this review presents changes in AUM on a constant exchange rate basis. For the purposes of these calculations, FY21 AUM numbers have been translated from their underlying fund currencies to USD at the respective FY22 period end exchange rates. This has then been compared to the FY22 closing AUM to arrive at the change on a constant currency exchange rate basis.

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 the Risk Management Framework (RMF), for 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 an appetite for risk within a strong control environment to generate a return for clients 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 regular management information 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 and attitudes towards taking and managing risk throughout the Group.

+ **Read more in the Risk Committee report on page 85**

Managing risk

Risk management is embedded across the Group through the RMF, 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. 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 allows for 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 about our culture and values, see page 10.

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, including the Legal, Risk and Compliance teams, who provide oversight and 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 FY22

During the year the risk management development plan which commenced in 2019 has delivered its key objectives, including implementing effective policies, procedures, and frameworks to help direct the Group's risk management strategy and enhance the execution of an effective end-to-end risk management process across all three lines of defence.

Other key initiatives included:

- Assessing the Group's risk exposure to the potential impacts of the Russia-Ukraine conflict and the sanctions imposed on Russia. The Group does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or Ukraine
- Refining the RCSA's and updating the documentation and assessment of key controls into this one process
- Project managing the business response to the Covid-19 pandemic, with employee well-being, business resilience and risk management at the core of our approach
- Developing a combined assurance mapping process to provide an integrated and coordinated approach to aligning the Group's assurance activities, focusing on key risk exposures across the Group
- Assessing the Group's response to the Investment Firm Prudential Regime, including the Group's preparedness for implementation
- Making appropriate preparations for potential changes arising from the proposed audit reform developments made by the UK government, including that the UK should adopt a strengthened internal controls regime, to assess the implications for the Group
- Enhancing the annual fraud risk assessment, to better identify and prioritise areas of fraud risk with a focus on increasing the coverage of potential fraud schemes and the internal controls in place to prevent or detect those schemes

Covid-19

The current outlook is more encouraging than at this point last year, with vaccine programmes having a positive effect and restoring confidence and stability. The Group continues to operate with limited disruption and responding to the operational impacts of the pandemic has become part of our day-to-day operations.

Our employees have continued to adjust to the changes necessitated by the pandemic, and we have recognised the importance of these changes as they evolved throughout the year. We have transitioned to new ways of working that acknowledges both external change and employee sentiment, whilst remaining mindful to the challenges of collaboration and ensuring continued high standards of performance.

We also continue to work closely with the management of our funds' portfolio companies, and any relevant impacts of Covid-19 are subject to regular updates and assessments as part of enhanced portfolio monitoring.

The Group has been able to demonstrate resilience in the face of the Covid-19 pandemic, from a financial, investment and operational perspective, and we remain confident in our ability to withstand further challenges that may or may not emerge. We will remain alert to the uncertainties that persist which may present new competitive risks and opportunities for the Group.

Principal risks and uncertainties

The Group's principal risks are individual risks, or a combination of risks, that can seriously affect the performance, 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 demands 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 may 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 additional monitoring, updating our principal and emerging risks as necessary.

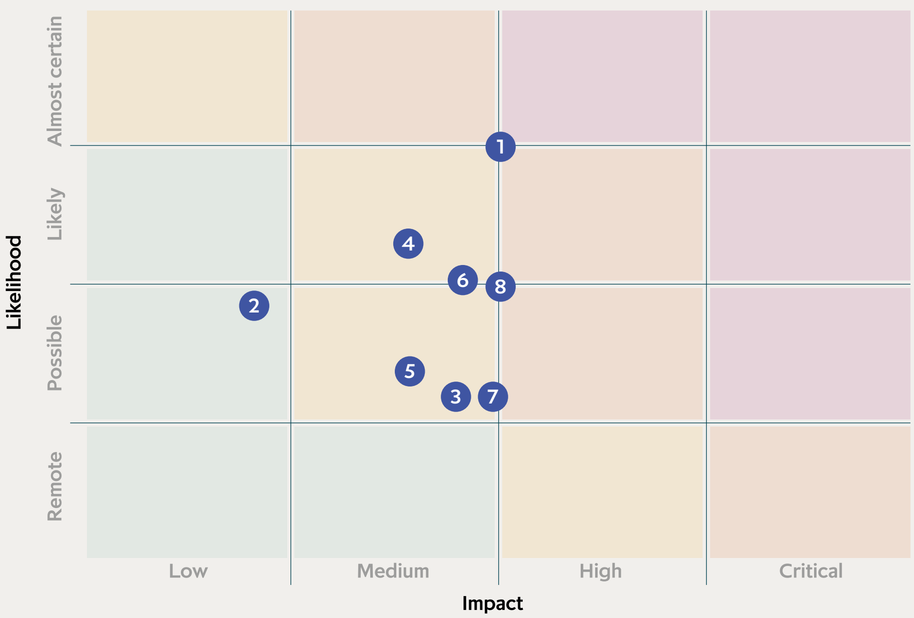
The Group's RMF identifies eight principal risks, within the three categories mentioned above, which are accompanied by associated responsibilities and expectations around risk management and control. Each of the principal risks is overseen by an accountable Executive Director, who is responsible for the related framework, policies and standards.

The 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 have been identified. In making their 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 Group's risk profile has not changed materially since 2021. However, Key Personnel Risk has been a focus and consideration has been given to the residual impacts of Covid-19 on the well-being of our employees, and the ability of the Group to attract talent and retain key people, in what is currently a candidate driven market. As a result of this an increasing likelihood has been reported against Key Personnel Risk. Other risks are stable or reducing after assessing the performance of existing, additional, and ongoing enhancements to processes and controls.

The diagram below shows the Group's principal risks and risk trend compared to the previous year. The horizontal axis shows the estimated impact of a principal risk if it were to materialise, and the vertical axis illustrates the estimated likelihood of this occurring. The assessments are based on the residual risk exposure remaining after mitigating controls.

Risk profile



Strategic & Business	Risk trend
1 External Environment Risk	↔
2 Fund Performance Risk	↔
Financial	
3 Financial Risk	↓
Operational	
4 Key Personnel Risk	↑
5 Legal, Regulatory & Tax Risk	↓
6 Operational Resilience Risk	↓
7 Third Party Provider Risk	↓
8 Key Business Process Risk	↔

External Environment Risk

Strategic alignment

1 2 3

Risk trend

↔

Risk appetite

Moderate

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-end 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 Group 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

The risks and uncertainties arising from the immediate consequences of the Covid-19 pandemic are receding. However, macroeconomic uncertainty and geopolitical risks are increasing from other angles. Several macro challenges have developed, including increased inflation and interest rate concerns. At a Group level we are somewhat insulated from the direct impact of these risks, with our debt financing being fixed rate and with limited supply chain risk. We continue to work closely with the management of our funds' portfolio companies to identify and mitigate these risks, where appropriate.

At the time of writing, the Russia-Ukraine conflict is bringing additional turbulence and uncertainty to the markets. ICG does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or Ukraine.

Despite the uncertainty, these challenges are not new to the Group, and we are well positioned to navigate this investment environment in the long-term interests of our clients. This is evident for the period, where we have experienced very strong fundraising, raising significant third-party AUM, and deploying a substantial amount of capital across all our strategic asset classes.

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

Fund Performance Risk

Strategic alignment

1 2 3

Risk trend

↔

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 under-performance could erode our track record. Consequently, investors in funds might decline to invest in future investment funds we raise and might withdraw their investments in our open-ended strategies. Poor fund performance may make it more challenging to raise new funds, thereby impacting our ability to grow and 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

The strength of our resilient and growth-orientated business model has been evident in our performance for the financial year. We have experienced positive momentum across the whole of the ICG platform during the period and our portfolios have demonstrated resilience and adaptability, in particular to the impacts of the Russia-Ukraine conflict where our exposures are minimal.

Our funds have performed strongly across several dimensions: deployment, realisations and returns. At 31 March 2022, realised portfolio returns (see page 98) reached 15.4% with virtually all funds with hurdles performing above their hurdle rate. Our more equity-focused strategies have seen significant increases in valuation, whilst our debt strategies continue to observe very low impairment rates. The successful and broad-based performance during the last two years against the background of the Covid-19 pandemic provides a strong track-record that will be beneficial in marketing our future funds to clients for many years to come.

Looking ahead, the outlook remains positive. We continue to hire selectively to help drive future growth, most recently in Real Estate where we have hired a Global Head of Real Estate. 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.

+ **Read more detail about the performance of the Group's funds on page 12**

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
Low to moderate

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

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 income and expenditure, and matching assets vs liabilities and revenue vs cost 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

Trend and Outlook
Global markets remain susceptible to volatility from several macroeconomic and geopolitical factors. We have implemented measures to mitigate the impact of foreign exchange and interest rate fluctuations in line with Group policy and we will continue to monitor and respond to the prevailing market environment.

Our balance sheet makes commitments to our funds as well as seeding new strategies. Accordingly, we take a conservative approach to managing our capital resources. We manage our balance sheet prudently, with a strong focus on liquidity. The commitments to funds are legally binding so the Group is required to ensure it has sufficient resources to meet capital calls as they arise. During the year, the Group made several commitments to funds, all of which were carefully reviewed by the CEO and CFOO to ensure that they were in the long-term interest of the Group and that we have sufficient resources to meet such commitments.

The Group remains well capitalised, with £ 1,311.5m available cash and unutilised bank lines as of 31 March 2022. In addition, the Group has significant headroom to its debt covenants. During the year we successfully priced an eight-year, €500m sustainability-linked Eurobond, which will enhance our financial flexibility, lengthen the duration of the Group's liabilities, and provide further liquidity to fund upcoming maturities in the coming years. All the Group's debt is fixed rate, with the exception of the revolving credit facility, which was undrawn as of 31 March 2022 and which is only intended to provide short-term working capital for the Group if required.

+ **Read more about the Group's liquidity, gearing and headroom 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 held by 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. The loss of key personnel, or the inability to attract and develop talent, could have a material adverse effect on our revenues, profitability and cashflows and could harm 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 commensurate with market practice

Trend and Outlook
Despite the encouraging vaccination programmes, the pandemic still represents a risk to our employees' wellbeing and morale and navigating the pandemic and its aftermath remains an ongoing challenge. The importance of employee wellbeing remains elevated, with an increasing focus amongst existing and potential employees on work-life balance and flexible working arrangements, which is being addressed through our enhanced engagement and wellbeing initiatives.

Our people are critical to our success and attracting and retaining key people is a significant operational risk. This is made more challenging in what is currently a candidate-driven market. We have focused this year on ensuring that ICG is well positioned to attract, retain, and develop the necessary calibre of employees, through our enhanced learning and development programmes, targeted engagement on topics of importance to our employees, and our efforts around diversity and inclusion. We have also continued to hire across the business to support our growth ambitions, enhancing our onboarding programme to welcome new colleagues, with a stronger emphasis on collaboration to ensure that the culture and identity of the Group are maintained.

Looking ahead, we intend to utilise quarterly pulse surveys to remain even closer to our employees and to enable us to focus more dynamically on specific areas for potential development.

+ **Read more about our people on page 30**

Legal, Regulatory and Tax Risk

Strategic alignment 1 2 3

Risk trend ↓

Risk appetite
Low

Executive Director Responsible
Vijay Bharadia

Risk Description

Regulation defines the overall framework for the investment management and distribution of the Group's funds and our supporting business operations. The failure of the Group to comply with the rules of professional conduct and relevant 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 competitive or market opportunities, reduce our future revenues and profitability, or require us to hold more regulatory capital.

Key Controls and Mitigation

- Compliance and Legal functions 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 regulations and legislation
- The Tax function oversees the Group's business activities and fund structures, and actively seeks to evaluate, monitor, and manage tax risks and ensure compliance with all relevant tax requirements and principles
- Regulatory, legislative and tax developments are continually monitored to ensure we engage early in any areas of potential change

Trend and Outlook

During the year, the Group has closely monitored several significant regulatory change and oversight programmes to ensure successful execution, notably the Investment Firm Prudential Regime (IFPR), which came into effect on 1 January 2022. IFPR introduces a wide-ranging set of new requirements spanning capital, liquidity, reporting and disclosure, and remuneration. The Group has completed the necessary preparations to meet the requirements of the new regime. Enhancements have also been made to the Group's subsidiary governance framework to strengthen accountability and flows of information, appropriate for the Group's subsidiary activities and complexity.

Our plan to transition away from LIBOR-equivalents is complete for GBP-based products and we are now focused on the USD transition.

We continue to monitor the UK Government's audit reform proposals and to strengthen internal controls.

In December 2021 the Organisation for Economic Co-operation and Development published model legislation to give effect to the Pillar Two Model rules (also referred to as the 'Anti Global Base Erosion' or 'GloBE' rules), which are designed to ensure that large multinational corporations pay a minimum effective tax rate on income arising in each jurisdiction in which they operate. 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. The Group is closely monitoring developments in respect of the implementation of the Pillar Two rules and the potential impact of the rules on the Group's tax position. The Pillar One proposals provide for new profit allocation and nexus rules for multinational corporations in scope. Pillar One is not expected to apply to the Group based on the proposed minimum €20bn worldwide revenue threshold.

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 meet these new challenges, recruiting specialist roles to optimise our coverage and enhance our monitoring and oversight capabilities.

Operational Resilience Risk

Strategic alignment 1 2 3

Risk trend ↓

Risk appetite
Low to 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 senior management 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 Covid-19 pandemic has been pervasive, simultaneously impacting the Group and our employees, investors and suppliers for a duration previously not considered a possibility. Despite the challenges, our response to the pandemic has demonstrated the resilience of our employees and the strength of the infrastructure supporting our business processes. There has been no significant impact on business operations, notwithstanding a significant number of employees working remotely at various times over the period.

We continue to enhance the resilience of systems that underpin our critical business processes and strengthen our response to disruption, particularly considering the current heightened cyber threat landscape as a result of the Russia-Ukraine conflict. Business continuity and contingency planning processes are regularly reviewed and tested and have enabled us to minimise disruption for people working from home. We also manage relationships with key strategic technology suppliers to avoid any disruption to service provision which could adversely affect the Group's businesses.

The Group continues to invest in technology and the maturity of our cyber mitigation controls. Cyber threat is expected to persist in 2022 with increasing levels of sophistication anticipated. The Group's technology and resiliency requirements will continue to be kept under review to ensure that the management of our cyber risk remains appropriate to mitigate the continued and changing nature of the threat and to support the growth of the business.

Third-Party Provider Risk

Strategic alignment 1 2 3

Risk trend ↓

Risk appetite
Moderate

Executive Director Responsible
Vijay Bharadia

Risk Description

The Group outsources several critical 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. Over-reliance on one or only a very limited number of TPPs in a specific and critical 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 measured against the expected standards documented in service agreements and agreed-upon standards
- Regular TPP management includes validation and ongoing oversight of our TPP business continuity practices, to ensure they align with ICG Group standards

Trend and Outlook

Strong governance processes and mechanisms are key to the successful implementation and operation of the Group's outsourced TPP arrangements. During the year, the Group enhanced the TPP governance and oversight framework to optimise commercial contracts, service levels and improve monitoring capabilities. An internal TPP oversight team has been developed to formally lead the oversight framework and activities across our key outsourcers. Additional measures, including clarity of oversight roles and responsibilities and a new suite of key indicators, have been put in place to better understand our TPP relationships by tracking key metrics related to third-party controls, performance, and activities. Additionally, contracts have been re-evaluated and re-negotiated, as needed, to ensure the provision and coverage of TPP services align with the growth of the Group.

The Group will continue to develop the TPP governance and oversight framework to increase the resilience of our outsourced arrangements against a backdrop of evolving risks and to meet any changes to regulatory requirements.

Business Process Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Low to moderate

Executive Director Responsible
Vijay Bharadia

Risk Description

All key operational activities at the Group follow defined business processes that are designed to maximise efficiency, deliver operational excellence, and grow profitability. We face the risk of errors in existing processes, or from new processes because of 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
- Ongoing monitoring of underlying causes of operational risk events, to identify enhancements that require action
- A well-established incident management process 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

The Group continues to make good progress on improving the scalability of our operations platform by increasing fungibility of resources, mitigating individual-specific knowledge, making better use of outsource providers, and optimising and adapting our business processes to new organisational needs. Transformation and project activity, including workflow automation, is yielding more efficient and automated processes and a reduction in operational risk. It is recognised that systematisation of process is likely to increase automation risk, and this is feeding into future IT plans for disaster recovery and business continuity.

To compliment the delivery of key transformation activities, the Group has undertaken a reorganisation of our operations teams, which is now embedded. Additionally, the Group continues to invest in recruitment, bringing additional experience and coverage to key operations areas.

Significant aspects of the Group's target operating model assessment are moving to a state of completeness; however, we recognise and continue to respond effectively to the ongoing challenges to ensure the successful embedding of change, including ongoing system and platform enhancements.

There were no significant changes to the Group's RMF's overall approach to risk governance or its operation in the period, but we continued to refine our framework for risk management where appropriate.

Climate Risks

The Group's risk management framework is how climate risk, and broader ESG risks, are assessed for their proximity and significance to the Group. Climate risk is considered as a cross-cutting risk type that manifests through ICG's established principal risks and is integrated into the Group-wide operational risk management framework through existing policies, processes, and controls. We assess materiality from two angles; first at a Group level, and secondly within our fund management activities.

Close monitoring of Climate risk and ESG risks continues through the Group's Responsible Investing Framework.

Emerging Risks

Emerging risks are thematic risks with potentially material unknown components that may 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, reviewing academic papers, attending industry events (webinars and in person), 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.

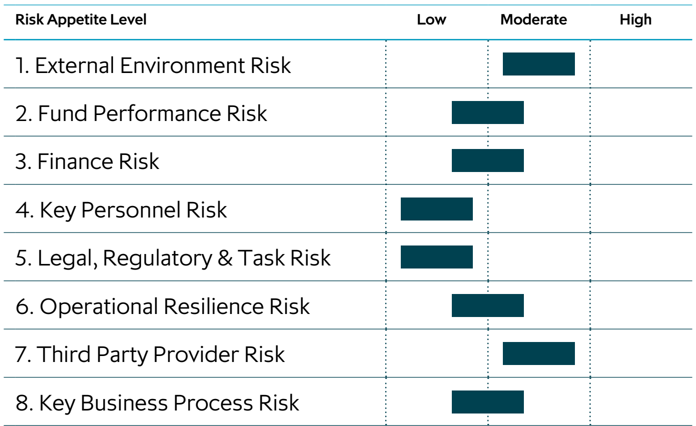
Examples of emerging risks which have been considered during the year include; current and developing macro challenges, including the Russia-Ukraine crisis; elevated levels of inflation and the potential for interest rate rises that could impact the Group and our fund investments; ongoing risks related to the transformation programmes underway to deliver our strategy for growth; implications of the UK Government's audit reform proposals and strengthening internal controls; cyber security; 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.

Each risk appetite statement is supported by several metrics and tolerances to enable us to provide an assessment of risk profile against risk appetite, which is formally assessed on an annual basis and challenged by the Risk Committee and Board. The current risk profile is within our risk appetite and manageable exposure limits.

Risk Appetite Summary



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 19).

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 68). 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 2025 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.

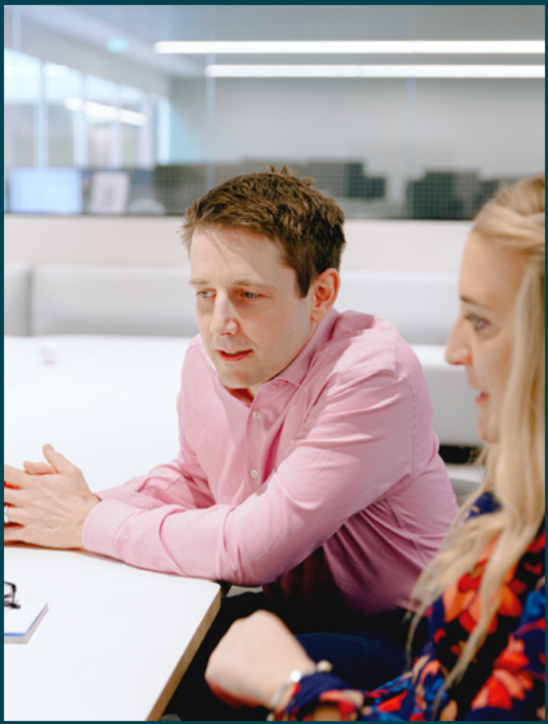
Viability statement

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 65.

Given the above, the Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on pages 120 and 143.

GROWING

"We see huge potential for ICG's future growth. The combination of our unique and wide-ranging platform, our flexible investment solutions, and our global breadth with local knowledge, are key attributes which make up our investment DNA."



Dear Shareholders

I am writing as Chairman for the first time, having assumed this role following the resignation (due to suddenly increased time commitments elsewhere) of Lord Davies of Abersoch on 4 March. Lord Davies had been a knowledgeable and greatly valued leader of our Board since his appointment in late 2019, and we thank him for his contribution to the Company.

The work of the Board during the year is set out in detail overleaf. A key part of the Board's agenda during the year was a Strategy offsite, during which we undertook a detailed review of the current strategy and business plan in the context of current and projected macroeconomic, geopolitical and environmental developments. These discussions were an important backdrop for setting long term and strategic challenges for management.

We have enjoyed discussing our strategy with a number of shareholders this year; as part of a programme of engagement Lord Davies participated in meetings with 11 of our largest shareholders without management present. It was pleasing to receive a clear message of support and confidence from those meetings, with shareholders remarking on their support for management and our growth agenda. I will continue to engage with a range of stakeholders to ensure that their views are reflected in our board considerations. Sustainability and people matters have become ever more prominent at Board level, and a number of the sessions at our Strategy offsite were focused on considering such issues. Your Board believes that the Group should act as a responsible participant in society and that our strategy should reflect this objective.

Sustainability considerations are an important part of the Board agenda, and during the year we have received regular detailed reports from the executive team on ESG matters such as our Net Zero commitment and ESG Investment Criteria. We also invited external governance and ESG specialist to present to the Board. Stephen Welton continues to act as the NED responsible for ESG matters, liaising with management on a regular basis.

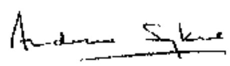
Our Board has a diverse membership in terms of gender, ethnicity, experience and background, and Board members' diversity of thought contributes both to broad and wide-ranging discussions and to carefully considered outcomes. The Board's effectiveness depends on this breadth of debate, and I am delighted to note that our two newest Board members, Rosemary Leith and Matthew Lester, have made significant contributions to our proceedings during the year. All of your Board members are very actively engaged in our discussions.

A culture of open discussion and diverse perspectives is an important component of ICG's success to-date, and will be a significant contributor to the future development of the company. Culture is challenging to measure, but it is of course underpinned and reinforced by effective corporate governance. In her capacity as the NED responsible for employee engagement, Amy Schioldager has continued to meet employees at various offices remotely and in person throughout the year, and has reported back to the Board on a regular basis. Along with our regular discussions with the Executive Committee on people matters, this input helps the Board oversee the practical functioning of ICG's culture.

The Board also considers its own future with long-term succession planning. During the year, the Board agreed that Rusty Nelligan should (after nearly six years of service) step down as Chair of the Audit Committee from 1 July 2022, to be succeeded by Matthew Lester. An experienced NED, who has chaired other Boards and Audit Committees, and with a professional background as a CFO, Matthew will continue the thorough work of his predecessor. Rusty will remain on the Board and the Audit Committee, continuing to bring his experience and knowledge of ICG's business, and supporting continuity, which we believe will be of benefit to both management and the Board.

Throughout the year, the Board and its Committees carefully considered the requirements of the revised Corporate Governance Code. We complied with those requirements for the year ending 31 March 2022. We also recognise the importance of our wider stakeholders in delivering our strategy and business sustainability. We are conscious of our responsibilities and duties to our stakeholders as part of our duty under section 172 of the Companies Act 2006. The impacts of our decisions on different stakeholder groups are uppermost in our minds when discussing issues at Board meetings. You can read more detail on how various stakeholders were considered as part of the Board's decision-making process on page 23.

The Board remains grateful for the support we have had from our stakeholders throughout the year, and we look forward to continuing our constructive dialogue.



Andrew Sykes
Interim Chairman

25 May 2022

THE BOARD'S YEAR

The work of the Board during the year was conducted through seven formal meetings and regular informal engagement with executive management. The activity at formal meetings was reflective of a number of themes.

Strategic review and oversight

In September 2021, the Board held a two-day offsite, designed to focus on strategic matters away from the normal flow of Board activity. The first day featured a number of challenging presentations from guests on macro-economic, geopolitical and market topics, with time for reflection from the Board on how changing global dynamics may impact the future direction of the Group's business. All aspects of our Group were considered in this light, including potential new funds and products, geographic expansion and the impact of technology on our operating platform. The centrepiece of our second day of discussions was a presentation from the Executive Directors of a five-year plan, including a detailed review of each business unit's potential for growth. We also received input from external advisers on the views of our shareholders, investors and other stakeholders.

Subsequent meetings included a number of follow-up discussions and debates, such as a Board discussion with the Head of Marketing and Client Relations to assess the opportunities for new fundraising routes.

Financial performance, outlook and capital

Progress against the Group's Board-approved budget and the market-consensus view of our financials was a topic on each Board agenda, and was discussed in detail by the CFOO in his formal updates to each meeting. The budget for the financial year ended 31 March 2023 was also reviewed and challenged by the Board during the year, and ultimately approved after discussion. The Board was also responsible for reviewing the recommendations of the Audit Committee as to reporting financial results at full year and half year, and as to final and interim dividends, and approving these after appropriate challenge. The balance sheet capital position was also kept under review during the year in a series of presentations by the CFOO and the Group's Treasurer, culminating in the issuance of a €500m sustainability linked bond in January 2022.

Products, investments and markets

At each meeting, the Board received a detailed update from executive management in respect of the overall markets and the macroeconomic situation, progress in respect of fundraising, business development, deployment and realisations. The ongoing effect of the Covid-19 pandemic on the Group's portfolio and investment pipeline was a particular area of focus and was discussed in detail at each meeting. The Board received detailed presentations from portfolio managers during the year in respect of the performance of and outlook for key investment strategies; this was part of the ongoing oversight programme of investment areas and was not solely related to the pandemic. The presentations included detailed reviews of established business areas such as Real Estate and Private Equity Solutions, as well as new areas such as Life Sciences and the opportunities within the Global Wealth Management space.

Operations, risk management and systems

The Board continued to demonstrate a strong oversight of the Group's operating platform during the year, receiving regular updates on how the corporate functions of the Group are adapting to support the continued growth of the business. The Board regularly discussed the importance of scalability as the Group continues to grow over the long term, and received detailed reports on the investments made in the Group's operational capacity, technology and resources, and the enhancements effected across a number of areas. The Board also reviewed and approved key compliance policies, and continued to provide oversight of management's plan prepared to take account of Covid-19 restrictions.

Change of Chairman

Lord Davies of Abersoch resigned as Chairman of the Board at a meeting on 4 March 2022, in response to significantly increased demands on his time from other commitments. The Board acted quickly to consider its leadership, convening a Nominations and Governance Committee meeting immediately. Both that Committee and the Board as a whole concluded that the most appropriate Chair would be Andrew Sykes, the Senior Independent Director. He was therefore invited to become Chair and to consider the longer term picture. In subsequent discussions led by Andrew Sykes, the Committee and the Board concluded that it should search for a long term Chair appointment, and given the current balance of skills and expertise on the Board, there is not an immediate imperative to make an appointment.

Management and leadership

The Board values a culture of transparency and challenge, and as such placed considerable emphasis on considering the findings of the internal board evaluation. The outcome of that evaluation was discussed in full at the start of the year with actions being set, with a follow-up discussion being held six months later to discuss progress against those actions and a further assessment being reported on by the Chairman at the end of the financial year. The Board also recognises the importance of long-term succession planning, and conducted focused discussions in the year in respect of such for NEDs as well as a number of members of senior management.

Culture and values

The Board continued to provide important oversight and leadership in respect of the Group's culture and values. Amy Schioldager, in her role as the designated NED for employee engagement, also provided reports on her engagement activities with employees and her reflections on the culture of the Group, and management provided details of the views outlined by employees in a formal employee survey. The ongoing work of the Diversity and Inclusiveness Champions group was reported on, and the Board provided their insight from experience in other sectors or companies. The Board was also regularly updated on the Group's philanthropy programme and the deployment of the charitable budget, with Andrew Sykes continuing his input as the NED who has led the Charity Working Group since its establishment in 2019; these discussions culminated in a decision to increase our charitable giving to over £2 million for the year and focus on the area of education and social mobility.

Recurring matters

The Board also reviewed and/or approved a number of other standing matters, including reviewing the Terms of Reference of the Board and its Committees, compliance with Terms of Reference on an ongoing basis, the recommendation for re-election of all Directors, the renewal of the Group's insurance policies, the Notice of Annual General Meeting, outside interests of Directors, reviewing fees of all NEDs (excluding the Chairman) and checking the shareholdings of senior executive employees are in line with the internal shareholding policy.

Stakeholders and shareholders

A continual theme in the Board's discussions during the year was the increasing importance of the Group considering its obligations to stakeholders, the environment and society as a whole. Two formal presentations on ESG matters were received during the year, discussing ICG's Net Zero commitment and the integration of ESG factors into investment processes; outside of these presentations, Stephen Welton continued his work as the NED with responsibility for ESG matters, and he and the management team provided ongoing updates to the Board.

The Board also sought external views during the year. The Board was provided with a presentation by a corporate finance and advisory business, concerning the Company's general performance, engagement with shareholders and corporate messaging, and from the Company's brokers (Numis and Citi) on market perceptions of the Group. The Board also received a formal presentation from our largest shareholder, Wellington Asset Management, on areas of shareholder focus. The Board regularly reviewed input from shareholders, with the Head of Investor Relations providing updates to each regular meeting and the Company Secretary providing a summary of governance-related input received from shareholders at the time of the Group's AGM.

Employee-related matters

Our ongoing desire to recruit, retain and develop the best talent meant that employee matters continued to be a top priority for the Board during the year. Each Board meeting received a full update from the Chief People and External Affairs Officer about all relevant matters in respect of our workforce. While this included regular updates on matters such as training and development, workforce diversity and succession planning, a key area throughout the year related to workforce wellbeing, with the Board being continually updated on this area and offering insight on how the Group could continue to best support its employees.

BROAD AND DIVERSE EXPERIENCE

ANDREW SYKES

Interim Chairman

Joined Board: 2018 (Interim Chairman since March 2022)

Andrew Sykes has a wealth of financial services and non executive experience. He was previously Chairman of Smith & Williamson Holdings Ltd, and Chairman of SVG Capital plc. Andrew spent 26 years of his executive career at Schroders PLC. He is an experienced director of UK listed companies with a deep knowledge of the financial services sector and of corporate governance requirements, which, together with his background as a senior executive in the asset management sector, has proven to be invaluable in helping oversee the Group's continued growth.

Other Directorships

BBGI Global Infrastructure SA; Governor of Winchester College and member of Nuffield College Investment Committee.

BENOÎT DURTESTE

Chief Executive Officer and Chief Investment Officer

Joined Board: 2012 (Chief Executive Officer since 2017)

Benoît Durteste has been ICG's Chief Executive Officer and Chief Investment Officer since 2017. He is an experienced investor with a strong understanding of the markets in which the Group operates. During his time on the Board he has been a strong contributor to the Group's strategic development, including leading its European investment business. He contributes a thorough understanding of financial markets and the Group's investment portfolio to Board proceedings. Benoît joined ICG in September 2002 with previous experience at Swiss Re, GE Capital Private Equity and BNPParibas Levfin.

Other Directorships

ICG entities and Chairman of the BVCA Alternative Lending Committee.

VIJAY BHARADIA

Chief Finance and Operating Officer

Joined Board: 2019

Vijay Bharadia has extensive experience as a Chief Financial Officer in the alternative asset management sector. Prior to joining ICG he spent 10 years as International Chief Financial Officer for Blackstone with responsibility for financial, tax and regulatory reporting across Europe and Asia, as well as holding a wider operational and governance brief. Prior to that, he worked at Bank of America Merrill Lynch in a variety of roles, latterly as Co-Chief Financial Officer for EMEA Equities. Vijay was appointed as ICG's Chief Finance and Operating Officer and joined the Board in 2019.

Other Directorships

ICG entities and Barts Charity.

ANTJE HENSEL-ROTH

Chief People and External Affairs Officer

Joined Board: 2020

Antje Hensel-Roth has a wealth of experience in human capital management; prior to joining ICG she was Global Co-Head of the Investment Management Practice at Russell Reynolds Associates, during which time she acted as an adviser to the global alternative investment community. Since joining ICG in 2018, she has been a strong contributor to the strategic direction of the Group and has led a comprehensive drive for excellence in leadership, talent management and diversity & inclusion.

Antje is responsible for leading strategic human capital with a particular focus on business diversification strategies; she also leads communications and external affairs.

Other Directorships

None.

Board Committees

A Audit	R Remuneration
I Independent	RI Risk
N Nominations and Governance	Committee Chair

ROSEMARY LEITH

Non Executive Director

Joined Board: 2021

Rosemary Leith brings to the Board her deep expertise from 25 years in finance, principal investment, start-up creation and growth in Europe and North America. Rosemary is SID, Remuneration Committee Chair and a member of the Audit Committee of YouGov Plc, and was previously a Non-Executive Director of HSBC (UK) with responsibility for Digital. She is a Trustee of the National Gallery (London) and a Fellow at Harvard University's Berkman Center for Internet & Society. She has extensive experience in the technology and digital fields, including as a co-founding Director of the World Wide Web Foundation, and advises and invests in several technology businesses.

Other Directorships

YouGov plc and World Wide Web Foundation.

MATTHEW LESTER

Non Executive Director

Joined Board: 1 April 2021

Matthew Lester serves as Chairman of Kier Group plc and Chair of the Audit and Risk Committee of Capita plc, as well as a Senior Advisor to Federated Hermes EOS. Matthew is a senior finance leader with extensive public company experience, having previously served as Group Chief Financial Officer of both Royal Mail plc and ICAP plc. He also previously served as a Non-Executive Director of both Man Group plc and Barclays Bank plc. He will succeed Rusty Nelligan as Chair of the Audit Committee on 1 July 2022.

Other Directorships

Kier Group plc and Capita plc

KATHRYN PURVES

Non Executive Director

Joined Board: 2014

Kathryn Purves was previously the Chief Executive of IFG Group plc, a wealth management and financial advisory group, leaving this role in 2020 following the sale and de-listing of IFG. Prior to this, her most recent executive role was as the Chief Risk Officer of Partnership Assurance Group plc. Kathryn brings relevant expertise to the Board from her role as a non executive of a number of financial services companies, including as Chair of Saunderson House and Redington. Kathryn's executive experience, particularly in risk management, has proved a valuable resource to the Board and she enhances oversight in a key area for the Group. She also brings valuable investment experience to the Board. Before joining Partnership in 2008, she worked within the private equity industry for 10 years, most recently at Phoenix Equity Partners.

Other Directorships

James Hay Partnership, Aztec Group and Redington.

MICHAEL 'RUSTY' NELLIGAN

Non Executive Director

Joined Board: 2016

Rusty Nelligan was a partner with PwC, retiring in 2016. As lead client partner for global companies in financial services and pharmaceutical life sciences, he was responsible for direction, development and delivery of services for independent audits, assurance and advisory projects relating to corporate governance, internal controls, risk management, regulatory compliance, acquisitions and financial reporting. Rusty was employed by PwC in the US from 1974, in Europe from 1994, and is a US Certified Public Accountant. His extensive and current experience of working closely with major international financial and corporate institutions on matters of corporate governance, financial reporting and internal controls has proven a valuable addition to the Board and Company's development in a growth environment. After serving as Chair of the Audit Committee for six years, he will step down from this role on 1 July 2022 but continue to serve on the Board and the Committee.

Other Directorships

None.

VIRGINIA HOLMES

Non Executive Director

Joined Board: 2017

Virginia Holmes brings to the Board an extensive knowledge of the financial services industry, including both investment management and banking. Her executive experience includes serving as Chief Executive of AXA Investment Managers in the UK and more than a decade with the Barclays Bank Group. She is an experienced director of a number of UK PLCs (including serving on remuneration committees), who enhances the corporate governance understanding of the Board and aids it in considering its relationships with stakeholders.

Other Directorships

Syncona Ltd and European Opportunities Trust PLC.

AMY SCHIOLDAGER

Non Executive Director

Joined Board: 2018

Amy Schioldager was a senior executive at BlackRock where she was a member of the global executive committee and Head of Beta Strategies. She brings extensive knowledge of international investment markets and a track record of global expansion. She is based in the US, a region that is a key growth area for the Group. She was the Founder of BlackRock's Women's Initiative and Vice Chair of BlackRock's Corporate Governance Committee and brings valuable expertise to the Board in these areas. Amy acts as the Non Executive Director responsible for Employee Engagement, bringing forth employee views to the Board.

Other Directorships

Boardspan, Inc. and Corebridge Financial, Inc.

STEPHEN WELTON

Non Executive Director

Joined Board: 2017

Stephen Welton has over 25 years' experience in the development capital and private equity industry as well as angel investing. He has been the Founder and Chief Executive of the Business Growth Fund (BGF), the UK's largest growth capital investor, since its launch in 2011 until July 2020, having previously spent over 10 years at CCMP Capital. He started his career in banking and has also worked as the Chairman and Chief Executive Officer of various growth companies. His current Executive Chairman role of BGF and deep investment experience mean that he is well placed to contribute to the Board on matters relating to strategy and business development.

Other Directorships

Executive Chairman Business Growth Fund plc (BGF) and director of a number of subsidiaries.

Board Committees

A Audit	R Remuneration
I Independent	RI Risk
N Nominations and Governance	Committee Chair

CORPORATE GOVERNANCE FRAMEWORK

Board of Directors

- Comprises the Interim Chairman, Executive and Non Executive Directors (NEDs)
- Has the authority to conduct the business of the Company in accordance with the Company's constitutional documents
- Runs the Group for the long-term benefit of shareholders and other stakeholders

Read more on pages 70 to 72

Executive Directors

- Day-to-day authority (delegated from the Board) for the management of the Group and its business
- General responsibility for:
  - The Group's resources
  - Executing the approved strategy
  - Financial and operational control
  - Managing the business worldwide

Read more on page 118

Audit Committee

- Composed of NEDs
- Oversees external and internal audit and the Group's financial reporting and disclosure

Committee liaises with:

- CFOO
- Head of Finance
- Head of Investor Relations
- Internal Audit

Read more in the report of the Audit Committee on page 77

Risk Committee

- Composed of NEDs
- Oversees the Group's risk management framework and system of internal controls

Committee liaises with:

- Head of Risk
- Global Head of Compliance
- Global Head of Legal and Company Secretary
- Head of Internal Audit

Read more in the report of the Risk Committee on page 85

Remuneration Committee

- Composed of NEDs
- Determines the Group's Remuneration Policy
- Reviews the remuneration of senior management

Committee liaises with:

- CPEAO
- Human Resources
- Global Head of Legal and Company Secretary

Read more in the report of the Remuneration Committee on page 93

Nominations and Governance Committee

- Composed of NEDs
- Evaluates the Board's composition, performance and succession planning
- Oversees the Group's culture and diversity and inclusion initiatives
- Considers candidates for Board positions

Committee liaises with:

- CPEAO
- Human Resources
- Global Head of Legal and Company Secretary

Read more in the report of the Nominations and Governance Committee on page 90

Board roles

Chairman

- Andrew Sykes, who is responsible for:
  - Organising the business of the Board
  - Ensuring its effectiveness and setting its agenda
  - Effective communication with the Group's shareholders and other stakeholders

+ Read more in the Chairman's letter to shareholders on page 67

Non-Executive Directors

- Virginia Holmes, Rosemary Leith, Matthew Lester, Rusty Nelligan, Kathryn Purves, Amy Schioldager and Stephen Welton act as NEDs of the Company
- All NEDs are independent
- Responsible for providing independent oversight of, and challenge to, the Executive Directors

+ Read more on the Directors' profiles on pages 70 to 72

Chief Executive Officer (CEO)

- Benoît Durteste, who oversees the Group and is accountable to the Board for the Group's overall performance

Chief Finance and Operating Officer (CFOO)

- Vijay Bharadia, who leads and manages the Group's financial affairs and the operating platform of the Group

Chief People and External Affairs Officer (CPEAO)

- Antje Hensel-Roth, who has responsibility for strategic human capital management, communications and external affairs

Senior Independent Director

- Kathryn Purves, who acts as a sounding board for the Chairman and, where necessary, acts as an intermediary for shareholders or other Directors if they feel issues raised have not been appropriately dealt with by the Chairman

Key Board support roles

Company Secretary

- Responsible for advising on legal, governance and listing matters at Board level and across the Group
- Provides advice and support to the Board and its Committees
- Manages the Group's relationships with shareholder bodies
- Each Committee's Secretary provides advice and support within the specialist remit of that Committee; they are responsible for ensuring that the Committee members receive relevant information and that appropriate matters are discussed

Committee Secretaries

- Nominations and Governance Committee: Company Secretary
- Remuneration Committee: Company Secretary
- Audit Committee: Head of Finance
- Risk Committee: Head of Risk

Financial year ended 31 March 2022 Board and Committee meeting attendance

Director	Board	Audit[2]	Risk[2]	Remuneration[2]	Nominations[2]
Lord Davies of Abersoch[1]	6/6	–	–	3/3	2/2
Andrew Sykes	7/7	4/4	3/3	4/4	4/4
Benoît Durteste	7/7	–	–	–	–
Vijay Bharadia	7/7	–	–	–	–
Antje Hensel-Roth	7/7	–	–	–	–
Virginia Holmes	7/7	–	3/3	4/4	2/2
Rosemary Leith	7/7	–	3/3	4/4	–
Matthew Lester	7/7	4/4	2/2	–	2/2
Rusty Nelligan	7/7	5/5	3/3	–	–
Kathryn Purves	7/7	5/5	3/3	–	4/4
Amy Schioldager	7/7	5/5	3/3	–	4/4
Stephen Welton	7/7	–	–	3/4	4/4
Secretary	7/7	5/5	3/3	4/4	4/4

1. Lord Davies of Abersoch served on the Board throughout the year until his departure on 4 March 2022.
2. Some non-members attended part or all of some or all Committee meetings at the invitation of the Committee Chair.

Director induction and development

BOARD DEVELOPMENT

" My induction provided the information I needed to become effective immediately."

Matthew Lester
Non Executive Director

Key meetings and knowledge-sharing

Matthew Lester was appointed to the Board on 1 April 2021 and received a tailored induction programme. Also during the year we completed the induction for Rosemary Leith, who joined the Board on 1 February 2021 and had begun her induction in the prior financial year.

The NED induction was conducted both virtually and with in-person meetings arranged as follow-ups, and included:

- A Group strategy briefing from the CEO
- An operational matters briefing from the CFOO
- A talent review with the CPEAO
- A Board-practices session with the Company Secretary
- Investment strategy briefings from business unit heads
- Detailed sessions with the heads of key corporate teams such as Finance, Operations, Legal and Compliance, Risk and Investor Relations

Ongoing training and development

Business and market environment

During the year, the main focus of development for the Board has been to continue improving their detailed knowledge of the Group's business and the market environment. Business unit heads present developments in their areas, including risks and opportunities for growth, to the Board on a regular basis. Business areas reviewed during the year included Private Equity Solutions, the Real Estate division, a new Life Sciences strategy, and other established investment strategies. These sessions give the NEDs a deeper understanding of the Group's business, strategies and markets, and an understanding of team structures to assist with succession planning. They also provide greater opportunity for the NEDs to challenge Executive Directors and senior management.

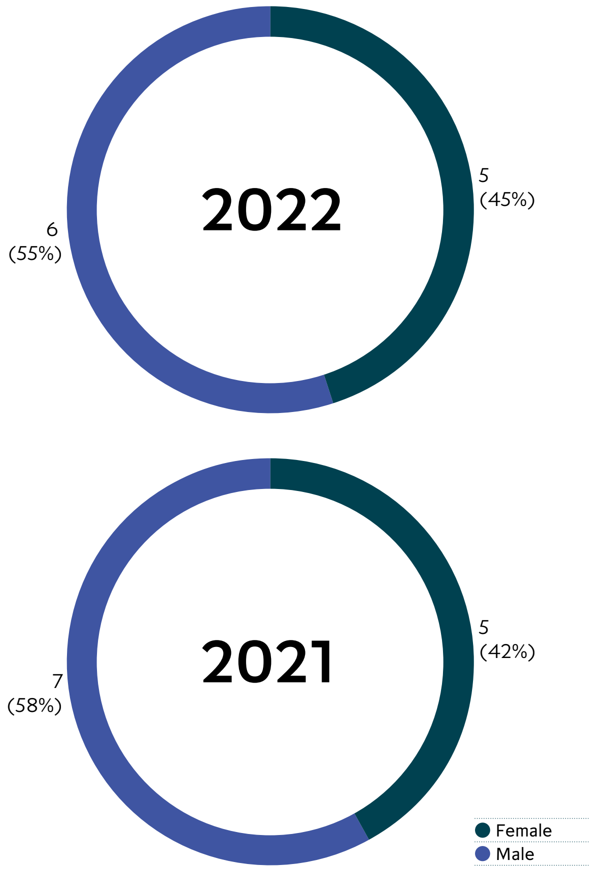
Knowledge-sharing

The heads of the Group's control and oversight functions made regular presentations. The Board and its Committees also received technical updates from external advisers, including financial advisers and brokers, on matters such as ESG considerations, external market conditions and the stakeholder narrative in respect of the Company.

Training

A regular training programme has been established. Training ensures the NEDs receive detailed and more operationally-focused presentations about specialist topics relating to the Group's business (such as incoming regulation or technical market developments). In addition, the Group monitors other external training undertaken by the NEDs, often from leading global advisory companies. The Executive Directors attend Board training and have also undertaken courses on anti-money laundering, anti-bribery and corruption and information security. Each also receives formal and ad hoc updates on statutory and regulatory developments from internal and external parties. The Executive Directors regularly lead business-focused update sessions for all employees on the Group's strategy and markets.

Board gender diversity



BOARD EVALUATION

Process

The Board reviews its own performance annually. The assessment covers the effectiveness and performance of the Board as a whole, the Board Committees and an evaluation of each Director. It is typically led by the Chairman, with support from the Company Secretary, and includes an independent evaluation of the Chairman by the SID.

Following the exercise conducted in 2020 by Consilium and the internal evaluation conducted in 2021, in February 2022 the then Chairman (Lord Davies of Abersoch) commenced a Board Evaluation internally, with Q&A forms being sent to each Director and returned to the Chairman for his review. The Board review exercise was concluded by Andrew Sykes due to the unexpected resignation of Lord Davies on 4 March 2022. The Board has considered the results of the internal evaluation in the light of the departure of Lord Davies, noting that while some points were particularly pertinent to the Board dynamic under his Chairmanship, most remain relevant for the future.

2022 review

The exercise concluded that the Board and each Committee continue to operate effectively. The assessment found that the culture of the Board is transparent and cohesive, and that all board members continue to operate effectively and contribute well to the debate at the Board table. The review noted the Board's commitment to providing support, advice and challenge to Executive Directors; it also concluded that the Board had continued to act effectively and quickly despite the challenges presented by the Covid-19 pandemic, including continued virtual meetings.

The review noted that the findings of reviews from prior years had been wholly or partially addressed, including by a greater focus from the Board on the Group's strategic direction during the year (in particular at the strategy day held during the year) and by the Board receiving a greater insight into ESG matters and their effects on the Group's business.

It was concluded that the main findings of the initial exercise were still pertinent and valuable to the Board's assessment of itself, but that the exercise to be conducted in the financial year to end on 31 March 2023 (which will be externally led) would be important in considering the evolution of the Board under a new Chair. A key priority will be for the Board to ensure that strong relationships are built with a new Chair, including from the CEO.

Some other minor areas of refinement or enhancement were noted following the survey. These will be areas of focus during the forthcoming financial year, alongside any matters identified by a new Chair. The Board will also need to follow through on the impetus provided by the strategy day in September 2021. It was also suggested that Committee attendance be reviewed to ensure consistency.

AUDIT COMMITTEE REPORT

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relative to the integrity of financial reporting and effectiveness of internal controls. We oversee the Group's financial reporting and related elements of its accounting, disclosures, internal controls and regulatory compliance, in addition to the internal and external auditing processes.

AREAS OF FOCUS

Governance
- Committee governance
- Best practice developments
- People and business changes

Financial reporting
- Content and integrity of annual and other periodic financial reporting
- Application of Alternative Performance Measures and reconciliations to IFRS reported financials
- Annual Report presentation: fair, balanced and understandable
- Accounting policies
- Key accounting judgements and estimates
- Going concern and viability

External audit
- Appointment and remuneration of external auditors
- Independence and objectivity
- Audit scope, quality and effectiveness
- Audit firm and leadership rotation and tender process

Internal controls and internal audit
- Financial operations: leadership, effectiveness
- Framework of internal controls over financial reporting
- Material controls underlying overall risk management, in conjunction with the Risk Committee
- Scope, planning, activities and resources of Internal Audit

Committee members
- Matthew Lester
- Kathryn Purves
- Rusty Nelligan (Chair)
- Amy Schioldager

Dear shareholder

I am pleased to present the Committee's report for the year ended 31 March 2022. Separate sections on Committee governance, Review of the year, External audit, Internal controls and Internal audit follow.

It has been another year of significant activity for both the Group and the Committee. In addition to our recurring duties, we have focused on the initiatives in Finance to support the growth of the Group as well as continued enhancement to internal control systems over financial reporting. A key priority for the Committee is that this Annual Report and Accounts published by the Group is an accurate representation of its position, performance and development, and that it provides a reliable basis for decision making. In approving this report the Committee has taken into account the increased macroeconomic risk arising in part from the conflict in Ukraine as well as the aftereffects of the Covid-19 pandemic.

During the year the Committee oversaw the Group's response to the consultation on the White Paper on "Restoring trust in audit and corporate governance" issued by the Department for Business, Energy, and Industrial Strategy (BEIS). The Committee has received regular updates on the work undertaken by the Group to ensure it is appropriately positioned for any new requirements. This has included consideration of an Audit and Assurance Policy, a combined assurance mapping process, and initial outline of activities to further strengthen internal control evaluation.

The Group is required to report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) in the current year and has presented a TCFD report on a voluntary basis since the financial year ended 31 March 2020. The Committee has carefully considered the disclosure in this area, including the impact of climate change on the financial statements, in particular given the commitment to net zero supported by emissions reductions targets approved and validated by the Science Based Targets initiative which were announced during the year.

The Committee has critically evaluated the significant judgements made by management in preparation of the Group's financial statements. This included a review of valuations and performance fees, in particular to ensure reasonable consideration of developing external factors such as uncertainty as a result of ongoing supply chain constraints and labour shortages, energy supplies, inflation trends, and central bank and related government responses.

Key areas of focus and priorities for the next year

Focus	Outcomes
Current year	
Internal control framework and enhancement of assurance processes	– The Committee has received regular updates on the progress of initiatives in Finance to enhance key components of financial reporting processes, including improvements to cash flow reporting, control assessments of structured entities, including carried interest partnerships, and the ongoing system and platform enhancements to facilitate improved control over the preparation of financial reports.
Financial reporting developments	– Reviewed and implemented changes in response to publications by the FRC and monitored the consultation in respect of the future of corporate reporting.
UK Audit Reform	– Responded to BEIS consultation and ongoing discussion with external auditors on the potential impact on the Group's governance and assurance activities.
Development of Audit and Assurance Policy	– The Committee has overseen management's development of an initial Audit and Assurance Policy which will be considered in the context of the BEIS guidance.
Next year	
Finalisation of Audit and Assurance Policy and ongoing monitoring of developments as a result of the BEIS consultation.	
Continued enhancement of the internal control framework and assurance processes, including further system enhancements	

We also challenged management to confirm appropriate consideration of climate-change risk is incorporated in the portfolio valuations. The Committee has continuously evaluated critical activities, viability and going concern assessments, other financial reporting considerations, internal controls effectiveness, and assurance. Assumptions, judgements, estimates, risks, and uncertainties taken into account in the reporting process were subject to appropriate scrutiny and debate.

High quality assurance, including that provided by internal audit, is a key objective of the Committee. During the year the Committee has monitored ongoing development of the internal audit function under new leadership and considered potential future requirements for assurance in accordance with internal policy and expected changes arising from the BEIS consultation.

In February 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2020 Annual Report and Accounts. The letter focused on the significant judgement in respect of non-consolidation of carried interest partnerships and its Statements of Cash Flow.

The Company responded to the enquiries and agreed to make certain prospective enhancements to its disclosures and corrections in its Statements of Cash Flow, none of which were considered material. The FRC have confirmed that their enquiries in respect of both matters have closed[1].

The Audit Committee has continued to coordinate with the Risk Committee and the Remuneration Committee with the aim of effectively covering pertinent topics in the most suitable forum.

Andrew Sykes resigned from the Committee on his appointment as Interim Chairman. I would like to thank him for his contribution to our work.

The Committee plays a vital role in assisting the Board in its oversight responsibilities for the integrity of financial reporting, effectiveness of internal controls, and assessment of quality of the assurance functions. I would therefore be pleased to discuss the Committee's work with any shareholder.

Lastly I wish to thank my fellow members of the Audit Committee, as well as the entire Board of Directors and management, for their steadfast support during the past six years of my tenure as Chair of the Audit Committee, and I look forward to supporting my successor, Matthew Lester.

Rusty Nelligan
Chair of the Audit Committee

25 May 2022

1. When reviewing the Company's 2020 Annual Report and Accounts, the FRC has asked us to make clear the limitations of its review are as follows: its review is based on the 2020 Annual Report and Accounts only and does not benefit from a detailed knowledge of the Group's business or an understanding of the underlying transactions entered into; communications from the FRC provide no assurance that the Company's 2020 Annual Report and Accounts are correct in all material respects and are made on the basis that the FRC (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders; and the FRC's role is not to verify information provided but to consider compliance with reporting requirements.

Committee governance

On behalf of the Board, the Committee encourages and seeks to safeguard high standards of integrity and conduct in financial reporting and internal control.

Our work focuses on the evaluation of significant estimates and judgements underlying the financial statements and the overall fairness and clarity of reported financial information.

Roles and responsibilities

The Committee meets regularly, at least four times a year. It is responsible for:

- Reviewing the annual and interim accounts before they are presented to the Board, in particular addressing any significant issues arising from the audit; accounting policies and clarity of disclosures; compliance with applicable accounting and legal standards; and information used in making significant judgements, including fair values, going concern and viability
- Monitoring the integrity of the financial statements of the Group, including its annual and half-yearly reports, trading updates and any other formal announcements relating to its financial performance, and advising the Board whether it considers the Annual Report to be fair, balanced and understandable
- Selecting and recommending the appointment and reappointment of the external auditor, including tenders where necessary; and negotiating and agreeing audit fees and scope of work
- Reviewing the performance of the external auditor in respect of scope of work, reporting, and quality of audit and overall service
- Reviewing independence, including key-partner rotation, and remuneration of the external auditor and the relationship between audit and non-audit work
- Approving the appointment or termination of the Head of Internal Audit; approving the internal audit charter; and monitoring the effectiveness of the internal audit function in the context of the Group's overall risk management framework
- Reviewing and assessing the annual internal audit plan and resources, receiving and evaluating internal audit reports, and monitoring management's responsiveness to internal audit findings and recommendations

In carrying out its duties, the Committee is authorised by the Board to obtain any information it needs from any Director or employee of the Group.

Composition

The Committee consists of independent NEDs only. The current members are Rusty Nelligan (Chair of the Committee), Matthew Lester, Kathryn Purves and Amy Schioldager. Biographical details can be found on pages 70 to 72.

The Committee members have a wide range of business and financial experience, including accounting and auditing, risk management, asset management and investment, regulation and compliance, M&A, tax and international business practices. These skills ensure the Committee has the relevant sector competence to enable it to fulfil its terms of reference in a robust and independent manner. Rusty Nelligan, a US Certified Public Accountant, was previously a partner at PwC working for over 20 years as lead client partner for European-headquartered global companies in financial services and pharmaceutical life sciences. The Board considers that he has competence in accounting and auditing as well as recent and relevant financial experience.

The Executive Directors and Chairman of the Board are not members of the Committee but regularly attend meetings at the invitation of the Chair of the Committee, together with EY, the Group's external auditor, the Head of Internal Audit, the Head of Finance and the Head of Risk.

The Committee meets separately with the external auditors and Head of Internal Audit without management present at least twice a year to ensure that they are receiving full cooperation from management, obtaining all the information they require, and are able to raise matters directly with the Audit Committee if they consider it is desirable to do so.

In addition, the Chair of the Committee meets with the external auditors, Head of Internal Audit, Executive Directors, and other members of financial and operational management separately, and as appropriate, throughout the year.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2022.

@ **The terms of reference are available on the Group's website www.icgam.com, or by contacting the Company Secretary.**

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2022; the Committee was found to be operating effectively. For more details of this exercise, please see page 76.

Summary of meetings in the year

The Committee held five meetings during the year. The Committee members attending each of the meetings can be found on page 74.

In addition, there was an ad hoc committee meeting in April 2021 to review key aspects of the 2021 Annual Report.

Review of the year

The agenda of the Committee comprises recurring, seasonal and other business. Over the course of the year, the Committee considered and discussed the following significant matters:

The matter and its significance	Work undertaken	Comments and conclusion
Performance measures Alternative performance measures can add insight to the IFRS reporting and help to give shareholders a fuller understanding of the performance of the business **See KPIs on page 19 and the Financial review on page 45**	The Group uses a number of alternative performance measures, including but not limited to: – Cash and debt position – Cash generated from operating activities – Gearing – Balance sheet investment portfolio – Net investment return – FMC operating margin A full list can be found in the glossary on page 196. Strategic KPIs that are alternative performance measures are detailed on page 19. We discussed the use of alternative performance measures with the Executive Directors and the external auditor and reviewed their continued appropriateness and consistency with prior years. Internal audit provided assurance that the alternative performance measures had been prepared on a basis consistent with prior years and were subject to adequate review and validation controls.	We were satisfied that alternative performance measures, which are widely used in the asset management industry, can provide insight into performance from the perspective of our shareholders and other stakeholders. A review of the alternative performance measures was undertaken and we were satisfied that they did not detract from IFRS measures and were: sufficiently defined; consistently applied; and, where relevant, reconciled to IFRS measures.
Consolidation of investments in structured entities The Group holds investments in a number of structured entities which it manages. Judgement is required in assessing whether these entities are controlled by the Group and therefore need to be consolidated into the Group's financial statements **See note 28 and the Auditor's Report on page 126**	We challenged the information analysed by management to assess which third-party funds, carried interest partnerships, and portfolio companies are either controlled by the Group or over which the Group exercises significant influence.	We concluded that the Group controlled 19 funds and two carried interest partnerships. The Group exercised significant influence over four other entities during the financial year. Accordingly, the controlled entities have been consolidated into the Group's financial statements. This has had the impact of grossing up the balance sheet for IFRS compared to APM, with total assets and total liabilities both increasing by £4.8bn (2021: £4.3bn). The Committee concluded that the accounting policies and disclosures were appropriate and had been updated properly. Based on our inquiries of the Executive Directors and external auditors, we concluded policies are being properly applied in areas such as assessing control and significant influence. We concluded that the areas of judgement (see page 143) are properly explained. We gained comfort from the Executive Directors and the external auditors that the Group complied with its reporting requirements.

The matter and its significance	Work undertaken	Comments and conclusion
Annual Report Taken as a whole, the Annual Report needs to be fair, balanced and understandable so that it is relevant to readers **See page 125**	We held preparatory discussions with the Executive Directors to determine the format of the Annual Report and reviewed the assigned responsibilities for its content and overall cohesion and clarity. The Executive Directors compared our 2022 Annual Report with that of other alternative asset managers and best practice more widely. In light of that work we commented on design and content, taking into account the Financial Reporting Council's (FRC) publications and ensuring that feedback on the prior year Annual Report had been addressed. We reviewed all sections of the 2022 Annual Report having particular regard to the Committee's specific responsibilities for the financial statements. We used the Executive Directors' and the Committee's collective knowledge to determine the overall fairness, balance and understandability prior to final approval by the Board. In this context, we especially considered judgemental matters such as the key risks (see page 57), estimates and the period covered by the viability statement (see page 65).	The Committee received confirmation that individual responsibilities had been fulfilled and confirmed that the overall report was consistent with the Directors' knowledge and understanding of the Group. This supported the Committee's, and the Board's, assessment that the Annual Report taken as a whole is fair, balanced and understandable. We were satisfied that the information presented in the Strategic Report was consistent with the performance of the business reported in the financial statements. In particular, we were satisfied that the estimates and quantified risk disclosures in the financial statements are consistent with those identified in the Strategic Report. The Committee concluded that appropriate judgement had been applied in determining the estimates and that sufficient disclosure had been included to allow readers to understand the uncertainties surrounding outcomes. We were satisfied that the viability statement should consider a three-year time horizon given the period covered by the Group's strategic plan, regulatory capital reporting, shareholder fundraising guidance, deployment duration of larger strategies and the cash resources available to the Group.

The matter and its significance	Work undertaken	Comments and conclusion
Investment valuation Investments in funds managed by the Group, in warehoused assets, in senior and subordinated notes of CLO vehicles and in disposal groups held for sale represent 78.3% of our total assets under IFRS. As the assets are mainly unquoted and illiquid, considerable professional judgement is required in determining their valuation **See notes 5 and 10 to the financial statements and the Auditor's Report on page 126**	The Committee received reports summarising the conclusions of the Group's Valuation Committee (GVC) and challenged the judgements made. The Committee paid particular attention to the valuations requiring considerable professional judgement, with direct input from the Chief Investment Officer on market conditions and relevant sector and company insights. Management determined that the most appropriate valuation methodology was applied to ensure that the investments were valued in accordance with the Group's accounting policies, which remain unchanged, and International Private Equity and Venture Capital Valuation or other relevant guidelines where applicable. The Committee inquired into the progress of ongoing asset realisations after the year end as an indicator of the reliability of the valuation process. In addition to the Executive Directors' procedures and the work of the external auditors, internal audit periodically reviews the valuation process and provides the appropriate assurance to the Committee of the Executive Directors' compliance with the Group's valuation policies, process and procedures.	The Committee reviewed the conclusions of the GVC, carefully considering the impact of the current economic environment on the judgement required. We reviewed the methodologies used to value the Group's investments and concluded that the valuations had been performed in line with the accounting policies. In our review of the financial statements we were satisfied that sufficient disclosures had been provided on the estimates and judgements made in determining the value of the portfolio.
Revenue recognition Revenue recognition involves certain estimates and judgements, particularly in respect of the timing of recognising performance fees, which are subject to performance conditions **See note 3 to the financial statements and the Auditor's Report on page 126**	We reviewed the revenue recognition of management fees, performance fees and investment income to confirm that the treatments were consistent with the Group's accounting policies.	The Committee concluded that revenue has been properly recognised in the financial statements.

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review including auditor independence and external audit effectiveness, internal audit, capital strategy, financial and management reporting (including any changes to the Group's accounting policies), risk and treasury management capabilities, relevant people changes, the going concern concept of accounting (see pages 120 and 143), the viability statement (see page 65), the Auditor's Report (see page 126), accounting developments and the Auditor's management letter. No issues of significance arose.

External audit

The Group complies with the UK Corporate Governance Code, the FRC Guidance on Audit Committees and the EU Regulation on Audit Reform. In addition, we comply with all aspects of the Competition and Markets Authority Statutory Audit Services Order.

Appointment and rotation

The Group's policy is to submit the external audit to tender every ten years, as a fair balance between the costs and disruption of a tender and the benefits of a potential fresh pair of eyes and challenge, and for the external audit firm to be rotated at least every 20 years. Under transition arrangements of the relevant regulations, the Group was required to rotate its external audit firm for the financial year ended 31 March 2022 at the latest. The Group elected to make this rotation with effect from the financial year ended 31 March 2021 appointing EY as external auditors. The next tender must be completed for the financial year ended 31 March 2031.

Execution

The Committee discusses and agrees the scope of the audit prior to its commencement. For the financial year ended 31 March 2022, the full scope audit coverage amounted to 93% (2021: 96%) of the Group's profit before tax and 94% (202: 96%) of the Group's net assets.

The Committee reviews with EY the risks of material misstatement of the financial statements and confirms a shared understanding of these risks. While planning the audit, EY sets out the key tests that they perform on the higher-risk areas, and the Committee provides input on areas that it wants to receive particular attention.

The Committee Chair meets or calls the lead audit partner generally monthly throughout the year and more frequently at the public reporting periods, to review Group developments and audit progress. The Committee also discusses with EY, prior to recommendation of the financial statements to the Board, the audit findings, including audit differences, and observations on internal controls, operations and resources. This includes discussions in private sessions without the Executive Directors present.

In accordance with relevant independence standards, the external auditors do not place direct reliance on the work of internal audit.

The Committee are satisfied that the audit is probing, challenging and effective and that the approach provides a reliable audit opinion with a reasonable expectation of detecting material errors, irregularities and fraud.

Materiality

The Committee reviews accuracy of financial reporting with EY including both accounting errors of lesser significance that will be brought to our attention and amounts that would need to be adjusted so that the financial statements give a true and fair view. In principle, errors can arise for many reasons ranging from deliberate fraud to estimates made which did not consider all available information.

For the financial year ended 31 March 2022, overall audit materiality was set at £28.3m (2021: £25.5m). This equates to 5% (2021: 5%) of Group profit before tax. This is within the range that audit opinions are conventionally thought to be reliable.

The auditors use overall materiality combined with their knowledge of the Group, controls environment and assessment of significant risks, to determine which Group entities require full-scope audits or specific audit procedures in order to confirm that the financial statements are free of material misstatement. Further details can be found in the Auditor's Report on page 126.

To manage the risk that aggregate uncorrected errors become potentially material, the Committee agreed with EY to draw attention to all identified uncorrected misstatements greater than £1.4m (2021: £1.3m).

Quality and effectiveness

In assessing the quality and effectiveness of the external audit, the Committee looks at the audit team's demonstrated competence, experience, diligence, objectivity, professional scepticism, current knowledge and its relationship with the Executive Directors and senior management. In particular, the Committee assesses the depth of review and level of challenge provided by the external auditors over the significant judgements and estimates made by management.

The Committee observed healthy debate initiated by EY, and received high-quality reports with detailed information on the scope and results of their work, including challenge to management judgements, estimates and assumptions. The Committee gained valuable insight from EY on the nature of operations underlying the Group's production of financial information, and received a current assessment of internal controls over financial reporting, to the extent observed as a by-product of their audit of the consolidated financial statements.

The overall assessment of audit quality includes an annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. This assessment is based in part on results of observation, inquiry and challenge, throughout the year, as well as periodic reflection and input collected separately from Committee members, Executive Directors and other relevant senior management. The annual evaluation of EY was undertaken by the Committee in September 2021.

In addition to the annual evaluation and regular review of reports and the working practices of the EY audit team, the Committee undertakes an ongoing assessment of external audit quality and effectiveness including, but not limited to, the following:

- The content of EY's annual Transparency Report which sets out their commitment to audit quality and governance
- Insights arising from the Audit Quality Review team (AQRt) of the Financial Reporting Council's annual audit of a sample of EY's audits. Following discussion with EY, insofar as any issues might be applicable, the Committee determines that EY has proper and adequate procedures in place for the audit
- The formal terms of engagement with the auditor, and the audit fee. The Committee determined that the Group audit fee of £1.8m (2021: £1.5m) appropriately reflected the scope and complexity of the work undertaken by EY
- The audit status update received from EY at every Audit Committee meeting, including findings, fees, and compliance with independence requirements

On the basis of this review and our ongoing interactions and observations, the Committee remains confident in EY's work.

Non-audit services

The Board has an established policy setting out what non-audit services can be purchased from the firm appointed as external auditors. The Committee monitors non-audit services provided to the Group by EY to ensure there is no impairment to their independence or objectivity.

The policy sets out the categories of non-audit services which the external auditor is and is not allowed to provide to the Group. We received confirmations from the Executive Directors and EY of adherence to this policy and monitor non-audit services against a fee cap.

@ **A copy of the policy can be found on the Group's website, www.icgam.com.**

During the year, the Group paid £0.2m (2021: £0.2m) to EY for the provision of corporate non-audit services. Of the fees, £0.2m is in respect of services in their capacity as auditor. The ratio of non-audit services to 70% of audit fees on a three-year rolling basis was 0.13:1. A detailed analysis of fees paid by the Group to EY is shown in note 12 on page 161.

Internal controls

Risk management and internal control matters are the responsibility of the Group's Risk Committee. Its report is set out on page 85.

The Group has an established control framework, designed to manage but not eliminate risks and provide reasonable but not absolute assurance against material losses or misstatements.

Effectiveness

The Committee reviews the effectiveness of the financial control environment, including controls over our financial reporting and the preparation of financial information included in the Annual Report. That assessment is taken into account by the Board when it undertakes its review of the effectiveness of material controls (see page 87).

The Committee reviews the operation of the finance function to ensure it is sufficiently resourced and has the appropriate processes and controls over financial reporting to fulfil its duties.

Developments

During the year, the Group made significant progress in further enhancing the operating model for finance and other operations, and continued development of its process and control framework. These changes were advocated by the Committee and are considered necessary steps in view of continued regulatory development and business growth.

Internal audit

The Group has an internal audit function led by an experienced Head of Internal Audit, reporting to the Chair of the Audit Committee. The Head of Internal Audit has access to external service providers with specialised skills, to augment internal resources as needed.

Approach

In conformity with the Financial Services Code (Guidance on effective internal audit in the financial services sector), a risk-based planning process is performed annually. This includes consideration of business objectives and a focus on those risks identified as being most likely to impact delivery of the Group's strategy.

The resulting plan is reviewed and approved by the Committee, with regular updates provided. This is kept under constant review, with any significant changes recommended to the Committee for approval.

The Group has a number of regulated entities that have specific requirements for internal audit activities. These requirements are taken into account in the planning process and, as appropriate, relevant reports on audit scope and findings are shared with the Boards of the regulated subsidiaries.

Execution

The Committee considered and approved the updated internal audit strategy and plan for fiscal years 2021 and 2022. Updates on delivery of this plan, together with related status of remedial actions, are reported at each meeting of the Committee.

During the year, in accordance with the plan, 16 risk-based reviews were completed, responded to by management and reviewed by the Committee. We pay particular attention to identified themes across the business, relative importance and relationship of findings, recommended and agreed remedial actions, and compliance with timescales for resolution and follow-up.

The Committee is satisfied that delivery of the approved internal audit strategy and plan is providing timely and appropriate assurance on the controls in place to feasibly manage the principal risks to the Group.

Effectiveness

The Committee monitors the effectiveness of Internal Audit within the context of the function's charter and stakeholder expectations. The Committee will periodically request an External Quality Assessment of Internal Audit to assess conformance with the IIA Standards and the Financial Services Code.

In the current period, the Committee concluded that the Internal Audit function is operating effectively, at the present level of operations. We continue to monitor resourcing in view of regulatory development and business growth.

RISK COMMITTEE REPORT

The role of the Committee is to support the Board in identifying and managing risk, complying with regulations, and promoting good conduct.

AREAS OF FOCUS

Principal and emerging risks
- Identification and management of principal risks
- Risk appetite and tolerances
- Identification of emerging risks

Governance
- Committee governance
- Oversight of risk and compliance policies
- Best practice and governance code developments

Risk management framework
- Effectiveness of risk management systems
- Review of risk events and remedial actions
- Risk function resourcing

Regulatory risks
- Impact and implementation of regulatory change
- ICAAP / ICARA
- Compliance function resourcing

Committee members

- Kathryn Purves (Chair)
- Rusty Nelligan
- Virginia Holmes
- Amy Schioldager
- Matthew Lester
- Rosemary Leith

Dear shareholder

I am pleased to present the Risk Committee Report for the year ended 31 March 2022.

The purpose of the Committee is to support the Board in providing oversight and challenge of risk management processes and the internal control framework to ensure that we meet the expectations of our shareholders, regulators, and clients. The Committee monitors the Group's risks on an on-going basis and supports the Group's agreed risk appetite, covering the extent and categories of risk which the Board considers acceptable for the Group. Using the information and assessments obtained from regular top-down and bottom-up reviews, alongside evaluation of the Group's principal risk exposures, the Committee creates an effective framework for overseeing risks across the Group.

The committee is deeply concerned about the Russian invasion of Ukraine. First and foremost, our thoughts are with the people in Ukraine, and with our colleagues and clients impacted by the crisis. ICG does not have any material financial or operational exposure at the Group level or within the funds we manage, directly or indirectly, to Russia or Ukraine. Since the crisis began, the Group has taken several actions including promptly and fully implementing the sanctions and other measures imposed and rigorously testing our operational resilience to confirm that the day-to-day running of our operations will not be affected. The Committee recognises the potential for heightened geopolitical, macroeconomic uncertainty and other risk contagion, should the crisis be prolonged and / or escalate further and will continue to monitor the situation closely and adapt our approach as appropriate.

Not surprisingly, throughout the financial year the Committee continued to engage extensively with management over the course of the Covid-19 pandemic and oversee the Group's response, seeking to ensure that the risks posed by the pandemic were mitigated. Responding to the operational impacts of the pandemic has become part of our day-to-day operations, which is overseen by the Executive Directors. However, the Committee remains alert to the uncertainties that persist which may present new risks and opportunities for the Group.

There has been heightened attention on the Key Personnel risk profile of the Group in view of the longevity of the pandemic and the impacts to our employees. Additionally, our employees are experiencing elevated levels of activity and complexity because of the growth of the Group and the transformation activity that is underway to deliver our strategy for growth. Consideration has been given to high performing individuals to support the Group's key commitments and the retention risk of certain groups of subject matter experts is being closely monitored. We also continue to focus on our employees' physical and mental well-being. The Committee will continue to provide the necessary risk oversight as the Group manages the ongoing impact of the pandemic, monitors retention, develops new ways of working and develops plans to build the right skills and capabilities for the future.

The risk management development plan (RMDP) that commenced in 2019, has delivered its key objectives, including effective policies, procedures, and frameworks to help direct the Group's risk management strategy and enhance the execution of an effective end-to-end risk management process across all three lines of defence. Focus has now shifted to refining these enhancements to ensure that business actions and decisions are demonstrably influenced by risk management considerations and information, and to ensure the framework is integrated and aligned with day-to-day management, operations, business processes, and the risk culture of the Group. The aim is to attain a fully integrated and embedded Risk Management Framework that will bring benefits to the Group in financial and non-financial terms.

Alongside the Audit Committee, the Committee monitored the audit reform developments made by the UK government, and the proposal that the UK should adopt a strengthened internal controls regime. Although the requirements and timeline for the regulation to come into force are not established at this stage, the Committee believes it is important for the Group to be aware of the potential practical implications and consider what actions to take now. Following pilot activity, a new approach to the RCSA process is being adopted across the Group through a phased plan, the aim of which is to fully integrate the Group's material control assessments into one process. The Committee supports the revised approach, and the required cultural change to ensure successful adoption, as well as the Group's plans for implementation and embedding.

During the year there continued to be high profile cyber incidents for corporates in the UK and elsewhere, and this threat is expected to persist with increasing levels of sophistication anticipated. The cyber security team increased its monitoring activity as a result of the Russia-Ukraine conflict, and to date we have not seen an increase in overall threats to the Group. The Committee remains alert to the Group's continuous monitoring of the external threat environment to ensure that the management of cyber risk remains appropriate to mitigate the continued and changing nature of the cyber threat.

Finally, the Committee welcomed the progress being made in response to the challenges, risks and opportunities arising from climate change and ESG, which are becoming critical components of risk management. In particular, ESG considerations have been further embedded within the investment process and engagement with portfolio companies. The Committee acknowledges that further work is required to better understand how ESG risks of material significance to the Group are effectively incorporated into the Group's existing operational risk assessments and frameworks, to assist in the ongoing maturity of the Group's broader risk management capabilities.

Looking ahead to the next financial year, it is anticipated that the Committee will focus on:

- Monitoring the heightened geopolitical and macro-economic uncertainty, in particular as a result of the Russia-Ukraine conflict and adapting our approach as appropriate
- Further embedding of ESG into the Risk Management Framework
- Risks associated with the Group's transformation agenda, recognising the challenges faced in ensuring both successful delivery and embedding of change
- Overseeing the Group's ongoing response to the Investment Firm Prudential Regime, and operationally the revised processes required, including developing the ICARA
- 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
- Improving the use of more forward-looking risk information and incorporating risk connectivity into the Group's Risk Management Framework to allow for more proactive management of risk

The Committee will continue to ensure that we are adopting a proactive response to the challenges, risks, and opportunities to which the Group is exposed.

I would be pleased to discuss the Committee's work with any shareholder.

Kathryn Purves
Chair of the Risk Committee

25 May 2022

Governance of risk

On behalf of the Board, the Committee encourages, and seeks to safeguard, high standards of risk management and effective internal controls.

Roles and responsibilities

The Committee meets regularly and is responsible for providing oversight and challenge on:

- The Group's risk appetite, material risk exposures and the impact of these on the levels and allocation of capital
- Changes to the risk appetite framework and quantitative risk limits, ensuring its ongoing integrity and suitability to support the Board's strategic objectives
- The design, structure and implementation of the Group's risk management framework and its suitability to identify and manage current risks and react to forward-looking issues and the changing nature of risks
- Risk reports on the effectiveness of the Group's risk management framework and system of internal controls, including notification of material potential or actual breaches of risk limits and internal control processes and the remedial action taken or proposed
- Risks in relation to major investments, major product developments and other corporate transactions
- Regulatory compliance across the Group, which includes reviewing and approving the Group's compliance policies and monitoring compliance with those policies
- The remit of the risk management and compliance functions, ensuring they have adequate resources and appropriate access to information to enable them to perform their functions effectively

The Committee also reviews and recommends:

- The Internal Capital Adequacy Assessment Process (ICAAP) at least annually and more frequently as necessary, to the Board
- The extent of Directors' and Officers' insurance coverage, to the Board
- The prosecution, defence or settlement of litigation or alternative dispute resolution for material potential liabilities, to the Board
- The effectiveness of the Group's risk management and internal controls systems, to the Board
- Alignment of the remuneration policy with risk appetite, and adjustments to any employee's remuneration for events that have been detrimental to the Group or events that have exceeded the Board's risk appetite, to the Remuneration Committee
- All material statements to be included in the Annual Report, half year report, prospectuses and circulars concerning risk management, to the Audit Committee

Composition

The current members are Kathryn Purves (Chair of the Committee), Virginia Holmes, Matthew Lester, Rosemary Leith, Rusty Nelligan and Amy Schioldager. Biographical details can be found on page 70. The Committee members have a wide range of business and financial experience, including risk management, fund management and investment, regulation and compliance, M&A, tax, and international business practices. In particular, Kathryn Purves was the CRO of Partnership Assurance Group plc. These skills enable the Committee to fulfil its terms of reference in a robust and independent manner.

The Executive Directors of the Board are not members of the Committee but attend meetings at the invitation of the Chair of the Committee. The Head of Risk, Group Head of Compliance, Head of Internal Audit, and the Company Secretary attend all the meetings.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2022.

@ **The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.**

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2022; the Committee was found to be operating effectively. For more details of this exercise, please see page 76.

Monitoring the effectiveness of controls

The Risk Committee is provided with several risk reports, which it uses to continually review the Group's risk management framework and works closely with the Audit Committee to review the system of internal controls. The reports enable the Committees to develop a cumulative assessment and understanding of the effectiveness with which internal controls are being managed and risks are being mitigated by management across the Group.

As part of their review the Committees consider whether the processes in place are sufficient to identify all material controls, defined as those critical to the management of the principal risks of the business. Additional reporting on the effectiveness of material controls is provided to the Audit Committee on an annual basis to support the review of the effectiveness of controls in managing the principal risks.

The Board, on recommendation from the Risk and Audit Committees, and considering the work of Internal Audit overseen by the Audit Committee, confirms that the Group's risk management and internal control systems are operating effectively, and material controls operated effectively throughout the year.

Summary of meetings in the year

The Committee held three meetings during the year. In the ordinary course of business, the Committee receives reports from both the Head of Risk (providing an assessment of each principal risk versus appetite, key risk events, key emerging risks, actions taken or being taken to manage the risks), and from the Group Head of Compliance (providing an assessment of global compliance including the Group's monitoring programme and implementation of relevant regulatory developments).

Over the course of the year the Committee considered and discussed the following significant matters:

- The Committee continuously evaluated the Group's principal risks, considering recommendations for promoting additional risks and changes in the scope of existing risks. In addition, the Committee received regular reporting on principal risks, upcoming trends, and emerging risks. Careful attention continues to be paid to the ongoing potential impacts of Covid-19, and the Committee will continue to monitor the potential exposures and overall risk profile of the Group as matters evolve
- Delivery and embedding of the RMDP that commenced in 2019 has remained a key focus, with the Committee receiving regular updates on the continued roll out of the RCSA process. As the Group continues to refine the RCSA process, the Committee will focus on continuing the strengthening of the Group's risk management activities and overseeing the shift and improvement of risk management responsibilities to the Group's first line teams
- The Committee carried out a detailed review of the Group's 2021 ICAAP and was satisfied that the operational risk and financial stress scenarios were appropriately calibrated and also stressed the particular vulnerabilities of the Group. They were further satisfied that the Group would meet internal and regulatory requirements for capital and liquidity in such scenarios
- The Committee considered regular updates on emerging regulatory and legal risks and continued to closely monitor several significant regulatory change and oversight programmes to ensure successful execution, notably the Investment Firm Prudential Regime (IFPR), which came into effect on 1 January 2022. IFPR introduces a wide-ranging set of new requirements spanning capital, liquidity, reporting and disclosure and remuneration. Of particular note is the proposed replacement of the current ICAAP with a new Internal Capital and Risk Assessment (ICARA) process. The Committee was briefed on the Group's readiness to meet the requirements of the regime, which captured all substantive matters and the steps that the Group needs to take to ensure compliance when the ICARA is prepared in 2022
- The Group places significant focus on subsidiary governance and recognises the role subsidiaries have in terms of corporate governance, reporting and managing risk. The Committee welcomed an update from the Group's Global Head of Legal and Compliance regarding the proposals to enhance the subsidiary framework to strengthen accountability and flows of information, appropriate for the Group's subsidiary activities and complexity
- The Group's cyber security lead presented the annual Information Technology and Cyber update to the Committee, which covered the progress made in the development of the Group-wide governance model and strategy for cyber security management and data privacy risks. The Committee looks forward to receiving detailed reporting of key cyber metrics and corresponding risk assessments on a more regular basis
- The Committee was briefed on the progress in terms of plans and preparedness for the Libor transition in respect of the Group and fund to the new risk-free rates and was pleased to hear that key milestones set by the Risk Free Rate Working Group have been met and are in line with FCA expectations, including transitioning existing deals and borrowing facilities in GBP Libor and concluding outstanding system upgrades. The transition of USD Libor exposure will be a key focus in the financial year ending 31 March 2023. The impact on the Group is immaterial
- The Committee was updated on the progress being made to the operational risk framework in response to the challenges, risks and opportunities arising from climate change. The Committee welcomed the progress being made to better understand how climate risks of material significance can be digested into practical risk assessments and incorporated into the Group's existing operational risk framework
- The Committee acknowledged the continued efforts to enhance the Group's supplier risk oversight framework and discussed with the Head of Operations and Information Technology the positive work undertaken to reduce operational risk exposure through improved third-party provider service levels and risk reporting. The Committee considers that these activities will ensure the ongoing resilience of key services to the Group and its investors
- The Group's assurance functions held a dedicated session with the Chair of the Risk Committee and the Chair of the Audit Committee to review and challenge the new Combined Assurance proposal, which aims to provide an integrated and coordinated approach to aligning the Group's assurance activities, focusing on key risk exposures across the Group. The Committee is satisfied with the good progress being made to align the Group's assurance activities

Other matters considered

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review, including the adequacy of resourcing in the compliance and risk functions, updates on key policies and a review of the annual Whistleblowing report and the Money Laundering Officer's report. The Committee meets privately with both the Head of Risk and the Group Head of Compliance on an annual basis.

Internal Audit, Risk and Compliance monitoring

Internal Audit, Risk and Compliance work closely together to ensure appropriate coverage of the Group's activities.

The Committee supported the Audit Committee in its oversight of the internal audit programme (see page 84), which is risk-based. It is designed to permit changes to the programme in the light of changed circumstances. In conjunction with the Audit Committee, the Committee reviews and approves the programme of compliance monitoring to be undertaken during the following fiscal year and at each of its subsequent meetings reviews the status and output of compliance monitoring undertaken relative to the planned programme.

Where there is a perceived overlap of responsibilities between the Audit and Risk Committees, the respective committee chairs will have the discretion to agree the most appropriate committee to fulfil any obligation. During the year the Committee ensured that appropriate monitoring was undertaken in accordance with the approved programme for the year. No significant matters of concern were identified.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The role of the Committee is to oversee the membership of the Board to ensure a balance of skills, diversity and experience among the Directors, and to oversee senior management succession planning and the governance practices and processes of the Group.

AREAS OF COMMITTEE FOCUS

Culture, diversity and inclusion
- Employee engagement
- Gender diversity considerations

Succession planning
- Non-Executive, Executive and senior management succession planning
- Talent development

Director skills and experience
- Director induction
- Director training

Appointments
- Board composition
- Additional appointments

Committee members
- Lord Davies (until 4 March 2022)
- Virginia Holmes (from 4 March 2022)
- Matthew Lester (from 4 March 2022)
- Andrew Sykes (Chair)
- Kathryn Purves
- Stephen Welton

Dear shareholder

I am pleased to present the Nominations and Governance Committee report for the financial year ending 31 March 2022.

Good governance requires the appropriate balance of skills, diversity of thought and experience, independence and knowledge, making the work of the Nominations and Governance Committee a key part of our oversight.

The Committee's current main focus is on the search for candidates for a long term appointment as Chair of the Board following the departure of Lord Davies of Abersoch. This search is being conducted with regard to a range of skillset, experience and diversity criteria, and taking into account the profiles of the existing Board members. The Committee is satisfied that the interim chair arrangements are appropriate, and will conduct a thorough process to find the best possible candidate. We will keep shareholders updated through market announcements when the search process is concluded.

During the year, the Committee closely monitored the composition of the Board and concluded that the Board remains well balanced and of an appropriate size and diverse skill set. We have, therefore, not recommended any further changes to the Board during the year, although we will continue to keep this under review as part of our longer-term succession planning and this will be reconsidered once a new Chair has been identified. The Committee noted the strong contribution to the Board of all Directors, regardless of their tenure.

The Committee has also continued to monitor the feedback from employees gained through focus group sessions led by Amy Schioldager, as the NED responsible for liaising with employees. Employee views are always important to us and we are pleased to note the effectiveness of Amy's work.

We also regularly hear from management on executive succession planning for key individuals and ensuring development and training for our key talent. In particular, NEDs have worked closely with the Chief People and External Affairs Officer in this area and a strong emphasis has been placed on enhancing bench strength across the organisation, including at the level of emerging future leaders. ICG is a people business and developing our talent is crucial in helping to deliver the Group's strategic objectives.

The output from both internal and external Board evaluations is always front of mind for the Committee as we continue to evaluate the skills, composition and cohesion of our Board. We are confident that your Board is well placed to continue to oversee and provide challenge to executive management.

I would be pleased to respond to any shareholders' questions about the Committee's work either at the AGM or otherwise.

Andrew Sykes
Chair of the Nominations and Governance Committee

25 May 2022

Committee governance

Roles and responsibilities

The Committee is responsible for:

- Identifying, and nominating for the Board's approval, candidates to fill any Board vacancy
- Succession planning, including the progressive refreshing of the Board, and developing executive talent below Executive Director level
- Ensuring that all appointments to the Board are made on objective criteria and that candidates have sufficient time to devote to their prospective responsibilities
- Appointing a NED as the Whistleblowing Champion
- Appointing a NED as the Employee Engagement Champion
- Appointing a NED as the ESG Champion
- Considering the composition of the Board to ensure that the balance of its membership between Executive Directors and NEDs is appropriate
- Overseeing diversity and inclusiveness, culture, employee engagement and other governance-related matters within the Group
- Annually assessing the continued fitness and proprietary of the Senior Management Function (SMF) holders, including the NEDs, together with reviewing the Group's responsibilities map which describes the management and governance arrangements, as required under SMCR
- Ensuring the Group is managed to high standards of corporate governance

Composition

The Nominations and Governance Committee consists of NEDs: Andrew Sykes (Chair of the Committee), Virginia Holmes, Matthew Lester, Kathryn Purves and Stephen Welton. Biographical details can be found on page 70.

The Company Secretary acts as Secretary to the Committee.

Appointments of Executive Directors and NEDs are made as necessary as a result of discussions by the Committee and are subject to full Board approval and election or re-election at a General Meeting of the shareholders.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2022.

@ **The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.**

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2022; the Committee was found to be operating effectively. For more details of this exercise, please see page 76.

Summary of meetings in the year

The Committee held four meetings during the year as well as a joint session with the Board on employee engagement. Over the course of the year the Committee considered and discussed the following significant matters:

- The resignation of Lord Davies of Abersoch from his role as Chair of the Company and the appointment of the Senior Independent Director, Andrew Sykes, as Chair and the appointment of Kathryn Purves as Senior Independent Director
- The process to be followed to search for a longer term Chair appointment. The Committee set parameters for a search (having discussed desired skills and experience and the importance of diversity to the Board), and agreed to appoint Russell Reynolds Associates to conduct a search on behalf of the Company
- Whether it may be appropriate to appoint further NEDs to the Board to supplement the existing skill set of the Board and assist with long-term succession planning. It was concluded that in the current year no further appointments were needed, but once a new chair is in place the Committee should continue to seek to enhance the Board to maintain the skill set of the Board and account for long-term succession planning
- The employee engagement NED, Amy Schioldager, provided insights on the culture of the Group and other feedback from the ongoing informal engagement programme to a joint session of the Committee and the Board. This was based on her engagement during the year with several groups and included the views of a wide range of employees drawn from a number of the different geographies in which the Group is active. She had regularly met employees virtually or in person in groups of 10-12 and sought their views on a range of issues; more details are provided on page 68

Other matters considered

The Committee also conducted a review of the size and composition of the Board and its Committees, the skill set of all Directors, their ongoing training and development and the independence of NEDs. No points of concern were raised.

Diversity is very important to our Board. The Board's policy is for at least 33% of members to be female in accordance with the recommendation of the Davies Report. At the date of publication, 45% of the Board is female. The Board does not currently have a policy on ethnic diversity but has determined always to select the best candidate for a role, regardless of race, ethnicity or any other demographic factors. The Board is aware of the recommendations of the Parker Review that at least one member of the Board of a FTSE100 company should be non-white; that recommendation has been met.

The Committee monitors the diversity of the Group with a specific focus on senior management roles and their direct reports (see page 44).

Non Executive Director area of expertise

Name	Asset Management	Investment	UK Corporate Governance	International	Risk Management	Financial
Andrew Sykes (Chair)	●	●	●		●	●
Virginia Holmes	●	●	●	●		
Rosemary Leith		●	●	●	●	
Matthew Lester	●	●	●		●	●
Rusty Nelligan				●	●	●
Kathryn Purves (SID)		●	●	●	●	
Amy Schioldager	●	●		●	●	
Stephen Welton	●	●			●	●

REMUNERATION COMMITTEE REPORT

AREAS OF FOCUS

Remuneration policy
- Continuous assessment of the effectiveness of the Group's remuneration policy
- Consideration of shareholder and representative shareholder bodies' feedback

Key performance indicators
- Setting of KPIs for the Executive Directors
- Monitoring performance against those KPIs

Governance, stakeholders and shareholders
- Consideration of feedback from shareholders
- Adherence to regulatory requirements

Executive remuneration
- Determination of Executive Directors' awards
- Review of awards payable to all material risk takers

Oversight of awards
- Review of the calculation of Pre-Incentive Cash Profit (PICP) to determine the Annual Award Pool (AAP)
- Review of market data on award levels

Committee members
- Virginia Holmes (Chair)
- Lord Davies of Abersoch (until 4 March 2022)
- Rosemary Leith
- Andrew Sykes
- Stephen Welton

Contents:

Dear shareholder
I am pleased to present the Committee's Report for the year ended 31 March 2022.

Directors' Remuneration Policy
Our Directors' Remuneration Policy was approved by shareholders in 2020, with 94.43% of votes in favour. Last year's Directors' Remuneration Report received overwhelming backing, with 98.34% of votes cast in favour. We are pleased that these results indicate strong and continued support from our shareholders for the Policy and its implementation.

Prior to the 2020 AGM, we consulted extensively with major shareholders on our Policy proposals and updated the Policy to take account of the latest changes in the UK Corporate Governance Code as well as guidelines from shareholders and voting agencies. During FY22, we have continued to monitor developments in shareholder guidelines and addressed any shareholder questions directly with those who had raised them.

We are pleased to say that the Policy continues to be well-aligned with our business strategy and shareholder guidelines, and no changes are proposed for FY23.The Committee has also considered the requirements of the new FCA Remuneration Code for investment firms, which will first apply to ICG in FY23. We shall undertake a full review of the Policy prior to the next Policy vote, due at the 2023 AGM. The review will consider business needs, developments in market practice and shareholder guidance.

Corporate Governance Code remuneration requirements

Our remuneration policies and practices comply with the remuneration requirements of the Corporate Governance Code, including in the following areas:

Strategic rationale and remuneration levels

Remuneration policy and practice within ICG is designed to support the strategy of the business, with a clear emphasis on sustainable, profitable growth. The variable pay structure for Executive Directors is simple, with a single performance scorecard containing clear financial and non-financial KPIs.

This drives a single variable pay award of which at least 70% is deferred into ICG shares, vesting over a 5-year period to promote long-term shareholding. Executive directors also have in-service and post-exit shareholding requirements. The policy aligns to our company culture of recognising and rewarding performance and delivering outstanding annual and long-term value for stakeholders.

Each Executive Director has a target and maximum variable pay level, providing clear remuneration levels based on performance. The quantum of total remuneration at 'threshold', 'target' and 'stretch' performance levels is set appropriately and proportionately to ensure that the quantum of total remuneration at each level corresponds with performance. Payment of variable pay is also subject to maintaining robust risk and compliance controls, reinforced by malus and clawback provisions, with key 'triggers' as set out in the Directors' Remuneration Policy. The Committee also considers, prior to each year's award, whether discretion should be exercised to take account of wider performance or other relevant factors. Base salary, pension and benefits levels are restrained, with pension allowances for executive directors set no higher than the majority of the UK workforce.

Engagement with shareholders and the workforce

The Committee closely monitors shareholder guidance and feedback on remuneration. Shareholder voting on AGM remuneration resolutions is reviewed annually, and major shareholders are directly consulted each year if they have indicated any disagreement with ICG's remuneration policy or practices. During annual engagement meetings, major shareholders have the opportunity to provide feedback to the Board and Remuneration Committee on ICG's remuneration approach.

There are a number of existing channels of communication with employees regarding ICG's remuneration policies, including executive remuneration and its alignment with wider company pay policy. Our company-wide employee engagement survey enables colleagues, on a confidential basis, to provide feedback on a full range of employment issues, including remuneration. The NED responsible for employee engagement also holds a number of formal and informal sessions with employees during the year in individual and group forums. During these sessions employees are invited to provide feedback and comments on any issues of importance to them, including remuneration policies. The Committee also receives regular feedback on how employees perceive the Group's remuneration policies and practices, and how these have influenced recruitment, retention and motivation of colleagues. This information is used by the Committee in its monitoring and development of remuneration policies.

Variable pay approach

During FY22, we maintained our long-term orientated approach to variable pay, which aligns our executives to the interests of our shareholders. We make a single variable pay award each year to Executive Directors, based on a balanced scorecard of key performance indicators (KPIs) and funded from our capped Group variable pay pool (the Annual Award Pool – 'AAP').

We completed an extensive review of the performance criteria for variable pay prior to setting the objectives for FY22. The KPIs were tested robustly and continue to be fully aligned with shareholders' goals and our Group's Strategic Objectives of growing AUM, investing selectively, and managing portfolios to maximise value. In anticipation of a strong FY22, the Committee increased the thresholds for quantitative KPIs and refined the deliverables for qualitative ones to ensure both are appropriately stretching. In addition, we expanded our KPI relating to Culture and Diversity & Inclusion, to include Sustainability. This reflects the Board's strong focus on the Sustainability metric overall and specifically our commitment to reach net zero greenhouse gas emissions for 100% of our relevant investments by 2040.

We have listened to shareholder feedback and have further developed the reporting of our KPIs. This includes continuing to report metrics, weightings and target levels as well as providing additional detail of performance outcomes for each KPI.

The KPIs reflect the Group's long-term strategic goals and near-term operational priorities against the backdrop of the Group's continued evolution and the excellent progress in terms of scale and diversification, as well as thought leadership on Diversity & Inclusion and Sustainability. They also reflect our leading position in the alternative investment industry and progress within the FTSE index.

Focus on sustained, long-term performance

Our remuneration approach encourages and reflects sustained, long-term performance. The AAP is based on the cash profits which the Group realises from its fund management business and its investments. It is capped at 30% of realised profits, annualised over a five-year period. Furthermore, for Executive Directors, at least 70% of the variable pay award is deferred over five years into shares, with vesting in three equal tranches after the third, fourth and fifth anniversaries of award.

Each Executive Director has a target level and a maximum cap on their total variable pay. These are expressed in monetary value rather than as a multiple of base salary, in order to discourage upward pressure on base salary. The maximum total variable pay awards are payable for outstanding performance only. The Committee also liaises closely with both the Audit and Risk Committees to ensure that risk and audit matters are taken into account in determining the remuneration levels for the Executive Directors.

Business performance and remuneration for FY22

Business performance in the year ended 31 March 2022 has been outstanding. ICG raised a record $22.5bn in new funds, exceeding the Group's fundraising target by 181% and last year's very strong performance by 112%. The FMC (Fund Management Company) operating margin was 55.8% and the Group deployed a record $15.0bn in new investments. Pre-Incentive Cash Profit (PICP) also represented a record, at £566.1m.

We have a long-standing policy of awarding variable pay across the workforce of not more than 30% of PICP, measured on a five-year rolling basis. The Committee has determined that £115.9m should be awarded to eligible employees under the AAP for the year ended 31 March 2022, compared with £87.2m in the prior year. This is the result of excellent individual and corporate performance as well as an increase in bonus-eligible staff of 11.7% year-on-year. The awards are in the form of cash bonuses, deferred ICG share awards, and Deal Vintage Bonus (DVB) awards. DVB awards are a long-term incentive enabling certain investment teams, excluding Executive Directors, to share in the future realised profits from the Group's own balance sheet investments.

The Committee has allocated 24.4% of PICP on a five-year cumulative rolling percentage basis, which is 5.6 percentage points below the maximum 30% permitted under the Policy. This Policy provides a focus on long-term performance and only takes account of cash profits, thus aligning with shareholders' interests fully. It also allows us to smooth out some of the potential volatility in remuneration, and this, as well as the use of our Business Growth Pool (BGP), provides capacity to continue to develop the business through the cycles.

In addition to the AAP, the Committee allocated £6.7m to the BGP to fund incentive awards during the year for teams developing new investment strategies which have not yet completed a fundraise, including our Life Sciences, Real Estate Equity and North American Private Equity strategies. This pool excludes Executive Directors. This year's BGP award compares with £6.9m awarded in the prior year.

As in FY21, we have continued to manage the business through the Covid-19 pandemic by adapting our ways of working to protect the health of our workforce. We are pleased that we have not needed to furlough any of our employees, nor take any form of Covid support from Government or make redundancies. Dividends have been maintained throughout the period of the pandemic and indeed have been increased to a total dividend of 76.0 pence per share for the FY22 year.

Executive Director remuneration

The total remuneration for the year for each Executive Director is shown in the table on page 102.

During the previous three years, the base salary for the CEO has not been increased and has remained at £394,000, which is substantially lower than the typical CEO salary level for a company of ICG's size and complexity as well as similar asset managers. The CFOO's base salary was set at £500,000 on joining in May 2019, and the CPEAO's base salary was set at £425,000 on her appointment to the Board in April 2020. Neither was increased last year. This year and effective for FY23, the CEO's salary has been increased to £410,000 (a 4.06% increase), the CFOO's salary has been increased to £520,000 (a 4% increase) and the CPEAO's salary has been increased to £442,000 (a 4% increase). This is lower than the average workforce salary increase of 6.45% (effective for FY23).

In considering the variable awards to be made to the Executive Directors, the Committee took into account their individual contributions to the overall performance in relation to the quantitative and qualitative objectives. The variable pay awards reflect the outstanding performance across the Executive Director KPIs. The Committee exercised its discretion to make slightly lower awards to the CFOO and CPEAO than strictly formulaic KPI calculations would indicate. This reflects the nature of these roles and their scope to influence Group financial results and other KPIs relative to that of the CEO. Consequently, the Committee made variable pay awards of £5,880,000, £1,840,000 and £1,350,000 respectively to the CEO, CFOO and CPEAO this year.

80% of the CEO's variable pay award and 70% of the CFOO's and CPEAO's variable pay awards were deferred into ICG PLC shares vesting in equal tranches on the third, fourth and fifth anniversaries of award.

Board Changes

As previously announced, Lord Davies stepped down as Board Chairman effective 4 March 2022, and Andrew Sykes, previously the Senior Independent Director (SID), has been appointed as Interim Chairman. Lord Davies' fee payments ceased with effect from the date he stepped down from the Board. For the period during which he is interim Board Chairman, Andrew Sykes will receive a fee at the same rate as the outgoing Board Chairman, in lieu of the fees he previously received as Non-Executive Director and SID. Kathryn Purves has taken on the responsibilities of the SID as of 24 March 2022 whilst Andrew is interim Board Chairman, and will receive the relevant fees for this additional responsibility. Full details of the Board Chairman and Non-Executive Director fee rates are included in the report.

Total Shareholder Return (TSR)

ICG has continued to deliver very strong TSR performance. For the ten years to 31 March 2022, TSR was 825.5% versus 99.5% for the FTSE All Share Index.

Conclusion

Our Policy provides a clear, simple and predictable remuneration model, which helps drive the achievement of our corporate strategy as well as a prudent approach to risk. On behalf of the Remuneration Committee, I would like to thank all of our shareholders for their continued support and welcome any feedback.

Virginia Holmes
Chair of the Remuneration Committee

25 May 2022

REMUNERATION AT A GLANCE

Executive Remuneration Framework and Policy Summary

Purpose and link to strategy	Operation	Maximum opportunity	Outcomes for FY22
Base Salary Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	Normally reviewed annually with any changes generally applying from the start of the financial year	In considering increases, the Committee assesses the range of salary increases applying across the Group, and local market levels	The CEO's salary was increased by 4.06% to £410,000, the CFOO's salary was increased by 4% to £520,000 and the CPEAO's salary was increased by 4% to £442,000. All increases were lower than the average workforce increase of 6.45%.
Benefits Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	Benefits currently receivable by Executive Directors include life assurance, private medical insurance and income protection	Provision and level of benefits are competitive and appropriate in the context of the local market	There have been no changes to the Executive Directors' benefits provision this year
Pension Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	All Executive Directors are entitled to a pension allowance payable each month at the same time as their salary	A pension allowance of no more than the level available to the majority of the Group's workforce in the relevant location is provided	The Executive Directors' pension allowances are set no higher than the majority of the Group's workforce with the CEO and CPEAO at 12.5% and CFOO at 10%; there have been no changes this year
Total variable pay award Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	The total variable pay award consists of the Cash Bonus Award and ICG PLC Equity Award (see below)	Max variable pay awards to Executive Directors are £6m for the CEO/CIO, £2m for the CFOO and £1.5m for the CPEAO	Variable pay awards for the CEO, CFOO and CPEAO were £5.88m, £1.84m and £1.35m respectively. 80% of the CEO's award and 70% of the awards for the other Executive Directors were deferred into shares, vesting over 5 years
ICG PLC Equity Award Rewards achievement of business KPIs, cash profits and employing sound risk and business management and aligns the interests of Executive Directors with those of shareholders	At least 70% of an Executive Director's total variable pay award shall be delivered in ICG PLC Equity Shares normally vest by one third in each of the third, fourth and fifth years following the year of grant	See details above in relation to the overall annual variable award	80% of the CEO's variable pay award and 70% of the CFOO's and CPEAO's variable pay awards were deferred into ICG PLC shares

Business performance

PROFIT BEFORE TAX
£565.4m
(2021: £509.5m)

THIRD-PARTY ASSETS UNDER MANAGEMENT
$68.5bn
(2021: $56.2bn)

ORDINARY DIVIDEND PER SHARE
76.0p
(2021: 56.0p)

UNPRI ASSESSMENT RESULTS
A+A+A
(2021: A+A+A)

Five-year AAP overview

We have a long-standing policy of awarding variable pay across the workforce of not more than 30% of PICP measured on a five-year rolling basis. The Committee has determined that £115.9m should be awarded to eligible employees under the AAP for the year ended 31 March 2022, compared with £87.2m in the prior year.

	FY18	FY19	FY20	FY21	FY22	Cumulative
Percentage of PICP over five years rolling	21.5%	23.6%	22.2%	23.6%	**24.4%**	24.4%
Spend on incentives (£m)	77.7	78.0	70.8	87.2	**115.9**	429.6
Number of employees	294	336	408	470	**525**	

KPI performance outcomes

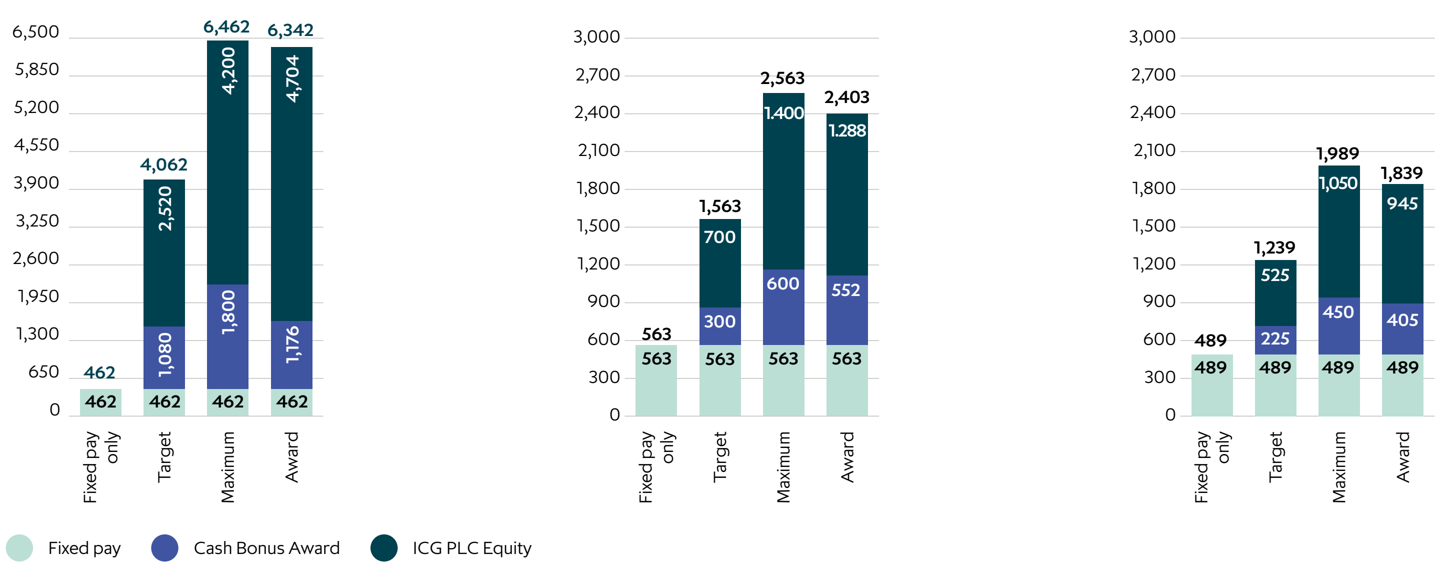
KPI	Link to strategic objectives	Threshold	Target	Stretch	FY22 Outcome
Quantitative KPIs					
Fundraising	1	$6bn	$8bn	$11.5bn	$22.5bn
Realised Portfolio Returns	2 3	4%	5.2%	7%	15.4%
FMC Operating Margin	1 2 3	47%	49%	51%	55.8%
Net Gearing	N/A		<0.75x		0.45x
Qualitative KPIs (% of max)					
Strategic Development	1 2 3				95%
Culture, D&I and Sustainability	1 2 3				95%
Operating Platform & Risk Management	1 2 3				87.5%
Overall leadership and personal effectiveness	1 2 3				97.5%

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

+ **Read more about performance on page 98**

Total remuneration (actual vs target)

Benoît Durteste · Vijay Bharadia · Antje Hensel-Roth



EXECUTIVE DIRECTOR PERFORMANCE

Awards in respect of annual performance[1]

KPI	Link to strategic objectives	Threshold	Target	Stretch	FY22 Outcome	CEO weighting	CFOO weighting	CPEAO weighting
Quantitative KPIs								
Fundraising	1	$6bn	$8bn	$11.5bn	**$22.5bn**	**27.5%**	**20.0%**	**25.0%**
Realised portfolio returns	2 3	4%	5.2%	7%	**15.4%**	**15.0%**	**10.0%**	**10.0%**
FMC operating margin	1 2 3	47%	49%	51%	**55.8%**	**20.0%**	**25.0%**	**22.5%**
Net gearing[2]	N/A		<0.75x		**0.45x**	**2.5%**	**5.0%**	**2.5%**
Qualitative KPIs					**% of max**			
Strategic development	1 2 3				**95.0%**	**10.0%**	**10.0%**	**10.0%**
Culture, D&I and Sustainability	1 2 3				**95.0%**	**15.0%**	**10.0%**	**15.0%**
Operating platform and risk management	1 2 3				**87.5%**	**5.0%**	**15.0%**	**10.0%**
Overall leadership and personal effectiveness	1 2 3				**97.5%**	**5.0%**	**5.0%**	**5.0%**

Strategic objectives

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

1. The on-target variable pay levels are 60% of maximum for the CEO and 50% of maximum for the CFOO and CPEAO. 25% of maximum is payable for threshold performance, and 100% of maximum for performance at stretch level or above.
2. The Board did not set threshold and stretch targets for net gearing but a target of <0.75x, which was met.

Executive Director Performance *continued*

At the outset of FY22, the Committee set stretching targets across all KPIs, commensurate with the continued growth and success of ICG. In light of the ongoing development of ICG, the Committee also reviewed the KPI weightings. Financial KPIs had a 65% weighting for the CEO, and 60% for the CFOO and CPEAO. Non-financial KPIs included a Culture, Diversity & Inclusion, and Sustainability category, with a weighting of 15% for the CEO and CPEAO and 10% for the CFOO.

In this exceptional year, we are delighted to say that all stretch targets for the financial KPIs have been significantly exceeded.

Financial KPIs:

1. Fundraising

How performance is measured
Given the increased guidance to the market in June 2021 of US$40bn over four years with a minimum of US$7bn in any given year, we increased the targets for our fundraising KPI as follows:

- The threshold target was raised from $4.8bn to $6bn annualised
- The on-target was raised from $7.2bn to $8bn annualised
- The stretch target was raised by ~20% from $9.6bn to $11.5bn annualised, which would represent the highest fund raise in the history of the firm and one that is 15% above the linearly annualised four-year target communicated to the market

Performance achieved this year
In this exceptionally strong fund raising year, ICG has exceeded its annualised target of $8bn by 181% ($14.5bn), raising $22.5bn in new funds. This represents an uplift of 112% ($11.9bn) compared to the FY21 outcome of $10.6bn and exceeds the ED KPI stretch target by 96% ($11bn). Of particular note are the significant fundraises for the flagship European Fund VIII ($7.7bn raised during the year) and Strategic Equity IV ($1.5bn raised during the year) as well as the very successful first-time fund sizes of $1.3bn for Sale and Leaseback I and $1.7bn for Infrastructure Equity I. All four funds carry highly attractive headline fee levels of between 125bps and 150bps, including a fee structure based on committed capital. In light of the wider market dynamics for fundraising as well as the exceptionally strong deployment of their predecessor funds, ICG was able to bring forward the fundraises for Europe VIII and Strategic Equity IV, which gives us substantial dry powder across our strategies and benefited revenue streams.

2. Realised Portfolio Returns

How performance is measured
Realised Portfolio Returns measure the realised weighted investment returns in aggregate relative to the weighted average performance hurdle, which differs depending on the underlying investment strategy. As there is no recognised benchmark for the full suite of ICG's investment strategies, the Committee has opted for this measure as a clear expression of performance relative to the targets we agree with our clients for each investment strategy.

Here too, the Committee has increased KPI targets as follows compared to FY21: threshold has increased from 3% to 4% and on-target has increased from 5% to 5.2%. 5.2% is in line with our weighted average investment performance hurdle in aggregate across all funds. The stretch target is 7%.

Performance achieved this year
In order to achieve on-target KPI performance this year, virtually all funds had to clear their performance hurdle on a weighted average aggregated basis. In order to reach the stretch performance level, all funds in weighted aggregate had to outperform the weighted average performance fee hurdle by 33%.

Investment performance, which forms the basis of future fund raising, growth of fee income and therefore FMC profitability, continues to be exceptional, putting ICG in a strong position for continued success. Realised Portfolio Returns reached 15.4%, reflecting both excellent investment acumen and taking advantage of attractive valuations to anchor fund performance.

3. Operating Margin

How performance is measured
The Committee increased FMC operating margin targets from FY21 to FY22 as follows:

- Threshold from 43% to 47%;
- On-target from 45% to 49%; and
- Stretch from 50% to 51%.

We consider these to be highly stretching, both relative to the wider UK market and our global competitors with a similar asset base as well as given the continued need to invest in what is a high-growth business.

Performance achieved this year
Based on exceptional fundraising, significant revenue growth and a disciplined approach to cost management, the outperformance target was significantly exceeded with an FMC operating margin of 55.8%.

4. Net Gearing

How performance is measured and performance achieved this year

In light of shareholder guidance changing to a gearing target of <1x, the Committee has amended this KPI from <1x to <0.75x. The net gearing as at the end of FY22 is 0.45x, demonstrating prudent balance sheet management.

Non-Financial KPIs:

5. Strategic Development

How performance is measured
Key elements of ICG's strategic evolution as a market-leading alternative investment firm include the refinement of our positioning through selective diversification and growth; enhancing our presence in key distribution channels; and furthering our bench strength in terms of capabilities across all areas of the firm.

Performance achieved this year
This year has been exceptionally successful in both our 'grow up' and 'grow out' strategy for business building; ICG's global standing in our flagship European Corporate and Strategic Equity strategies has been further cemented with record fundraises. There has also been very successful progress on the strategically important build-out of our real assets business, with Infrastructure Equity I and Sale and Leaseback I closing at $1.7bn and $1.3bn respectively with fees on committed capital, the recruitment of a Global Head of Real Estate with a strong private equity background and the building of a European Opportunistic Real Estate investment team.

In distribution, management have created dedicated fundraising channels for Real Estate, recognising the significant opportunity in this asset class as well as for Credit, given the specific requirements of this client group. There has also been good progress in the Wealth Management channel, with capital commitments into flagship strategies.

Management have recruited and/or developed future succession candidates for critical roles in all teams across all business units. In addition to a number of high impact hires in investments, in fundraising and in the corporate functions, bench strength is being increased through development programmes aimed at enhancing the leadership capabilities of the senior team, including those tailored to the next generation of top managers.

6. Culture, D&I and Sustainability

How performance is measured
ICG's culture, inclusive environment and commitment to sustainability form the key building blocks of our success. We set stretching targets to make significant progress towards ensuring at least 30% of senior roles continue to be held by women by 2023; further enhancing an environment in which Inclusion thrives through employee engagement programmes; driving an impactful CSR agenda; and further establishing ICG as a leader in sustainability within our industry.

Performance achieved this year

Culture
This year, management continued a programme of enhancing communication, relaunching an internal engagement platform, as well as conducting comprehensive engagement surveys and roundtable staff engagements to help inform executive decision-making.

As a result, ICG has launched a global platform for holistic leadership and performance management internally, anchoring firmwide values and enhancing cultural cohesion whilst driving strong performance. Participation in fund success has been enhanced more equitably across the firm by creating a firmwide co-investment programme open to all colleagues across our funds.

D&I
ICG has exceeded the commitment made under the UK Women in Finance Charter, doing so two years earlier than planned: 41% of our senior UK-based roles are now held by women (well above the 30% threshold for achieving our commitment). Globally that figure is 35%.

Management have focused in particular on creating more opportunities for Inclusion, launching three new employee-led networks as well as a market-leading, global Wellbeing offering focusing on mental as much as physical health, as well as enhancing support for key life events.

The leadership team have also worked extensively on ICG's responsibility to create a more equitable industry beyond just ICG. This has included extensive support for industry-wide initiatives such as 100 Women in Finance, Level 20, #10,000 Black Interns and the UK Diversity Project, as well as internships and insight days for under-represented groups in our industry.

As part of a broader commitment to create a more diverse and inclusive industry, a corporate giving framework has been established which reflects ICG's Inclusion goals and advances social mobility in our own and adjacent industries. Charitable giving has significantly increased to over £2m across a dedicated framework of: broadening access to top-level tertiary education for underprivileged teenagers; supporting disadvantaged university students, typically from ethnic minority and/or lower socio-economic backgrounds, to succeed at top universities; levelling access for such students to the alternative investment industry as well as the top level professions through dedicated mentoring, internship and support programmes. This is being undertaken in partnership with The Access Project, UpReach and Seizing Every Opportunity (SEO) in our strategically important markets of the UK, US, France and Germany.

Sustainability
ICG has committed to be net zero by 2040 and was in the first group of alternative asset managers globally to publish approved and validated science-based targets (SBTs). This is supported by two ambitious emissions reduction targets by 2030, which have been approved and validated by the SBT initiative. ICG has committed to ensuring that 100% of relevant investments have SBTs by 2030, with an interim target of 50% by 2026.

ICG's MSCI ESG Ratings were upgraded from BBB to AAA with a perfect industry-adjusted score of 10/10. Our S&P CSA rating improved from the 75th to the 91st percentile, and our Sustainalytics rating from 25/360 to 11/441 in our global peer group.

99% of capital raised in FY22 has been in funds classified as Article 8.

As at 31 March 2022, ICG has $3.9bn of ESG-linked financing, connecting the performance of the business and our funds with ambitious efforts to improve sustainability and address the climate challenge. ICG also successfully launched a €500m, eight-year sustainability-linked Eurobond featuring a coupon adjustment based on the Group's Net Zero ambition.

Through ICG's role with the initiative Climat International (iCI), we contributed to developing carbon footprint guidance for private market investors and their portfolios across the industry. For ICG's own investment strategies, reporting metrics have been further enhanced, with full assessment frameworks embedded across all asset classes, taking into account emerging disclosure regulations, industry best practice and evolving client expectations, thereby bringing additional rigour to investment decision-making. This included developing a proprietary ESG rating for Credit and Private Debt strategies.

ICG has enhanced improved transparency and communication on ESG matters to shareholders, including best practice in ESG disclosures, and published our inaugural Sustainability and People Report.

7. Operating Platform & Risk Management

How performance is measured
One of the critical performance indicators for our successful growth is continuously refining our operating platform as a driver for scale and excellence whilst ensuring that we maintain very high standards for our risk management and control environment.

Performance achieved this year
- Reorganised Operations function to functionalise responsibilities across all asset classes and created an even more scalable platform
- Created a centre of excellence for data, reporting and analytics and enhanced governance and systems extensively to enable ICG's highly diversified platform
- Further strengthened our control functions with recruitment of senior leaders in Group Internal Audit and US Compliance
- Made continuous progress on implementing our risk management framework
- Implemented readiness planning for the implementation of IFPR (the Investment Firms Prudential Regime) which has implications for regulatory capital and remuneration
- Completed Libor transition activities for non-USD Libor currencies in line with regulatory expectations

There were no material risks or operational events, consistent with a track record of excellent risk management.

8. Overall Leadership & Personal Effectiveness

All three Executive Directors have demonstrated excellent overall leadership. As demonstrated in the exceptional company performance across all financial and non-financial KPIs, the Executive Directors have become a well versed, complementary leadership team with robust challenge as well as a strong team spirit. A drive for excellence across all business areas, the continued implementation of a high-performance culture and a holistic approach to leadership is significantly contributing to the firm's success.

Executive Director remuneration:

In considering the awards to be made to the Executive Directors, the Committee took into account their individual contributions to the overall performance in relation to the quantitative and qualitative objectives.

Having considered his delivery across the range of KPIs, the Committee made a total variable pay award to Benoît Durteste of £5,880,000, comprising an annual Cash Bonus Award of £1,176,000 and a deferred PLC Equity Award of £4,704,000, reflecting his performance in his dual role as CEO and CIO of the Group.

For Vijay Bharadia, the Committee made a total variable pay award of £1,840,000. This comprises an annual Cash Bonus Award of £552,000 and a deferred PLC Equity Award of £1,288,000. For Antje Hensel-Roth, the Committee determined that an award of £1,350,000 was appropriate, comprising an annual Cash Bonus Award of £405,000 and a deferred PLC Equity Award of £945,000.

Single total figure of remuneration table (audited)

The following table shows a single total figure of remuneration in respect of qualifying services for the financial year ended 31 March 2022 for each Executive Director who served during the year, together with comparative figures for the previous financial year:

Executive Directors	Salaries £000	Benefits[1] £000	Pension allowance £000	Fixed remuneration £000	Short-term incentives, available as cash[2] £000	Total emoluments £000	Short-term incentives, deferred[3] £000	Total variable remuneration £000	Total remuneration £000	Long-term Incentives[4,5] vested from prior years (legacy awards) £000	Single total figure of remuneration £000
Benoît Durteste											
2022	**394.0**	**23.8**	**43.8**	**461.6**	**1,176.0**	**1,637.6**	**4,704.0**	**5,880.0**	**6,341.6**	**1,509.4**	**7,851.0**
2021	394.0	13.4	48.7	456.1	1,140.0	1,596.1	4,560.0	5,700.0	6,156.1	1,374.3	7,530.4
Vijay Bharadia											
2022	**500.0**	**18.6**	**44.4**	**563.0**	**552.0**	**1,115.0**	**1,288.0**	**1,840.0**	**2,403.0**	**–**	**2,403.0**
2021	500.0	12.2	44.4	556.6	480.0	1,036.6	1,120.0	1,600.0	2,156.6	–	2,156.6
Antje Hensel-Roth											
2022	**425.0**	**16.7**	**47.2**	**488.9**	**405.0**	**893.9**	**945.0**	**1,350.0**	**1,838.9**	**–**	**1,838.9**
2021	407.5	12.3	44.6	464.4	330.0	794.4	770.0	1,100.0	1,564.4	–	1,564.4

See page 108 for details of payments to NEDs

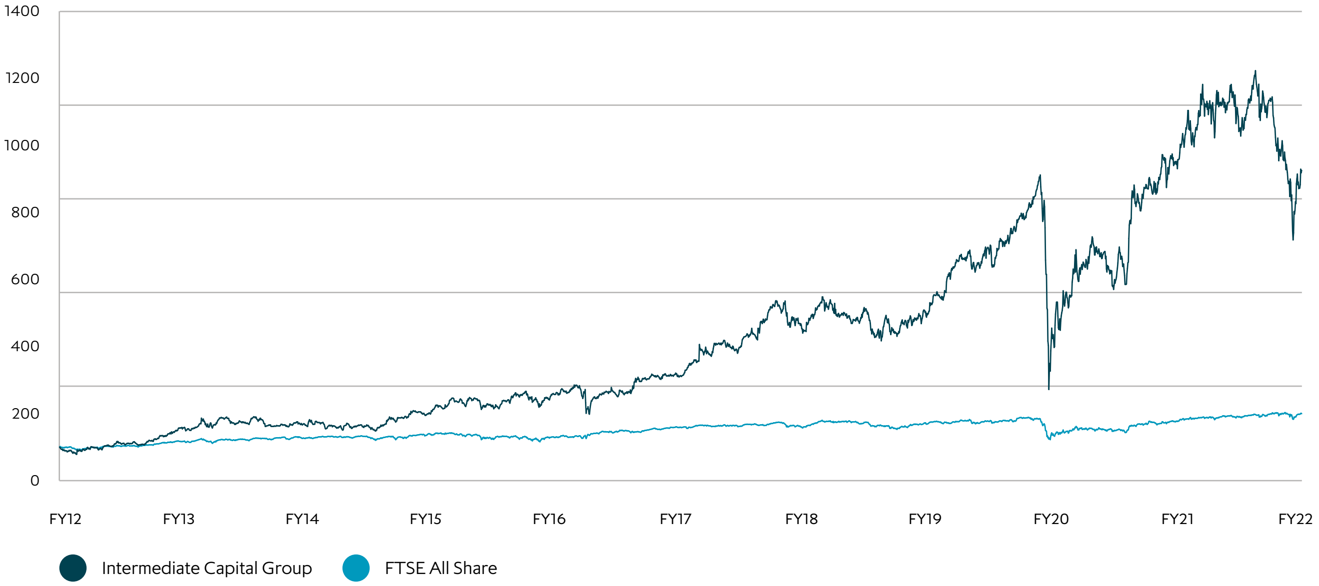
1. Each Executive Director's benefits include medical insurance, life insurance and income protection for the year ended 31 March 2022.
2. This represents the Cash Bonus Award element of the variable remuneration.
3. This represents the ICG PLC Equity Awards made for the year ended 31 March 2022 and deferred over five years vesting in years three, four and five following award.
4. The long-term incentive amounts are legacy award payments received during the year in respect of Deal Vintage Bonus and shadow carry. These awards were made in prior years and are no longer available to Executive Directors. FY14, FY15, FY16 and FY17 Deal Vintage Bonus awards were distributed in FY22.
5. Share price movements do not have any impact on the value of long-term incentives vesting during the current year (legacy awards).

Performance graph of Total Shareholder Return (ten years)

The graph below shows a comparison between the Group's total shareholder return performance and the total shareholder return for the FTSE All Share index. The graph compares the value at 31 March 2012 of £100 invested in Intermediate Capital Group plc with the FTSE All Share Index over the subsequent ten years. This index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other companies.

The TSR for the Company during this period has been 825.5%, compared to 99.5% for the Index.

Total shareholder return



Total remuneration of the Chief Executive Officer

The table below details the total remuneration of the CEO for the past ten years. The amounts are presented on the basis of the Single Total Figure of Remuneration Table (see page 102) and include some deferred compensation awarded in previous years but reported in the year received.

£000	Financial year	Total remuneration	Percentage of maximum opportunity of short-term incentives awarded	Percentage of maximum opportunity of long-term incentives awarded
Benoît Durteste	2022	7,851	98%	N/A
	2021	7,530	95%	N/A
	2020	5,886	84%	N/A
	2019	9,526	87%	N/A
	2018[1]	3,412	77%	N/A
Christophe Evain	2018[1]	183	0%	N/A
	2017	6,888	102%	160%
	2016	4,295	76%	98%
	2015	5,103	80%	98%
	2014	4,797	97%	20%
	2013	1,492	24%	1%

1. The amounts above have been pro-rated to reflect the transition of the CEO role from Christophe Evain to Benoît Durteste on 25 July 2017.

A comparison of the change of pay of the CEO and the other Directors to that of all employees of the Group is shown on page 106.

Relative importance of spend on pay

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit (namely distributions to shareholders) for the financial year under review and the previous financial year. The increase in employee costs includes the impact of ongoing investment in people and the annualisation effect of new joiners in FY21.

	Year ended 31 March 2021	Year ended 31 March 2022	Percentage change
Ordinary dividend paid (£m)	150.9	165.7	9.8%
Permanent headcount at year end	470	525	11.7%
Employee costs (£m)	**179.4**	**262.1**	**46.1%**

Directors' interests in shares (audited)

The Directors and their connected persons held the following interests in shares of the Company:

		As at 31 March 2022			
Directors	Shares held outright as at 31 March 2021	Shares held outright as at 31 March 2022	Unvested ICG PLC Equity Award/DSA interests	Unvested SAYE options	Shareholding requirement met?
Benoît Durteste	1,141,580	**1,141,580**	**1,284,946**	**1,468**	**Yes**
Vijay Bharadia	20,822	**29,744**	**140,754**	**1,468**	**Build-up period**
Antje Hensel-Roth	3,819	**2,434**	**58,381**	**1,468**	**Build-up period**
Lord Davies of Abersoch	30,452	**Nil**	**N/A**	**N/A**	**N/A**
Virginia Holmes	10,000	**10,000**	**N/A**	**N/A**	**N/A**
Rosemary Leith	N/A	**1,705**	**N/A**	**N/A**	**N/A**
Matthew Lester	N/A	**4,863**	**N/A**	**N/A**	**N/A**
Rusty Nelligan	141,000	**150,000**	**N/A**	**N/A**	**N/A**
Kathryn Purves	10,737	**10,737**	**N/A**	**N/A**	**N/A**
Amy Schioldager	10,000	**20,000**	**N/A**	**N/A**	**N/A**
Andrew Sykes	15,000	**15,000**	**N/A**	**N/A**	**N/A**
Stephen Welton	55,000	**60,000**	**N/A**	**N/A**	**N/A**

Under the Directors' Remuneration policy, the CEO is required to hold shares amounting to 300% of his annual salary and the other Executive Directors are each required to hold shares amounting to 200% of their annual salary, at the share price prevailing on 31 March 2022 with a build-up period for new Executive Directors. Both Vijay Bharadia and Antje Hensel-Roth are still within this build-up period. There are no set shareholding requirements for NEDs, although all are encouraged to purchase a holding to align themselves with shareholders.

As at 25 May 2022, there were no changes in the Directors' share interests from the figures set out in the tables above.

Total pension entitlements (audited)

No Executive Director had a prospective entitlement to a defined benefit pension by reason of qualifying services.

Executive Directors' co-investment in third-party funds

Fund investors expect the CEO/CIO to co-invest in funds to demonstrate his alignment, and as such he has made significant personal commitments from his own resources to the majority of the Group's closed-end strategies. At times, other Executive Directors may also make co-investments from their own resources to demonstrate alignment.

The CEO/CIO's co-investments from his personal resources range from £112.5k to £5.3m across 19 funds.

Carried interest on third-party funds

Certain professionals (including the Executive Directors) are expected to invest in carried interest arrangements under which a portion of the carried interest (usually between 50% and 80%) in respect of certain managed funds is available for allocation to investment professionals. Those investment professionals who participate in such arrangements pay full market value for the interests at the time of acquisition. Carried interest on third-party funds is an investment required by third-party fund clients to drive alignment and is not remuneration for services provided to the Group.

The current standard framework with third-party fund investors, which reflects industry standards in the UK and globally, meant that Executive Director carried interest commitments in the year ended 31 March 2022 have ranged between 10% and 15% per relevant fund. Further details of the funds managed by the Group (including an indication of those funds which have carried interest arrangements required by fund investors) can be found on page 201.

Scheme interests awarded during the financial year (audited)

The following table provides the details of scheme interests awarded to the Executive Directors during the year ended 31 March 2022:

Director	Award	Award date	Face value at grant (£000)	Number of shares awarded
Benoît Durteste	ICG PLC Equity Awards	8 June 2021	4,560.0	210,818
Vijay Bharadia	ICG PLC Equity Awards	8 June 2021	1,120.0	51,779
Antje Hensel-Roth	ICG PLC Equity Awards	8 June 2021	770.0	35,598

On 8 June 2021, ICG PLC Equity awards were granted to Executive Directors who had served in the year ended 31 March 2021 in relation to their performance in that year. 80% of the variable pay awarded to Benoît Durteste and 70% of the variable pay awarded to Vijay Bharadia and Antje Hensel-Roth in respect of that year was granted in the form of ICG PLC Equity. Awards vest in tranches of one third at the end of the third, fourth and fifth years following the year of grant. As awards are made on the basis of PICP generated and performance achieved, there are no further performance conditions. The share price on the date of award of ICG PLC Equity Awards was £21.63. This was the middle market quotation for the five dealing days prior to 8 June 2021.

CEO pay ratio

The table below compares the CEO's single total remuneration figure for FY22 to the remuneration of the Group's UK workforce as at 31 March 2022.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	66:1	42:1	21:1
2021	Option A	74:1	46:1	24:1
2020	Option A	58:1	37:1	18:1

Our ratio is lower than many FTSE companies due to a consistent remuneration approach. The median pay ratio has decreased from 46:1 to 42:1.

Consistent with our calculation methodology in prior years, employee pay is calculated on the basis of the CEO single figure, which is 'Option A' under the reporting requirements. Of the three possible methodologies which companies can adopt (Options A, B or C) we have chosen Option A which we consider the most robust. Option A requires the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the 25th percentile, at the median and at the 75th percentile. Employee pay data are based on full-time equivalent pay for UK employees as at 31 March 2022, in line with the CEO single figure methodology. In calculating these ratios, we have annualised any part-time employees or new joiners to a full-time equivalent (where relevant).

Remuneration for quartile employees	Employee at 25th percentile	Median Employee	Employee at 75th percentile
Salary	£70,000	£100,000	£150,000
Total pay and benefits	£118,729	£189,143	£374,976

Percentage change in remuneration of Directors

The table below details how changes to the Directors' pay compare with the change in the average pay across all employees of the Group. Each figure is a percentage change of the values between the previous financial year and the financial year under review. The total permanent workforce has been selected as the comparator for salaries and fees and short-term incentives. The comparison of the increase in taxable benefits has been made for UK permanent employees only as their remuneration packages are most directly comparable to that of the Chief Executive.

	FY21			FY22		
Percentage change	Salaries/fees	Taxable benefits	Short-term incentives	Salaries/fees	Taxable benefits[1]	Short-term incentives[2]
Benoît Durteste	0.0%	1.7%	22.9%	0.0%	-9.5%	3.2%
Vijay Bharadia	0.0%	52.3%	23.0%	0.0%	26.7%	15.0%
Antje Hensel-Roth	N/A	N/A	N/A	0.0%	26.7%	22.7%
Lord Davies of Abersoch	0.0%	N/A	N/A	18.2%	N/A	N/A
Virginia Holmes	0.0%	N/A	N/A	4.1%	N/A	N/A
Rosemary Leith	N/A	N/A	N/A	N/A	N/A	N/A
Matthew Lester	N/A	N/A	N/A	N/A	N/A	N/A
Rusty Nelligan	0.0%	N/A	N/A	4.1%	N/A	N/A
Kathryn Purves	0.0%	N/A	N/A	4.1%	N/A	N/A
Amy Schioldager	0.0%	N/A	N/A	0.0%	N/A	N/A
Andrew Sykes	0.0%	N/A	N/A	0.0%	N/A	N/A
Stephen Welton	0.0%	N/A	N/A	0.0%	N/A	N/A
All employees	1.6%	27.4%	4.1%	4.3%	5.6%	18.8%

1. Excludes taxable business expenses for the Directors and all employees. The significant increase in taxable benefits for Vijay Bharadia and Antje Hensel-Roth is due to an increase in medical insurance premiums, whereas the premiums for Benoît Durteste's medical insurance have fallen largely due to the improved GBP/EUR conversion.
2. The increases in short-term incentives for employees arise from demographic changes in the employee population including a number of senior hires over the last couple of years and improved performance. This demographic change means that employees are more likely to receive more substantial short-term incentives compared to a more junior population.

Gender pay

We are required by law to publish data on the following:

- Gender pay gap (mean and median)
- Gender bonus gap (mean and median)
- Proportion of men and women in each quartile of the Group's pay structure
- Proportion of men and women receiving bonuses

The gender pay gap is a UK comparison across the pay of all men and all women regardless of their level or role. This is different from an equal pay gap, an individual measure comparing the pay of a man and a woman in the same or a similar role. The Group has equal pay for equal work regardless of gender.

Both the pay and bonus gaps have increased during the financial year. The mean pay gap is now 35.7% and the mean bonus gap is 77.2%.

Whilst there has been an increase in women in all parts of the Group, including at the most senior level, and promotions as a percentage of the overall population have been equal between men and women, a small increase in the proportion of men occupying senior roles in the most high-paying parts of the organisation has led to the overall increase in our gender pay gap. Given our relatively small headcount, those small year-on-year changes in headcount at senior levels can have a significant impact. We also note that the vast majority of these high-paying awards are highly deferred in the form of DSA, PLC Equity Awards and DVB.

The mean bonus gap has increased largely as a function of similar long-term incentives granted several years ago and being paid out now. At the time of grant, the occupation of senior roles by women was much lower across the Group. Given the long-term nature of these incentive plans and the methodology for gender bonus gap calculations, we expect to see this dynamic continue for some time.

	2018	2019	2020	2021	2022
Mean pay gap	33.6%	28.9%	26.2%	30.9%	35.7%
Mean bonus gap	67.7%	78.3%	66.6%	68.8%	77.2%

The Group is nonetheless pleased with the overall progress which continues to be made and continues to be committed to addressing our gender pay gap with a number of initiatives which are now well established. It continues to increase talent diversity and foster a culture of inclusivity through:

- In 2018, the Group committed to the Women in Finance Charter with a goal of having 30% of senior roles in the UK filled by women. Through our extensive work on diversity, we have reached and indeed exceeded this target already and are pleased to report that 41% of our UK senior roles are filled by women
- Recruitment: improving hiring diversity through extending the reach of our search and selection activities; pressing for balanced candidate short lists for all roles; maximising diversity on our interview panels to moderate bias; continuously developing the interviewing skills of our staff; creating opportunities for returnships for women who had previously taken a break from the industry, especially in investment and client teams
- Development: supporting individuals in their career progression through extensive mentoring and training; as well as holding managers accountable for the development and progression of their teams through dedicated KPIs
- Retention: creating a culture of inclusion driven from both the top down and the bottom up, through formal initiatives and informal networks; continuously developing our offering in terms of parental benefits, mental and physical wellbeing, and career sustainability

Benchmarking

Remuneration awards are benchmarked against the following peers in the major jurisdictions where the Group operates:

- Listed and unlisted alternative asset managers
- Listed and unlisted asset managers
- Investment banks
- Listed financial service companies
- Other organisations as appropriate for the individual role

The Group carries out an extensive annual exercise to benchmark proposed salaries, bonuses and deferred awards for all employees globally.

Our Executive Directors are benchmarked against equivalent individuals at a range of relevant public and private companies globally. While it is extremely challenging to obtain publicly available data on many private companies, we are able to gain insight into this area by commissioning bespoke research by leading external compensation and recruitment consultants and other independent providers of compensation data.

Due to the unique nature of the Group's business as a UK-listed alternative asset manager, which competes for talent against other alternative asset managers which are not listed in the UK or indeed at all, it is imperative to obtain a wide range of benchmark data.

Hence, while we do consider other UK-listed financial services companies in our benchmarking, they can be a less relevant comparator.

Fees paid to NEDs (audited)

In the financial year under review, NEDs' fees were as follows:

Non Executive Directors	Date appointed	Board membership fees £000	Board and Committee Chairman fees £000	Senior Independent Director fee £000	Audit Committee £000	Remuneration Committee £000	Risk Committee £000	Total for year ended 2021 £000	**Total for year ended 2022 £000**
Lord Davies of Abersoch[1]	November 2019		302.9					275.0	**302.9**
Virginia Holmes	March 2017	76.5	25.0				12.3	109.3	**113.8**
Rusty Nelligan	September 2016	76.5	25.0				12.3	109.3	**113.8**
Rosemary Leith	February 2021	76.5				12.3	12.3	17.0	**101.1**
Matthew Lester	April 2021	76.5			12.3		12.3	N/A	**101.1**
Kathryn Purves[4]	October 2014	76.5	25.0		12.3			109.3	**113.8**
Amy Schioldager[2]	January 2018	76.5	20.5		12.3		12.3	121.6	**121.6**
Andrew Sykes[3]	March 2018	71.3	23.8	14.4	11.4	11.4		116.6	**132.3**
Stephen Welton	September 2017	76.5				12.3		88.8	**88.8**

1. The Chairman does not receive a fee in respect of his membership of the Remuneration Committee. Lord Davies stepped down as Board Chairman effective 4 March 2022 and fee payments ceased effective from this date.
2. This fee relates to Amy Schioldager's role as Board Director of Employee Engagement.
3. Andrew Sykes, previously the Senior Independent Director (SID), has been appointed as Interim Chairman effective from 5 March 2022. For the period during which he is interim Board Chairman, Andrew Sykes will receive a fee at the same rate as the outgoing Chairman in lieu of the fees he previously received as a Non-Executive Director and SID.
4. Kathryn Purves has taken on the responsibilities of the SID for the period Andrew Sykes is interim Board Chairman, and will receive the relevant fees for this responsibility. This is effective from 23 March 2022 and the increase in fees will be reflected in the April 2022 payroll and so has not been included above.
5. For the year ended 31 March 2022, there were £14.8k of taxable expenses paid to the NEDs.

NEDs do not have contracts of service and are not eligible to join the designated Group pension plan or receive payment for loss of office. All NEDs have a three-month notice period, are re-elected annually and were last re-elected in July 2021.

Payments made to past directors (audited)

The following payments (in excess of £500), in respect of DVB awards made whilst they were Executive Directors, were made in the financial year ended 31 March 2022 to former directors. These are deferred awards for performance in previous years and were retained on leaving service.

Employee	£
Philip Keller	743,278
Christophe Evain	783,516

Statement of implementation of Remuneration Policy in following financial year

The NEDs' fees have been benchmarked against fees of NEDs in comparable companies of similar size and nature. The Chairman's fee has not been increased this year. The NEDs' base fees have not been increased this year but the Committee Chair fees have been increased from £25,000 to £30,000 and the Committee Membership fees have been increased from £12,250 to £14,000, to move more in line with market norms.

The salaries for the Executive Directors and fees for the NEDs for the coming year are set out below.

	Annual salaries and fees £000	
Role	Year ended 31 March 2022	Year ended 31 March 2023
CEO	394.0	**410.0**
CFOO	500.0	**520.0**
CPEAO	425.0	**442.0**
Chairman	325.0	**325.0**
Non-Executive Director base fee (other than Chairman)	76.5	**76.5**
Senior Independent Director	15.5	**15.5**
Remuneration Committee Chair	25.0	**30.0**
Audit Committee Chair	25.0	**30.0**
Risk Committee Chair	25.0	**30.0**
Member of the Audit Committee, Risk Committee or Remuneration Committee	12.3	**14.0**
Board Director for Employee Engagement	20.5	**20.5**

Committee composition is set out on page 74 and in the relevant Committee reports on pages 77 to 117.

For the coming year, the AAP will be calculated as described in the Directors' Remuneration Policy. All incentives for qualifying services payable to Executive Directors and other employees of the Group will be funded out of the AAP. The Executive Directors' annual bonus and other incentives will be guided by their achievement of specific objectives.

The Executive Directors' annual variable pay awards will be based on a scorecard of KPIs, with an expected weighting of at least 60% on financial KPIs as for FY22. These KPIs take account of the key business priorities including, for example: fundraising, realised returns on investments and profitability. Part of the variable pay award will be based on strategic and operational KPIs, such as Culture, Diversity and Inclusion and Sustainability.

Statement of voting at Annual General Meeting

The table below sets out the votes cast on the Directors' Remuneration Report at the 2021 Annual General Meeting of the Company and on the Directors' Remuneration Policy when last tabled at the 2020 Annual General Meeting of the Company.

	Votes for	Votes against	Abstentions
Directors' Remuneration Report	98.34%	1.66%	15,377
Remuneration Policy	94.43%	5.57%	242,894

Payments for loss of office (audited)

No payments were made for loss of office in the financial year under review.

GOVERNANCE OF REMUNERATION

Committee governance

The Committee is authorised by the Board to determine and agree the remuneration of the Chairman of the Group, the Executive Directors and such other members of the executive management (including all material risk takers).

Roles and responsibilities

The Committee is responsible for:

- Recommending to the Board the Group Remuneration Policy and share incentive schemes to be recommended to shareholders ensuring compliance with applicable laws, regulations and the Group's risk appetite
- Recommending the remuneration terms for any person proposed to join the Board as the Chairman or as an Executive Director and, in consultation with the Chairman, determining the contractual terms of employment of the Executive Directors
- Monitoring the level and structure of remuneration for Executive Directors and certain senior employees taking account of all relevant factors and having regard to views of shareholders and other stakeholders
- Determining targets or key performance indicators (consistent with the Group's strategy, budget and individuals' personal objectives) for performance-related pay schemes applicable to Executive Directors and determining the outcomes under such schemes
- Determining the remuneration of the Chairman and, having taken advice from the Chairman, the Executive Directors
- For all share incentive plans, determining when awards will be made, the aggregate quantum of such awards, the individual awards to certain senior employees and, having taken advice from the Chairman, the individual awards to Executive Directors
- Making proportionate adjustments to any employee's remuneration for events that have been detrimental to the Group
- Overseeing any payments made on the termination of employment of an Executive Director or certain senior employees
- Approving the aggregate variable pay pool and any Business Growth Pool

Composition

The Committee consists entirely of NEDs. During the year, the members of the Committee were Virginia Holmes (Chair of the Committee), Lord Davies of Abersoch, Rosemary Leith, Andrew Sykes and Stephen Welton.

Kathryn Purves and Rusty Nelligan have also attended meetings of the Committee during the year at the invitation of the Committee Chair, in their roles as Chairs of the Risk and Audit Committees, to ensure that risk and audit matters are taken into account in determining the remuneration of Directors.

+ **Biographical details can be found on page 70**

None of the Committee members has any personal financial interests (other than as a shareholder in ICG) which would lead to a conflict of interests or conflicts arising from cross directorships or day-to-day involvement in running the business. The Company therefore complies with the Corporate Governance Code recommendations regarding the composition of the Committee.

The Committee meets at least three times a year and more frequently if necessary. Executive Directors attend the meetings by invitation. The Committee consults the Executive Directors regarding its proposals and also has access to professional advice from outside the Group. The Head of Reward also attends meetings, and the Company Secretary attends as Secretary. No Director is involved in any decisions as to their own remuneration.

A table showing the number of Committee meetings held during the year and the attendance record of individual Directors can be found in the Corporate Governance section (see page 74).

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in November 2021.

@ **The terms of reference are available on the Group's website www.icgam.com, or by contacting the Company Secretary.**

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2022; the Committee was found to be operating effectively. For more details of this exercise, please see page 76.

Advisers to the Committee

During the year, external advice to the Committee was provided by Alvarez and Marsal. Legal advisers (including Allen & Overy and Slaughter & May) have been available to the Committee during the year to 31 March 2022, and PwC and Deloitte are available for advice on certain taxation and other 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. Therefore, the Committee is confident that independent and objective advice is received from its advisers.

The fees charged for advice to the Committee were £99,272 payable to Alvarez and Marsal. Fees are charged on the basis of time spent.

This Annual Report on Remuneration is approved by the Board and signed on its behalf by

Virginia Holmes
Chair of the Remuneration Committee

25 May 2022

DIRECTORS' REMUNERATION POLICY

This section describes our remuneration policy, which was approved by our shareholders at the 2020 AGM with a 94.43% vote in favour.

Annual Award Pool (AAP) and Business Growth Pool (BGP)

A central feature of the Group's Remuneration policy is the AAP. All incentives awarded across the Group are governed by an overall limit of 30% of Pre-Incentive Cash Profit (PICP) over a five-year period.

This percentage may be exceeded in any single year but must not be exceeded on an average basis over five years. Managing the AAP by reference to a five-year rolling average ensures that variable awards to employees are made in a considered way with a long-term perspective rather than as a reaction to a single year's exceptional performance.

The AAP is funded by PICP, so that:

- Interest income and capital gains are only recognised on a cash basis
- Impairments on investment principal are included
- Fair value movement of derivatives is excluded

The holding period for investments is typically four to eight years and a significant portion of the Group's fund management fees arise from committed closed-end funds and are payable over the life of the fund which can be up to 12 years. This means that the AAP is long-term in nature as it includes realisations from a number of investment vintages. By generating the award pool in this way, we ensure that employees are only rewarded once returns have crystallised.

Allocation of the award pool

The AAP is based on cash profits the Group has already realised from its fund management business and its investments, and it is capped at 30% annualised over a five-year period. The Committee exercises discretion over the actual amount to be awarded in variable compensation each year, based on an assessment of market levels of pay, Group KPIs, and individual performance (subject to the overall cap on the AAP).

In a strong year that has generated high PICP, the Committee may choose not to distribute the full AAP but can instead retain some of it for potential use in future years. In years where PICP is low, the Committee may distribute some of the retained AAP from previous years, if appropriate. The Committee applies a prudent approach to setting the actual size of variable pay pool, within the overall limits described above.

The ongoing appropriateness of the 30% limit for the existing business is kept under review.

Awards to the Executive Directors are paid as a mix of cash and ICG PLC shares. A significant proportion of the variable pay is made in the form of deferred shares, with at least 70% of the total variable pay for each Executive Director awarded in the form of ICG PLC shares deferred over three, four and five years.

Cash Bonus Awards for the Executive Directors are subject to clawback which applies for two years post award. ICG PLC Equity Awards are subject to both malus until vesting and clawback which applies for two years post-vesting.

Business Growth Pool (BGP)

The BGP is capped at 3% of the five-year rolling average PICP and is designed to support the establishment of new investment strategies, commensurate with the overall business strategy. The BGP is used to fund the incentives of relevant teams involved in developing such new strategies, and is ring-fenced and limited in duration to the period when the new investment strategy is being developed. Any awards made from the BGP are overseen by the Committee, and Executive Directors do not participate in any such awards.

Awards falling within the AAP

All cash and share awards are distributed from the AAP. Historically, there have been two different award types to be made over ICG shares: Deferred Share Awards and ICG PLC Equity Awards. We have also introduced a new award type this year, "Growth Incentive Awards", delivered in the form of market value options to a small group of certain eligible employees which are satisfied using shares purchased in the market by our Employee Benefit Trust. Deferred Share Awards and Growth Incentive Awards are not made to Executive Directors.

Certain performance fees (funded by third-party investors) and other fund performance incentives funded by ICG are also included in the overall limits set for the AAP.

Carried interest on third-party funds and similar arrangements in respect of ICG direct investment funds or business acquisitions that do not give rise to a cost or liability to the Group are not remuneration and are outside the AAP.

Remuneration policy table

The table below outlines each element of the remuneration policy for the Directors of the Company.

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
1. Base salary – Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group – Designed to be sufficient to ensure that Executive Directors do not become dependent on their variable remuneration – Reflects local competitive market levels	– Paid monthly – Normally reviewed annually with any changes generally applying from the start of the financial year	– In considering increases, the Committee considers the range of salary increases applying across the Group, and local market levels – Any increase in salary for an Executive Director will not normally exceed the average salary increase across the Group unless there are exceptional reasons such as, but not limited to, a change in the role or responsibilities of the Executive Director	– None
2. Benefits – Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group – Reflects local competitive market levels	– Benefits currently receivable by Executive Directors include life assurance, private medical insurance and income protection – Additional benefits (such as relocation assistance) may be offered in line with market practice if considered appropriate by the Committee	– Provision and level of benefits are competitive and appropriate in the context of the local market – The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances	– None
3. Pension – Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group Purpose and link to strategy	– All Executive Directors are entitled to a pension allowance payable each month at the same time as their salary	– A pension allowance of no more than the level available to the majority of the Group's workforce in the relevant location is provided. The current level for the UK workforce is up to 12.5% of base salary	– None

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
4. Total variable pay award – The Total Variable Pay Award is split between Cash Bonus Award and ICG PLC Equity Award (see below)	– The total variable pay award consists of the Cash Bonus Award and ICG PLC Equity Award	– An Executive Director's annual variable award is drawn from the AAP which is determined as described on page 111 – Total variable pay awards to Executive Directors are subject to a cap, payable for outstanding performance only. This is £6m for the CEO/ CIO, £2m for the CFOO and £1.5m for the CPEAO – Target variable awards to Executive Directors are £3.6m for the CEO/CIO, £1m for the CFOO and £750k for the CPEAO	– An Executive Director's annual variable award is drawn from the AAP, and so is directly determined by reference to the Group's cash profit for the relevant financial year – Executive Director's annual variable award entitlement is also determined by reference to performance against personal and corporate performance objectives, which are derived from the Group's key performance indicators
4a. Cash Bonus Award – Rewards achievement of business KPIs, cash profits and employing sound risk and business management	– Awards are made after the end of the financial year – The maximum amount of an Executive Director's Total Variable Pay Award that can be paid as a Cash Bonus Award is 30% – Cash Bonus Awards are subject to clawback which applies for three years post award. Forfeiture of compensation may be triggered by, amongst other things, a misstatement of the accounts, fraud, regulatory breaches and serious breaches of contract	– See details above in relation to the overall annual variable award	– See details above in relation to the overall annual variable award

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
4b. ICG PLC Equity Award – Rewards achievement of business KPIs, cash profits and employing sound risk and business management – Aligns the interests of Executive Directors with those of shareholders	– Awards are made over shares in the Company after the end of the financial year – At least 70% of an Executive Director's Total Variable Pay Award shall be delivered in ICG PLC Equity – Shares normally vest by one third in each of the third, fourth and fifth years following the year of grant unless the Executive leaves for cause or to join a competitor, in which case the awards lapse. The Committee has discretion to vary the date of vesting if necessary or desirable for regulatory or legislative reasons – In the event of a change in control (other than an internal reorganisation) shares vest in full – Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date – PLC Equity Awards made are subject to both malus, until vesting, and clawback which will apply for up to seven years post grant. Forfeiture of compensation may be triggered by, amongst other things, a misstatement of the accounts, fraud, regulatory breaches and serious breaches of contract	– See details above in relation to the overall annual variable award	– See details above in relation to the overall annual variable award
5. Shareholding requirement – To align the interests of the Group's Executive Directors with those of shareholders. – To further enhance long-term alignment with shareholders, a post-cessation shareholding requirement has been introduced	– Executive Directors are required to build ownership of a number of ordinary shares in the Group, normally over five years from appointment, with a market value equal to a multiple of the Director's annual base salary. This multiple is three times for the CEO and two times for the other Executive Directors – Executive Directors are normally required to maintain this level (or the level so far accrued at cessation, if lower) of holding for two years after they cease to be employed	– N/A	– N/A

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
6. The Intermediate Capital Group PLC SAYE Plan 2014 – Provides an opportunity for all employees to participate in the success of the Group	– All UK employees are offered the opportunity to save a regular amount each month over 36 months and may receive an uplift at the end of the saving contract (subject to HMRC legislation) – At maturity, employees can exercise their option to acquire and purchase shares in ICG PLC at the discounted price set at the award date or receive the accumulated cash	– Employees may save the maximum permitted by legislation each month	– The Plan is not subject to any performance conditions, as this is not permitted by the relevant legislation
7. Fees paid to Non Executive Directors – To facilitate the recruitment of Non Executive Directors who will oversee the development of strategy and monitor the Executive Directors' stewardship of the business	– Fees are payable to Non Executive Directors for their services in positions upon the Board and various Committees – Fees for the Board Chairman are determined and reviewed annually by the Committee and fees for Non Executive Directors are determined by the Board Chairman and the Executive Directors – The Committee refers to objective research on up-to-date, relevant benchmark information for similar companies – Non Executive Directors are reimbursed for expenses, such as travel and subsistence costs, incurred in connection with their duties. Any tax costs associated with these benefits are paid by the Group	– Non Executive Directors cannot participate in any of the Group's variable pay plans or share schemes and are not eligible to join the designated Group pension plan – Fees are set and reviewed in line with market rates. Aggregate annual fees do not exceed the limit set out in the Articles of Association – Any benefits receivable by Non Executive Directors will be in line with market practice	– None of the Non Executive Directors' remuneration is subject to performance conditions

Performance measures and targets

The AAP is determined based on the Group's financial performance. The Group's PICP provides a link between income generation for shareholders and employee compensation (see page 111).

Once the AAP has been calculated, it is then allocated based on business performance and an individual's performance as determined by the annual appraisal process.

Executive Directors have performance objectives set and KPIs are set by the Committee. Details of these KPIs are set out on page 98. Further management information is provided to the Committee on performance to ensure that financial results are put into the context of wider performance factors, compliance and risk appetite.

Co-investment and carried interest in third-party funds

Executive Directors and investment professionals in the Group may be required to invest in third-party funds through co-investment and carried interest. Where this applies, the relevant employee pays full market value for these interests at the time of acquisition, and takes the investment risk. These are personal investments that are expected by third-party fund clients, to drive financial alignment with third-party fund performance, rather than remuneration provided by ICG for services to the Group.

Committee discretion

The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation of the Policy. These include, but are not limited to, the following:

- the timing of awards or payments
- the size of awards (within the limits set out in the Policy table)
- the choice of weighting and assessment of performance metrics
- in exceptional circumstances, determining that a share-based award shall be settled (in full or in part) in cash
- the treatment of awards in the event of a change of control or restructuring
- determination of good leaver status, and treatment of awards for such leavers
- whether, and to what extent, malus and/or clawback should apply
- adjustments required in exceptional circumstances such as rights issues, corporate restructuring, or special dividends
- adjustments to performance criteria where there are exceptional events

Service contracts and policy on payments for loss of office

Executive Directors

The Group's policy is for Executive Directors to have ongoing contracts which are deemed appropriate for the nature of the Group's business. Service contracts are held, and are available for inspection, at the Group's registered office. The details of the service contracts for Executive Directors serving during the year and the treatment of deferred share awards to Executive Directors are shown below.

Executive Director	Date of service contract	Last re-elected	Re-election frequency	Notice period	Non-compete provisions	Compensation on termination by the Company without notice or cause
Benoît Durteste	21 May 2012	July 2021	Annual	12 months	Restraint period of 12 months	The salary for any unexpired period of notice plus the cost to the Group (excluding National Insurance contributions) of providing insurance benefits for the same period. The Group may also make payments, where necessary, to mitigate any potential claims, and to compensate for legal fees or outplacement costs incurred
Vijay Bharadia	20 May 2019	July 2021	Annual	12 months	Restraint period of 9 months	
Antje Hensel-Roth	16 April 2020	July 2021	Annual	12 months	Restraint period of 9 months	

Deferred share award	Status	Death, disability, long-term ill health	Redundancy	Cause or competing	Any other reason
PLC Equity Award	Unvested	Retain with early vesting	Retain	Forfeit, subject to discretion	Retain, subject to discretion
Deferred Share Award	Unvested	Retain with early vesting	Retain	Forfeit, subject to discretion	Retain, subject to discretion

Exercise of discretion

The discretion available to the Committee under the variable pay plans is intended to provide the Committee with flexibility to deal fairly with every eventuality. In exercising its discretion, the Committee will take into account the circumstances in which the individual has left the Group, their performance and the impact that this has had on the Group's overall performance. The Committee reserves discretion to make a variable pay award to an Executive Director in respect of the final year of service, taking into account the circumstances of the individual's termination of office, the portion of the year served, and performance for the financial year concerned.

Approach to recruitment remuneration

The Group operates in a highly specialised and competitive market, and hence competition for talent is intense. The Committee's approach to recruitment remuneration is to pay what is appropriate to attract candidates to a role.

New Executive Directors are offered a remuneration package similar to that of existing employees in the same role. All Executive Directors are offered an appropriate annual salary, benefits and pension allowance and all participate in the Annual Award Pool and are subject to an overall cap on variable reward.

However, it may be necessary to offer a new Executive Director a remuneration package that differs from that currently provided to the Executive Directors in order to attract the best recruit. This could include a higher base salary and relocation and/or housing benefits and higher total variable pay, but not more than the CEO/CIO level set out in the policy table, unless there are exceptional circumstances.

Replacement of forfeited compensation such as deferred bonuses and long-term incentives is permitted.

This is subject to, as far as possible, the timing, delivery mechanism (i.e. shares or cash) and amounts paid out being set to reflect any former arrangement.

As far as possible, the value of any replacement awards will reflect the expected value of the forfeited awards.

In the event of an internal promotion to the Board, the Committee reserves the right to allow any pre-existing awards or arrangements to be retained until their normal maturity date, notwithstanding that these may not be consistent with the approved policy.

Statement of consideration of shareholder views

The Committee is responsible for the overall remuneration policy for all the Group's employees and ensures that the remuneration arrangements should take into account the long-term interests of shareholders, clients and other stakeholders.

The Group recognises the importance of communication with its shareholders, particularly through interim and annual reports and the AGM.

The CEO, CFOO and the Chairmen of the Board and each of its Committees will be available to answer shareholders' questions at the AGM. The CEO and the CFOO meet institutional shareholders on a regular basis, and the Chairman periodically contacts the Group's major shareholders and offers to meet with them. The Board is kept fully informed of the views and concerns of the major shareholders and relevant NEDs attend meetings with major shareholders and shareholder advisory groups when requested to do so.

Statement of consideration of employment conditions elsewhere in the Group and employee views

The Committee considers the employment conditions and the remuneration structures in place for all employees of the Group when setting the Directors' Remuneration Policy.

The Committee also reviews the remuneration arrangements of senior investment and marketing employees and senior management and control function employees and oversees the remuneration structure and market positioning for other roles. The overall and average salary increase across the Group is approved by the Committee each year. The Board has established a process which is being used to seek the opinions of employees when setting the Directors' Remuneration Policy by seeking feedback through a designated NED.

In addition employees' views are represented at Committee meetings through the Chief People and External Affairs Officer, who is also an Executive Director, and the Head of Reward.

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the financial year ended 31 March 2022. The risks to which the Group is subject, and the policies in respect of such risks, are set out on pages 57 to 64 and are incorporated into this report by reference. The Corporate Governance section set out on pages 67 to 117 is incorporated into this report by reference. The Strategic Report section set out on pages 2 to 65 is also incorporated by reference.

Throughout the financial year ended 31 March 2022 the Group was in compliance with the provisions of the 2018 UK Corporate Governance Code issued by the Financial Reporting Council. A copy of the Code is available on the Financial Reporting Council's website: www.frc.org.uk. The Governance section of this report (page 67) sets out how we have applied the Code's principles and provisions throughout the year.

Significant shareholdings

As at 19 May 2022 the Company had been notified or otherwise become aware of the following interests pursuant to the Disclosure Rules and the Transparency Rules representing 3% or more of the issued share capital of the Company.

Institution	Number of shares	Percentage of voting rights
BlackRock Inc	25,233,473	8.68%
Aviva Investors	21,271,787	7.32%
Wellington Management Company	20,149,717	6.93%
Abrdn Plc	16,462,513	5.67%
The Vanguard Group Inc	11,824,223	4.07%
Ameriprise/Threadneedle	10,579,684	3.65%
Franklin Resources Inc	9,718,723	3.35%

Directors

The profiles of the Directors currently serving are shown on page 70; those details are incorporated into this report by reference. All of the Directors served throughout the year.

The composition of each of the Committees of the Board and the Chair of each Committee are detailed in the report of each Committee, found on pages 77 to 117.

Directors' interests

The interests of Directors who held office at 31 March 2022 and their connected persons, as defined by the Companies Act 2006, are disclosed in the report of the Remuneration Committee on page 104.

During the financial year ended 31 March 2022, the Directors had no options over or other interests in the shares of any subsidiary company.

The roles of the Chairman and Chief Executive

In accordance with the Code, the Board has adopted a formal division of responsibilities between the Chairman and the CEO, so as to establish a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.

The Interim Chairman, Andrew Sykes, was considered independent at the date of his appointment as Chairman.

The Board has delegated the following responsibilities to the Executive Directors:

- The development and recommendation of strategic plans for consideration by the Board
- Delivery of objectives and priorities determined by the Board
- Implementation of the strategies and policies of the Group as determined by the Board
- Monitoring of operating and financial results against plans and budgets
- Monitoring the quality of the investment process
- Developing and maintaining risk management systems

Disclosure documents

The terms of reference of each of the Board Committees, together with the Directors' service agreements, the terms and conditions of appointment of NEDs and Directors' deeds of indemnity, are available for inspection at the Company's registered office during normal business hours.

Committee proceedings

Each Committee has access to such external advice as it may consider appropriate. The terms of reference of each Committee are considered regularly by the respective Committee and referred to the Board for approval.

Delegation to Executive Directors

The Company has three Executive Directors, each of whom has a specific area of responsibility.

Benoît Durteste is Chief Executive Officer and, in addition to his strategic and operational remit, oversees the Group's Investment Committees in his role as the Chief Investment Officer.

Vijay Bharadia is Chief Financial and Operating Officer and is responsible for compliance, finance, treasury, tax, investor relations, legal, operations and IT, and risk.

Antje Hensel-Roth is Chief People and External Affairs Officer and is responsible for human resources, communications and external affairs.

A Management Committee is in place to support, assist and challenge the Executive Directors in the exercise of their authority. This Committee is made up of other individuals from the senior management team of the Group and focuses on ongoing business operations and business development opportunities.

Board process

Each Board member receives a comprehensive Board pack at least five days prior to each meeting which incorporates a formal agenda together with supporting papers for items to be discussed at the meeting. Further information is obtained by the Board from the Executive Directors and other relevant members of senior management, as the Board, particularly its NEDs, consider appropriate.

A similar process is followed for each Committee.

Advice for Directors

All Directors have access to the advice and services of the Company Secretary and the Secretaries to each of the Committees on which they serve and may take independent professional advice at the Group's expense in the furtherance of their duties. The appointment or removal of the Company Secretary would be a matter for the Board.

Meetings with the Chairman

Time is allocated at the end of each Board meeting for the NEDs to hold meetings in the absence of Executive Directors. As appropriate (and at least once per year), the NEDs will also hold sessions in the absence of the Chairman.

In accordance with the Code, any shareholder concerns not resolved through the usual mechanisms for investor communication can be conveyed to the Senior Independent Director (SID). The SID acts as a sounding board for the Chairman and also leads the annual appraisal of the Chairman.

Directors' indemnity

The Group has entered into standard contractual indemnities with each of the Directors. The Group also provides Directors' and Officers' insurance for the Directors.

Conflicts of interest

Directors have a statutory duty to avoid conflicts of interest with the Group. The Company's Articles of Association allow the Directors to authorise conflicts of interest and the Board has adopted a policy and effective procedures for managing and, where appropriate, approving potential conflicts of interest. No material conflicts of interest exist.

Internal control

The Board has overall responsibility for the Group's internal control system and monitoring of risk management, the effectiveness of which is reviewed at least annually. Internal controls include giving reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly, and that material errors and irregularities are prevented or detected within a timely period.

Through the regular meetings of the Board and the schedule of matters reserved to the Board or its duly authorised Committees, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. For further details of the Group's Committees, please see pages 77 to 117 and for further details of the Board, page 67.

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Board annually considers and approves a strategic plan and budget. In addition, there are established procedures and processes in place for the making and monitoring of investments and the planning and controlling of expenditure.

The Board also receives regular reports from Executive Directors and other members of senior management on the Group's operational and financial performance, measured against the annual budget, as well as regulatory and compliance matters. For further details of the Group's Executive Directors, please see page 118.

The Group has in place arrangements whereby individuals may raise matters of concern in confidence about possible improprieties in matters of financial reporting or other matters.

The rationale for the system of internal control is to maximise effectiveness for the commercial management of the business and to provide the Board with regular and effective reporting on the identified significant risk factors. The Board is responsible for determining strategies and policies for risk control, and management is responsible for implementing such strategies and policies.

The Board confirms that an ongoing process for identifying, evaluating and managing the Group's significant risks has operated throughout the year and up to the date of the approval of the Directors' report and financial statements. For further details of the risks relating to the Group, please see page 57 and the report of the Risk Committee on page 85.

Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 65. The financial position of the Group, its cashflows, liquidity position, and borrowing facilities are described in the Finance and Operating Review on page 54. In addition, the Directors have taken account of the Group's risk management process described on page 57. The Directors have made an assessment of going concern, taking into account both the Group's current performance and the Group's outlook, using the information available up to the date of issue of these financial statements.

The Group has good visibility on future management fees due to the long-term nature of our funds, underpinned by a strong and well capitalised balance sheet. At 31 March 2022, liquidity, which consists of unencumbered cash and undrawn debt facilities, was £1,311.5m (31 March 2021: £846.9m). This financial position and liquidity profile provide confidence that the Group has sufficient financial resources for the foreseeable future. As a consequence, the Directors believe that the Company and the Group are well positioned to manage its and their businesses and liabilities as they fall due.

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2022. After making the assessment of going concern, the Directors have concluded that the preparation of the financial statements on a going concern basis to 30 June 2023, a period of more than 12 months from the signing of the financial statements, continues to be appropriate.

Forward-looking statements

This Annual Report includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Directors, the Company and the Group concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. Many of these factors are beyond the control of the Directors, the Company and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Annual Report. Except to the extent required by laws and regulations, the Directors, the Company and the Group do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Annual Report.

Change of control agreements

There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group, other than:

1. The Private Placement arrangements of $64m dated 8 May 2013, $122m and €44m dated 11 May 2015, $167m and €52m dated 29 September 2016, and $350m and €44m dated 26 March and 24 April 2019, where a change of control of the Company gives rise to a prepayment offer, whereby the Company must make an offer to all holders of the Private Placement notes to prepay the entire unpaid principal amount of the Private Placement notes, together with accrued interest thereon.
2. The £550m committed syndicated Revolving Credit Facility agreement entered into on 22 January 2021 contains a change of control provision which provides, upon the occurrence of a change of control of the Company, for a 30-day negotiation period with the syndicate lenders to agree terms and conditions which are acceptable to syndicate lenders and the Company for continuing the facilities. If, at the end of the negotiation period, no such agreement is reached, the facilities agreement gives each lender the right, but not the obligation, upon applicable notice, to cancel their commitments under the facilities agreement and declare their participation in the loans then outstanding repayable immediately, together with accrued interest and all other amounts payable thereon.
3. The terms and conditions of the £160m bond issue which took place in March 2015, the €500m institutional bond issue which took place in February 2020 and the €500m institutional bond issue which took place in January 2022 each of which set out that, following a change of control event, investors have the right but not the obligation to sell their notes to the Company if the change of control results in either a credit ratings downgrade from investment grade to sub-investment grade or withdrawal, or a downgrade of one or more notches (or withdrawal of the rating) if already sub-investment grade.

4. The employee share schemes, details of which can be found in the report of the Remuneration Committee on 93, awards and options under the 2001 Approved and Unapproved Executive Share Option Schemes and SAYE Plan 2004 become exercisable for a limited period following a change of control. Awards and options under the Omnibus Plan and the BSC Plan vest immediately on a change of control.
5. Carried interest arrangements in respect of a number of funds vest fully in favour of the Company and certain of the Group's employees following a change of control event.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid apart from those described above and the usual payment in lieu of notice.

Information included in the Strategic report

In accordance with section 414 C (11) of the Companies Act 2006, the following information otherwise required to be set out in the Directors' report has been included in the Strategic report: risk management objectives and policies (pages 57 to 64); engagement with employees (page 30) and engagement with suppliers and other stakeholders (pages 23).

Dividend

The Directors recommend a final net ordinary dividend payment in respect of the ordinary shares of the Company at a rate of 57.3 pence per share (2021: 39.0 pence per share), which when added to the interim net dividend of 18.7 pence per share (2021: 17.0 pence per share) gives a total net dividend for the year of 76.0 pence per share (2020: 56.0 pence per share). The recommendation is subject to the approval of shareholders at the Company's AGM in July 2022.

The amount of ordinary dividend paid in the year was £165.7m (2021: £150.9m).

Distributable reserves

The distributable reserves of the Parent Company at 31 March 2022 were £564.6m (£674.7m at 31 March 2021).

Disclosures required under Listing Rule 9.8.4

Dividend waivers have been issued in respect of shares which are held by the Group's Employee Benefit Trust (EBT), or held as treasury shares; other than this, there are no disclosures required to be made under UK Listing Rule 9.8.4.

Compliance with Listing Rule 9.8.6R

The Group has complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

Disclosures can be found on the following pages:

Pillar	Disclosure	Page
Governance	a. Describe the Board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities	32
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning climate-related risks c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	33
Risk management	a. Describe the organisation's processes for identifying and assessing climate-related risks b. Describe the organisation's processes for managing climate-related risks c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	37
Metrics and targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	39

+ **Read more on our TCFD disclosures on pages 32 to 41**

Non-UK branches

A subsidiary of the Company, Intermediate Capital Managers Limited, operates a branch in France.

Auditor

EY were the auditor for the financial year ended 31 March 2022. A resolution for the appointment of EY as the auditor was passed at the AGM held on 29 July 2021. Details of auditor's remuneration for audit and non-audit work are disclosed in note 12 to the accounts.

+ **Further details are set out in the Audit Committee report on page 77**

Complex supplier arrangements

The Group does not use supplier financing arrangements.

Research and development activities

Details of the research and development activities undertaken are set out in note 17.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- The Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to ensure that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post balance sheet events

Material events since the balance sheet date are described in note 33 and form part of the Directors' report disclosures.

Political contributions

No contributions were made during the current and prior year for political purposes.

Greenhouse gas emissions

All disclosures required by the Streamlined Energy and Carbon Reporting (SECR) requirements set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 have been complied with and are detailed on page 42 which forms part of the Directors' report disclosures.

Approach to discrimination and consideration of disabled employees

The Group is committed to creating an environment where all its employees are treated with dignity and respect at work and which is free from discrimination, victimisation, harassment and bullying. Such conduct is harmful to our employees and our business and we seek to address any form of discrimination, victimisation, harassment or bullying where it occurs in the workplace. All our employees and other third parties working for or with us, without exception, have a duty to comply with our policies to ensure that their colleagues are treated with dignity and respect and wherever possible to prevent discrimination, victimisation, harassment or bullying.

We aim to:

- ensure that all job applicants are treated fairly and judged on criteria relevant to a vacant position
- ensure that all employees are treated in a fair and equitable manner which allows each individual to reach their full potential
- ensure that decisions on recruitment, selection, training, promotion, career management, transfer, terms and conditions of employment and every other aspect of employment are based solely on objective and job-related criteria
- provide the Group with a workforce of the highest ability which reflects the population as a whole
- avoid any type of unlawful discrimination
- ensure all managers actively promote equal opportunities within the Group

We strongly disapprove of and will not tolerate unlawful discrimination, victimisation, harassment, bullying or any other inappropriate behaviour towards our employees by managers, other employees or any third party such as clients, suppliers, visitors, consultants or contractors. All our employees and third parties working for or with the Group are required to make sure they treat everyone fairly and without bias.

The Group treats applicants and employees with disabilities fairly and provides facilities, equipment and training to assist disabled employees to do their jobs. Arrangements are made as necessary to ensure support to job applicants who happen to be disabled and who respond to requests to inform the Group of any requirements. Should an employee become disabled during their employment, efforts would be made to retain them in their current employment or to explore the opportunities for their retraining or redeployment within the Group.

Financial support is also provided by the Group to support disabled employees who are unable to work, as appropriate to local market conditions.

Acquisition of shares by EBT

Acquisitions of shares by the ICG Employee Benefit Trust 2015 purchased during the year are as described in note 24 to the financial statements.

Share capital and rights attaching to the Company's shares

As at 31 March 2022 the issued share capital of the Company was 294,285,804 ordinary shares of 26¼p each (including 3,733,333 shares held by the Company as treasury shares).

Certain key matters regarding the Company's share capital are noted below:

- Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise as the Company may from time to time by ordinary resolution determine or, in the absence of any such determination, as the Board may determine. All shares currently in issue are ordinary shares of 26¼p each carrying equal rights. The Articles of Association of the Company cannot be amended without shareholder approval

- At a General Meeting of the Company every member present in person or by a duly appointed proxy has one vote on a show of hands and on a poll one vote for each share held
- The ICG Employee Benefit Trust 2015 holds shares which may be used to satisfy options and awards granted under the Company's employee share schemes including its long-term incentive plans. The voting rights of these shares are exercisable by the trustees in accordance with their fiduciary duties
- The notice of any general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting
- No shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if:

  - They or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (section 793 notice) (which confers upon public companies the power to require information with respect to interests in their voting shares)
  - They or any interested person have failed to supply the Company with the information requested within 14 days where the shares subject to the notice (the 'default shares') represent at least 0.25% of their class or in any other case 28 days after delivery of the notice. Where the default shares represent 0.25% of their class, unless the Board decides otherwise, no dividend is payable in respect of those default shares and no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is the earlier

- The Directors may refuse to register any transfer of any share which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share in favour of more than four persons jointly
- The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than:

  - Certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws or the UK Takeover Code)
  - Pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

At the 2021 AGM the Directors were given the power to allot shares and grant rights to subscribe for, or convert any security into, shares: up to an aggregate nominal amount of £25,422,529.91 and, in the case of a fully pre-emptive rights issue only, up to a total amount of £50,845059.82.

A resolution will be proposed to renew the Company's authority to allot further new shares at the forthcoming AGM. In accordance with applicable institutional guidelines, the proposed new authority will allow the Directors to allot ordinary shares equal to an amount of up to one third of the Company's issued ordinary share capital as at 19 May 2022 plus, in the case of a fully pre-emptive rights issue only, a further amount of up to an additional one third of the Company's issued share capital as at 19 May 2022. The authority for Directors to allot the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

The Directors' authority to effect purchases of the Company's shares on the Company's behalf is conferred by resolution of shareholders. At the 2021 AGM the Company was granted authority to purchase its own shares up to an aggregate value of approximately 10% of the issued ordinary share capital of the Company as at 8 June 2021.

During the year no shares were bought back. The authority to effect purchases of the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

Powers of Directors

Subject to its Articles of Association and relevant statutory law and to such direction as may be given by the Company by special resolution, the business of the Company is managed by the Board, who may exercise all powers of the Company whether relating to the management of the business or not.

The Company's Articles of Association give power to the Board to appoint Directors. The Articles also require any Directors appointed by the Board to submit themselves for election at the first AGM following their appointment and for one third of the Company's Directors to retire by rotation at each AGM. Directors may resign or be removed by an ordinary resolution of shareholders. Notwithstanding the above, the Company has elected, in accordance with the UK Corporate Governance Code, to have all Directors reappointed on an annual basis (other than any who have decided to retire at the relevant AGM).

In relation to the Directors who are standing for election or re-election, the Chairman is satisfied that, following the conclusion of the formal performance evaluation described on page 76, each of the other Directors continues to be effective and demonstrates commitment to their role. In the case of the Chairman, the NEDs are satisfied that he continues to be effective and demonstrates commitment to his role.

Results of resolutions proposed at 2021 Annual General Meeting

Resolution	Votes for	Votes against	Votes withheld
1. To receive the Company's financial statements and reports of the directors of the Company (the "Directors") and of the auditor for the financial year ended 31 March 2021.	231,717,986	8,880	1,896,212
2. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) as set out in the Annual Report and Accounts for the financial year ended 31 March 2021.	229,723,362	3,884,339	15,377
3. To re-appoint Ernst & Young LLP as auditors of the Company to hold office as the Company's auditors until the conclusion of the Company's Annual General Meeting in 2022.	231,268,709	2,347,898	6,471
4. To authorise the Audit Committee, for and on behalf of the Board, to determine the remuneration of the auditors.	233,551,245	69,719	2,114
5. To declare a final dividend of 39.0 pence per ordinary share for the financial year ended 31 March 2021.	233,448,747	173,343	988
6. To reappoint Vijay Bharadia as a Director.	233,213,437	407,987	1,654
7. To reappoint Benoît Durteste as a Director.	233,619,510	1,914	1,654
8. To reappoint Virginia Holmes as a Director.	231,359,919	2,260,725	2,434
9. To reappoint Michael Nelligan as a Director.	233,620,410	1,014	1,654
10. To reappoint Kathryn Purves as a Director.	233,277,535	343,109	2,434
11. To reappoint Amy Schioldager as a Director.	233,610,522	10,902	1,654
12. To reappoint Andrew Sykes as a Director.	233,114,619	506,025	2,434
13. To reappoint Stephen Welton as a Director.	231,638,184	514,671	1,470,223
14. To reappoint Lord Davies of Abersoch as a Director.	230,335,084	3,286,340	1,654
15. To reappoint Antje Hensel-Roth as a Director.	233,618,368	3,056	1,654
16. To appoint Rosemary Leith as a Director.	233,619,981	663	2,434
17. To appoint Matthew Lester as a Director.	233,533106	88,318	1,654
18. To grant the Directors authority to allot shares pursuant to section 551 of the Companies Act 2006.	227,299,752	6,322,338	988
19. Subject to the passing of resolution 18, to authorise the Directors to allot equity securities and to sell ordinary shares pursuant to sections 570 (1) and 573 of the Companies Act 2006.	232,558,288	1,063690	1,100
20. In addition to the authority granted under resolution 19 and subject to the passing of resolutions 18 and 19, to authorise the Directors to allot equity securities.	224,115,645	9,506,333	1,100
21. To authorise the Company to make market purchases of its ordinary shares.	231,072,790	2,300,963	249,325
22. To approve that a general meeting of the Company (other than the annual general meeting) may be called on less than 14 clear days' notice.	205,188,179	28,433,911	988

The issued share capital of the Company at the date of the Annual General Meeting was 294,283,301 ordinary shares of 26¼p each (excluding 3,733,333 treasury shares held by the Company).

2022 Annual General Meeting

The AGM of the Company is scheduled to take place at the Head Office of the Company on 21 July 2022 at 9:00 am; the exact arrangements for the meeting will be subject to any restrictions on gatherings which may be in force. Details will be contained in the Notice of Meeting, and shareholders will be updated if arrangements change. Any shareholder who wishes to vote by proxy or raise a question to be answered in writing should refer to the Notice of Meeting for instructions on how to do so. Details of the resolutions to be proposed at the AGM along with explanatory notes are set out in the circular to be posted to shareholders in June 2022 convening the meeting. In line with market practice, if votes of more than 20% of those voting are cast against a resolution, the Company will make a statement when announcing the results of the vote to explain any actions it intends to take to understand the reasons behind the vote result.

This Directors' Report is approved by the Board and signed on its behalf by:

Andrew Lewis
Company Secretary

25 May 2022

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards (UK-adopted IAS) and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements of UK-adopted IAS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance
- In respect of the Group and Parent financial statements, state whether UK-adopted IAS have been followed and, as regards the Parent Company financial statements, applied in accordance with the provisions of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is appropriate to presume that the company and/or the group will not continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Policy and Corporate Governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The Directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted IAS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- That the Annual Report and Accounts, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- That they consider that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

Benoît Durteste
Chief Executive Officer

Vijay Bharadia
Chief Financial and Operating Officer

25 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERMEDIATE CAPITAL GROUP PLC

Opinion

In our opinion:

- Intermediate Capital Group plc's financial statements and Parent Company financial statements (the ' financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Intermediate Capital Group plc (the 'Parent Company') and its subsidiaries (together the 'Group') for the year ended 31 March 2022 which comprise:

Group	Parent Company
Consolidated income statement for the year ended 31 March 2022	Consolidated and Parent Company statements of comprehensive income for the year ended 31 March 2022
Consolidated and Parent Company statements of comprehensive income for the year ended 31 March 2022	Consolidated and Parent Company statements of financial position as at 31 March 2022
Consolidated and Parent Company statements of financial position as at 31 March 2022	Consolidated and Parent Company statements of cash flow for the year ended 31 March 2022
Consolidated and Parent Company statements of cash flow for the year ended 31 March 2022	Consolidated and Parent Company statement of changes in equity for the year ended 31 March 2022
Consolidated and Parent Company statements of changes in equity for the year ended 31 March 2022	
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the Directors' process for determining the appropriateness of the use of the going concern basis, including the approval by the Audit Committee;
- evaluating the regulatory capital and liquidity position of the Group, including reviewing the Internal Capital Adequacy Assessment Process;
- reviewing the assumptions used in the Directors' cash flow forecast for the period to 30 June 2023 and determined that the models are appropriate to enable the Directors to make an assessment in respect of going concern, including availability of existing and forecast cash resources and undrawn facilities;
- assessing the appropriateness of the stress and reverse stress test scenarios that consider the key risks to going concern identified by management. We have also evaluated the analysis by testing the clerical accuracy and assessing the conclusions reached in the stress and reverse stress test scenarios;
- assessing the plausibility of available options to mitigate the impact of the key risks by comparing them to our understanding of the Group;
- performing enquires of management and those charged with governance to identify risks or events that may impact the Group's ability to continue as a going concern. We also reviewed the management paper approved by the Board, minutes of meetings of the Board and its committees, and made enquires of management and the Board; and
- assessing the appropriateness of the going concern disclosures by comparing them to the Directors' assessment for consistency and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 30 June 2023, which is at least twelve months from when the financial statements were authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– The Group is managed principally from one location, with core business functions, including finance and operations, located in London. All key accounting records are maintained in the UK. The Group operates international offices in Europe, Asia and North America, which are primarily responsible for deal origination, marketing and investment portfolio monitoring. – The Group comprises 202 consolidated subsidiaries, including 21 consolidated structured entities. – The Group audit team, based in London, performed direct audit procedures on all items material to the Group financial statements. The legal entities where the Group audit team performed full or specific audit procedures accounted for 93% of profit before tax and 93% of net assets.
Key audit matters	– Valuation of investments in portfolio companies and real estate assets (including those held via fund structures and assets held for sale) – Valuation of investments in Collateralised Loan Obligations ('CLOs'), including debt (senior) and equity (subordinated debt) tranches and the assets and liabilities held by consolidated CLOs – Calculation and recognition of management fees and performance fees
Materiality	– Overall group materiality of £28.3m which represents 5% of group profit before tax This approach is consistent with the 2021 audit.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results, when assessing the level of work to be performed at each entity.

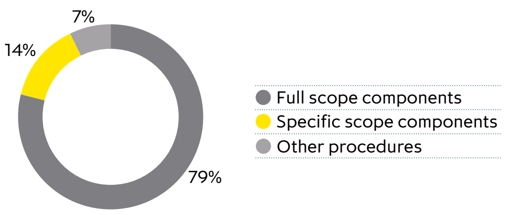
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 26 legal entities within the following countries: United Kingdom, Luxembourg, United States of America and Jersey, which represent the principal business units within the Group.

Of the 26 legal entities selected, we performed an audit of the complete financial information of 21 legal entities ('full scope components') which were selected based on their size or risk characteristics. For the remaining five legal entities ('specific scope components'), we performed audit procedures on specific accounts within that legal entity that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

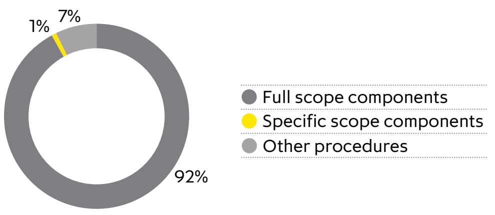
For the remaining entities that together represent 7% of the Group's profit before tax and 7% of the Group's net assets, we performed other procedures, including analytical review procedures, testing of consolidation journals and intercompany eliminations, and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



Total net assets



Involvement with overseas teams

All audit work performed for the purposes of the Group audit was undertaken by the Group audit team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Group has determined that climate risk manifests through its established principal risks and the most significant future impacts may be through adverse effects on the underlying portfolio investments. This is primarily explained on pages 32-41 in the Task Force on Climate-related Financial Disclosures and on page 64 in the Managing Risk section, which form part of the 'Other information', and do not form part of the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appear to be materially misstated.

As explained in the Basis of preparation section of the General information and basis of preparation, on pages 142-143, climate risks have been considered in the preparation of the consolidated financial statements where management consider it appropriate. The principal areas of consideration by management are the valuation of financial assets and the application of the Group's revenue policy, primarily the impact on the net asset value of the funds on which performance-related fees are generated. Management concluded that these considerations did not have a material impact on the financial reporting judgments and estimates.

Our audit effort in considering climate change was focused on assessing whether the effects of potential climate risks have been appropriately reflected by management in reaching their judgments in relation to the assessment of fair value of investments and the impact on performance fees. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosure.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Valuation of investments in portfolio companies and real estate assets (including those held via fund structures and assets held for sale) *In the Consolidated and Parent Company statements of financial position, the Group's investments in portfolio companies (co-investments or alongside funds managed by ICG) (2022: £1,642.5m, 2021: £1,525m) and real estate assets (2022: £239.7m, 2021: £273m) are included in Financial assets at fair value and Investment property. Assets held for sale (2022: £159.5m, 2021: £56.7m) are included in Disposal groups held for sale.* *Refer to the Audit Committee Report (page 77 to 84); Accounting policies (page 151); and Note 5 of the Financial Statements (page 151 to 157)* The Group's investment portfolio contains unquoted debt and equity securities, and real estate assets, that are held either directly, including through joint ventures, or through funds managed by the Group. These investments are held at fair value through profit and loss or investments held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ('IFRS 5'). The Group adopts a valuation policy based on the International Private Equity and Venture Capital Valuation Guidelines 2018 ('IPEV guidelines') and Royal Institution of Chartered Surveyors ('RICS') in conformity with IFRS 13 – Fair Value Measurements ('IFRS 13') and IAS 40 – Investment Property ('IAS 40'). The Group predominantly applies either an earnings based valuation technique or discounted cash flow model ('DCF') to value non-real estate investments. For certain real estate strategies, the Group engages external valuers to perform valuations. Owing to the unquoted and illiquid nature of these investments, the assessment of fair valuation is subjective and requires several significant and complex judgments to be made by management. The exit value will be determined by the market at the time of realisation and therefore despite the valuation policy adopted and judgments made by management, the final sales value may differ materially from the valuation at the year-end. There is the risk that inaccurate judgments made in the assessment of fair value could lead to the incorrect valuation of investments in portfolio companies and real estate assets. In turn, this could materially misstate the Financial assets at fair value in the Consolidated and Parent Company statements of financial position, and the Net gains on investments in the Consolidated income statement. There is also a risk that management may influence the judgments and estimations in respect of the portfolio companies and real estate asset valuations in order to meet market expectations of the Group.	We obtained an understanding of management's processes and controls for the valuation of investments (co-investments or alongside funds managed by ICG) and real estate assets by performing walkthrough procedures, in which we evaluated the design effectiveness of controls. This included discussing with management the valuation governance structure and protocols around their oversight of the valuation process, including the Group Valuation Committee. We compared management's valuation methodologies to IFRS and the relevant IPEV and RICS guidelines. We sought explanations from management where there were judgments applied in their application of the guidelines and assessed their appropriateness. With the assistance of our valuation specialists, we formed an independent range for the key assumptions used in the valuation of a sample of portfolio company and real estate investments, with reference to relevant industry and market valuation considerations and data points. We derived a range of acceptable fair values through our analysis including taking into account other qualitative risk factors, such as company specific risk factors. We compared these ranges to management's fair values and discussed our results with both management and the Audit Committee For the sample selected we agreed key inputs in the valuation models to source data, including portfolio company financial information. We also performed procedures on key judgments made by management in the calculation of fair value: – performed calculations to assess the appropriateness of discount rates used in DCF valuations, with reference to relevant industry and market data; – assessed the suitability of the comparable companies used in the calculation of the earnings multiples; – challenged management on the applicability and completeness of adjustments made to earnings multiples by obtaining rationale and supporting evidence for adjustments made; – assessed the appropriateness of the portfolio company financial information, including business plans, used in the valuation and any relevant adjustments made by obtaining rationale and supporting evidence; and – obtained the external valuation reports, where an external valuer has been engaged, and assessed their competence and objectivity We checked the mathematical accuracy of the valuation models on a sample basis. We recalculated the unrealised gains/losses on revaluation of investments impacting the Net gains on investments in the Consolidated income statement. We have considered the impact of climate change throughout the procedures performed on the valuation of portfolio companies and real estate assets, by challenging whether the valuation inputs and assumptions used are appropriate.

Risk	Our response to the risk
	We challenged management to understand the rationale for any material differences between the exit prices of investments realised during the year and the prior year fair value, to further verify the reasonableness of the current year valuation models and methodology adopted by management. We performed full and specific scope audit procedures over this risk area, which covered 93% of these investments.

Key observations communicated to the Audit Committee

The valuation of the Group's portfolio company and real estate investments is determined to be within a reasonable range of fair values and in accordance with UK-adopted international accounting standards and the IPEV or RICS guidelines respectively.

Based on our procedures performed, we had no material matters to report the Audit Committee.

Risk	Our response to the risk
Valuation of investments in Collateralised Loan Obligations ('CLOs'), including debt (senior) and equity (subordinated debt) tranches and the assets and liabilities held by consolidated CLOs *In the Consolidated and Parent Company statements of financial position, the Group's investments in CLO debt (senior) (2022: £105.6, 2021: £107m) and equity (subordinated debt) tranches (2022: £12.2m, 2021: £27m), and investments held by consolidated CLOs (2022: £4,362m, 2021: £3,965m) are included in Financial assets at fair value. The liabilities held by consolidated CLOs (2022: £4,411m, 2021: £4,024m) are included in Financial liabilities at fair value.* *Refer to the Audit Committee Report (page 77 to 84); Accounting policies (page 151); and Note 5 of the Financial Statements (page 151 to 157)* The Group holds investments in CLOs in both the debt and equity tranches. These investments are accounted for at fair value through profit or loss. The Group consolidates the CLOs where it is deemed to have control in accordance with IFRS 10 – Consolidated Financial Statements ('IFRS 10'). In particular, significant judgments are required where there is limited market activity to provide reliable observable inputs. There is the risk that inaccurate judgments made in the assessment of fair value could lead to the incorrect valuation of investments in CLOs which could materially misstate the Financial assets and Financial liabilities at fair value in the Consolidated and Parent Company statements of financial position. In turn, this could materially misstate the Net gains on investments account in the Consolidated income statement. There is also a risk that management may influence the judgments and estimations of the investments in CLO debt and equity tranches in order to meet market expectations of the Group.	We obtained an understanding of management's processes and controls for the valuation of CLOs by performing walkthrough procedures, in which we evaluated the design effectiveness of controls. We agreed each tranche size of all consolidated and non-consolidated CLOs to observable market data (i.e. Fitch Ratings). For the positions where observable inputs were available, we obtained this market data and compared to management's fair valuations. For the positions where observable market data was not available, we formed an independent range of fair values for the debt and equity tranches with the assistance of our valuation specialists. This covered 65% of all CLO Debt and Equity positions held. This included: – projecting cash flows using a cash flow model and market-based assumptions such as default rates; – estimating a range of yields based on either recent trade data or comparable CLO securities; and – performing comparative calculations using the cash flows and yields; and – recalculating the unrealised gain/loss on revaluation of investments impacting the Net gains on investments in the Consolidated income statement In addition, we checked the mathematical accuracy of the equity models. We reviewed the material assets and liabilities associated with each of the consolidated CLOs and tested the underlying balances. We have considered the impact of climate change throughout the procedures performed on the valuation of the consolidated and unconsolidated CLO investments, by challenging whether the valuation inputs and assumptions used are appropriate.

Key observations communicated to the Audit Committee

The valuation of the CLO debt and equity tranches was found to be within a reasonable range of fair values and materially in accordance with UK-adopted international accounting standards. Reasonable inputs to the valuations were used.

Based on our procedures performed we had no material matters to report to the Audit Committee.

Risk	Our response to the risk

Calculation and recognition of management fees and performance fees

In the Consolidated income statement, management fees (2022: £429.4m, 2021: £325.0m), including performance fees (2022: £57.5m, 2021: £65.3m), are included in Fee and other operating income.

Refer to the Audit Committee Report (page 77 to 84); Accounting policies (page 144); and Note 3 of the Financial Statements (page 144)

The Group manages funds across numerous domiciles and investment strategies. The Group receives management fees and performance fees from its performance of investment management services for third-party money it manages.

Management fees are calculated based on an agreed percentage of either committed capital, invested capital or net asset value ('NAV'), depending on the contractual agreement of the underlying fund. The calculations are prepared by ICG or third-party administrators. Due to the manual nature of the process, there is a risk that management fees are incorrectly calculated.

Performance fees are calculated as a contractual percentage of a fund's return, once a specified hurdle rate is expected to be met. These amounts are specified in the underlying contract between the fund and the Group in its capacity as investment manager. Performance fees are only received when a triggering event, such as a realisation or refinancing a fund's investment, occurs.

In respect of performance fees, management must apply judgment in accordance with IFRS 15 – Revenue from contracts with customers ('IFRS 15') to determine whether it is highly probable that a significant reversal will not occur in the future. The following are identified as the key risks or judgments in respect to the recognition of performance fees:

- inappropriate judgments are made by management in the calculations, including whether a constraint is applied and the forecast exit dates of the underlying investments;
- errors made in complex manual calculation models; and
- inappropriate inputs used by management in the calculations.

The accuracy and recognition of revenue is important to the Group's financial statements. Stakeholder expectations may place pressure on management to influence the recognition of revenue. This may result in overstatement or deferral of revenue to assist in meeting current or future revenue targets or expectations.

We obtained an understanding of management's processes and controls for the calculation and recognition of management fees and performance fees by performing walkthrough procedures, in which we evaluated the design effectiveness of controls.

In respect of management fees, for a sample of funds, we:

- agreed the fee terms used in the calculation, to the terms as specified in the relevant legal agreements, for example the Investment Management Agreement or Limited Partnership Agreement;
- validated key inputs, such as committed capital, invested capital or NAV, to supporting evidence;
- tested the arithmetical accuracy of the calculations prepared by ICG or the third-party administrators by performing independent recalculations;
- traced management fees received during the year to bank statements; and
- traced the year end debtor balance to post year end bank statements to assess recoverability.

In respect of performance fees, for a sample of funds, we:

- agreed contractual terms such as hurdle rates and percentage receivable to underlying legal agreements;
- recalculated the waterfall to test management's judgment that the relevant hurdles are expected to be met where performance fees are being accrued;
- determined the reasonableness of forecast exit dates with reference to our work performed over valuations of the investment portfolio and our understanding of the investment life cycle;
- tested the arithmetical accuracy of the calculations by performing independent recalculations; and
- assessed whether each payment of performance fees was a result of a triggering event, such as a realisation or refinancing and verified cash flows to bank statements.

We compared the performance of the underlying funds used in the performance fee calculations to our understanding of the performance of the relevant funds' underlying investments gained through our valuation work.

We challenged management to understand the rationale for any differences between the performance fee payments received during the year and the prior year estimates, to further assess the reasonableness of the current year performance fee models and methodology adopted by management.

In order to address the residual risk of management override we have performed journal entry testing and have made enquiries of management.

We have considered the impact of climate change on performance fees by challenging the impact on the valuations as outlined in the key audit matters above.

We performed full and specific scope audit procedures over this risk area, which covered 78.8% of management fees, including performance fees.

Key observations communicated to the Audit Committee

All transactions tested have been recognised in accordance with the underlying agreements or other supporting documentation. Management fees and performance fees have been recorded materially in accordance with UK-adopted international accounting standards.

Based on our procedures performed we had no material matters to report to the Audit Committee.

Changes from the prior year

We no longer consider 'First year audit transition' to be a key audit matter as this Ernst & Young LLP's second year as auditors.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £28.3m (2021: £25.5m), which is 5% (2021: 5%) of profit before tax. We believe that profit before tax is the most relevant measure to the stakeholders of the entity and is demonstrated by the focus in the market on the Group's fund management activities.

We determined materiality for the Parent Company to be £9.4m (2021: £10.7m), which is 1% (2021: 1%) of net assets. The Parent Company is an investment company and, therefore, net assets is considered to be the key focus for users of the financial statements.

During the course of our audit, we reassessed initial materiality based on 31 March 2022 profit before tax, and net asset value in relation to the Parent Company, and adjusted our audit procedures accordingly.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely £14.1m (2021: £12.7m). We have set performance materiality at this percentage due to our observations of the control environment and the misstatements identified in the prior year. In determining performance materiality, we considered our risk assessments, together with our assessment of the Group's overall control environment.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.4m (2021: £1.3m), which is set at 5% (2021: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 120;
- Directors' explanation as to its assessment of the Parent Company's prospects, the period this assessment covers and why the period is appropriate set out on page 65;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 120;
- Directors' statement on fair, balanced and understandable, as set out on page 125;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, as set out on page 59;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems as set out on page 84; and
- The section describing the work of the Audit Committee, as set out on page 77 to 84.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 125, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK-adopted international accounting standards, the Companies Act 2006 and UK Corporate Governance Code) and relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, being the Listing Rules of the UK Listing Authority and relevant Financial Conduct Authority ('FCA') rules and regulations.
- We understood how the Group is complying with those frameworks by making enquiries of senior management, including the Chief Financial and Operating Officer, Group Head of Legal and Company Secretary, Global Head of Compliance, Head of Risk, Head of Internal Audit and the Chairman of the Audit Committee. We corroborated our understanding through our review of board and committee meeting minutes, papers provided to the Audit Committee, and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by discussing with the Audit Committee and management to understand where they considered there was susceptibility to fraud. We considered performance targets and their potential influence on efforts made by management to manage or influence the perceptions of analysts. We considered the controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment; and how senior management and those charged with governance monitor these controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management, and focused testing, as referred to in the key audit matters section above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Parent Company on 21 July 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. Our appointment as auditor was approved by shareholders at the Annual General Meeting on 21 July 2020.
- The period of total uninterrupted engagement including previous renewals and reappointments is two years, covering the years ended 2021 and 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ashley Coups
(Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25 May 2022

1. The maintenance and integrity of the Intermediate Capital Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Fee and other operating income	3	**434.0**	331.2
Finance loss	9	**(7.4)**	(9.4)
Net gains on investments	10	**555.5**	507.4
Total Revenue		**982.1**	829.2
Finance costs	11	**(53.1)**	(56.8)
Administrative expenses	12	**(363.1)**	(263.1)
Share of results of joint ventures accounted for using the equity method	30	**(0.5)**	0.2
Profit before tax		**565.4**	509.5
Tax charge	14	**(31.1)**	(48.5)
Profit after tax from continuing operations		**534.3**	461.0
Loss after tax from disposal groups held for sale	29	**(9.2)**	–
Profit for the year		**525.1**	461.0
Attributable to:			
Equity holders of the parent		**526.8**	457.1
Non-controlling interests		**(1.7)**	3.9
		525.1	461.0
Earnings per share (pence)	**16**	**183.7p**	160.3p
Diluted earnings per share (pence)	**16**	**181.1p**	157.5p

Other than for amounts reported as disposal groups held for sale, all activities represent continuing operations.

The accompanying notes 1 to 33 are an integral part of these financial statements.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2022

Group	Notes	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit after tax		**525.1**	461.0
Items that may be subsequently reclassified to profit of loss if specific conditions are met			
Exchange differences on translation of foreign operations		**6.9**	(8.9)
Total comprehensive income for the year		**532.0**	452.1
Attributable to:			
Equity holders of the parent		**533.7**	448.2
Non controlling interests		**(1.7)**	3.9
		532.0	452.1

Company	Notes	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit after tax	8	**46.7**	203.0
Total comprehensive income for the year		**46.7**	203.0

The accompanying notes 1 to 33 are an integral part of these financial statements.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

as at 31 March 2022

	Notes	31 March 2022 Group £m	31 March 2021 Group £m	31 March 2022 Company £m	31 March 2021 Company £m
Non-current assets					
Intangible assets	17	**17.1**	21.5	**12.1**	17.1
Property, plant and equipment	18	**60.4**	67.0	**49.9**	56.3
Investment property	19	**1.5**	1.8	**–**	–
Investment in subsidiaries	28	**–**	–	**1,871.4**	1,648.1
Investment in Joint Venture accounted for under the equity method	30	**2.2**	2.8	**–**	–
Trade and other receivables	20	**91.1**	62.8	**574.1**	506.6
Financial assets at fair value	5	**6,973.1**	6,264.5	**362.8**	451.6
Derivative financial assets	5	**1.3**	2.4	**2.1**	2.4
Deferred tax asset	14	**25.0**	8.8	**0.9**	2.9
		7,171.7	6,431.6	**2,873.3**	2,685.0
Current assets					
Trade and other receivables	20	**283.1**	215.2	**211.2**	716.6
Current tax debtor		**31.9**	4.4	**23.7**	19.3
Financial assets at fair value	5	**–**	64.6	**80.6**	62.9
Derivative financial assets	5	**137.3**	109.5	**37.9**	44.3
Cash and cash equivalents	6	**991.8**	581.2	**707.1**	264.3
		1,444.1	974.9	**1,060.5**	1,107.4
Assets of disposal groups held for sale	29	**256.7**	57.4	**–**	–
Total assets		**8,872.5**	7,463.9	**3,933.8**	3,792.4
Non-current liabilities					
Trade and other payables	21	**76.4**	41.9	**76.4**	41.9
Financial liabilities at fair value	7	**4,364.7**	3,882.9	**–**	–
Financial liabilities at amortised cost	7	**1,452.3**	1,208.9	**1,452.3**	1,208.9
Other financial liabilities	7	**52.2**	55.0	**44.8**	47.4
Derivative financial liabilities	5	**2.9**	31.7	**3.1**	31.6
Deferred tax liabilities	14	**15.1**	0.8	**–**	0.5
		5,963.6	5,221.2	**1,576.6**	1,330.3
Current liabilities					
Provisions		**–**	0.5	**–**	0.6
Trade and other payables	21	**434.4**	427.3	**1,155.5**	1,282.0
Current tax creditor		**14.5**	3.5	**–**	–
Financial liabilities at amortised cost	7	**201.1**	112.5	**201.1**	112.5
Other financial liabilities	7	**6.5**	3.7	**3.1**	1.0
Derivative financial liabilities	5	**153.4**	68.2	**53.6**	5.1
		809.9	615.7	**1,413.3**	1,401.2
Liabilities of disposal groups held for sale		**97.2**	4.8	**–**	–
Total liabilities		**6,870.7**	5,841.7	**2,989.9**	2,731.5
Equity and reserves					
Called up share capital	23	**77.3**	77.2	**77.3**	77.2
Share premium account	23	**180.3**	180.2	**180.3**	180.2
Other reserves		**0.2**	(2.9)	**36.3**	34.5
Retained earnings		**1,688.9**	1,362.7	**650.0**	769.0
Equity attributable to owners of the Company		**1,946.7**	1,617.2	**943.9**	1,060.9
Non-controlling interest		**55.1**	5.0	**–**	–
Total equity		**2,001.8**	1,622.2	**943.9**	1,060.9
Total equity and liabilities		**8,872.5**	7,463.9	**3,933.8**	3,792.4

The Parent Company's total profit for the year was £46.7m (2021: Profit £203.0m) Company Registration Number: 02234775. The accompanying notes 1 to 33 are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 25 May 2022 and were signed on its behalf by:

Andrew Sykes
Interim Chairman

Vijay Bharadia
Chief Financial and Operating Officer

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS

For the year ended 31 March 2022

	Notes	**Year ended 31 March 2022 Group** £m	Year ended 31 March 2021 Group £m	**Year ended 31 March 2022 Company** £m	Year ended 31 March 2021 Company (restated)[1] £m
Profit before tax from continuing operations		**565.4**	509.5	**23.8**	224.4
Adjustments for:					
Fee and other operating income	3	**(434.0)**	(331.2)	**(10.5)**	(35.4)
Dividend income		**–**	–	**(163.0)**	(156.2)
Interest Income		**–**	–	**(50.5)**	(3.0)
Net investment returns		**(555.5)**	(507.4)	**(30.0)**	(53.0)
Net fair value gains on derivatives		**7.3**	9.4	**13.5**	(32.7)
Impact of movement in foreign exchange rates		**0.1**	–	**1.1**	(93.7)
Interest expense		**53.1**	56.8	**102.0**	55.6
Depreciation, amortisation and impairment of property, equipment and intangible assets	17 & 18	**19.5**	19.2	**24.9**	10.7
Share based payment expense	25	**29.6**	26.9	**29.6**	26.9
Intragroup reallocation of incurred costs		**–**	–	**(113.2)**	(82.9)
Working capital changes:					
Increase in trade and other receivables	20	**(32.5)**	(35.4)	**(6.0)**	(19.7)
Increase/(Decrease) in trade and other payables	21	**(27.4)**	87.2	**23.5**	(5.6)
		(374.4)	(165.0)	**(154.8)**	(164.6)
Proceeds from sale of current financial assets and disposal groups held for sale		**185.2**	27.1	**158.4**	69.9
Purchase of current financial assets and disposal groups held for sale		**(204.0)**	(79.6)	**(165.1)**	(66.2)
Purchase of investments		**(3,532.8)**	(2,836.1)	**(29.9)**	(20.9)
Proceeds from sales and maturities of investments		**3,743.8**	2,838.5	**143.4**	137.6
Interest and dividend income received[2]		**259.8**	257.1	**9.8**	30.8
Fee and other operating income received		**393.0**	285.1	**26.7**	27.9
Interest paid		**(183.3)**	(189.8)	**(49.2)**	(55.1)
Cash generated from/used in operations		**287.3**	137.3	**(60.7)**	(40.6)
Taxes paid		**(43.9)**	(26.3)	**(41.3)**	(15.9)
Net cash flows from/used in operating activities		**243.4**	111.0	**(102.0)**	(56.5)
Investing activities					
Purchase of intangible assets	17	**(4.3)**	(3.9)	**(3.4)**	(4.0)
Purchase of property, plant and equipment	18	**(3.5)**	(6.9)	**(2.6)**	(6.7)
Net cashflow from derivative financial instruments		**22.4**	40.6	**13.8**	41.1
Cashflow as a result of change in control of subsidiary		**30.9**	34.9	**–**	–
Cash paid in respect of group investing activities (acquisition of long-term assets)	20 & 21	**–**	–	**(561.9)**	(200.6)
Cash received in respect of group investing activities (proceeds from long-term assets)	20 & 21	**–**	–	**145.9**	123.8
Increase in amounts owed by subsidiaries	20 & 21	**–**	–	**(68.1)**	(4.2)
Investment in subsidiaries		**–**	–	**(231.7)**	(251.4)
Net cash flows from/used in investing activities		**45.5**	64.7	**(708.0)**	(302.0)
Financing activities					
Purchase of Own shares		**(20.9)**	–	**–**	–
Payment of principal portion of lease liabilities		**(4.1)**	(6.8)	**(3.6)**	(2.3)
Proceeds from borrowings		**413.5**	–	**413.5**	–
Repayment of long-term borrowings		**(111.5)**	(495.6)	**(111.5)**	(495.4)
Dividends paid to equity holders of the parent	15	**(165.7)**	(150.9)	**(165.7)**	(150.9)
Increase in amounts owed to subsidiaries	20 & 21	**–**	–	**333.4**	272.2
Repayment of amounts owed to subsidiaries	20 & 21	**–**	–	**(65.4)**	(31.2)
Increase in amounts owed to subsidiaries (receipts of proceeds from long-term assets)	20 & 21	**–**	–	**848.4**	149.0
Net cash flows from/used in financing activities		**111.3**	(653.3)	**1,249.1**	(258.6)
Net increase/(decrease) in cash and cash equivalents		**400.2**	(477.6)	**439.1**	(617.1)
Effects of exchange rate differences on cash and cash equivalents		**10.4**	(28.1)	**3.7**	(12.6)
Cash and cash equivalents at 1 April	6	**581.2**	1,086.9	**264.3**	894.0
Cash and cash equivalents at 31 March	6	**991.8**	581.2	**707.1**	264.3

1 The Parent Company's ('Company') Dividend income, Interest income and Net investment returns have been restated (see note 2)

2 Comprises Interest income received of £221.8m (Group) (2021: £223.7m) and £9.8m (Company) (2021: £30.8m) and Dividend income received of £38.0m (Group) (2021: £33.4m) and £nil (Company) (2021: £nil).

The accompanying notes 1 to 33 are an integral part of these financial statements. The Group's cash and cash equivalents include £230.3m (2021: £284.3m) of restricted cash held principally by structured entities controlled by the Group (see note 6).

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2022

Group	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 25) £m	Own shares[3] (note 24) £m	Foreign currency translation reserve[2] £m	Retained earnings £m	**Total £m**	Non-controlling interest £m	**Total equity £m**
Balance at 1 April 2021	77.2	180.2	5.0	60.5	(82.2)	13.8	1,362.7	**1,617.2**	5.0	**1,622.2**
Profit after tax	–	–	–	–	–	–	526.8	526.8	(1.7)	525.1
Exchange differences on translation of foreign operations	–	–	–	–	–	6.9	–	6.9	–	6.9
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**–**	**–**	**6.9**	**526.8**	**533.7**	**(1.7)**	**532.0**
Issue of share capital	0.1	–	–	–	–	–	–	0.1	–	0.1
Movement in control of subsidiary	–	–	–	–	–	–	(25.1)	(25.1)	51.8	26.7
Own shares acquired in the year	–	–	–	–	(20.9)	–		(20.9)	–	(20.9)
Options/awards exercised[4]	–	0.1	–	(27.8)	10.1	–	(9.8)	(27.4)	–	(27.4)
Tax on options/awards exercised	–	–	–	5.2	–	–		5.2	–	5.2
Credit for equity settled share schemes	–	–	–	29.6	–	–		29.6	–	29.6
Dividends paid	–	–	–	–	–	–	(165.7)	(165.7)	–	(165.7)
Balance at 31 March 2022	**77.3**	**180.3**	**5.0**	**67.5**	**(93.0)**	**20.7**	**1,688.9**	**1,946.7**	**55.1**	**2,001.8**

Company	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 25) £m	Own shares[3] (note 24) £m	Retained earnings £m	**Total equity £m**
Balance at 1 April 2021	77.2	180.2	5.0	50.8	(21.3)	769.0	**1,060.9**
Profit after tax	–	–	–	–	–	46.7	46.7
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**46.7**	**46.7**
Issue of share capital	0.1	–	–	–	–	–	0.1
Options/awards exercised	–	0.1	–	(27.8)	–	–	(27.7)
Credit for equity settled share schemes	–	–	–	29.6	–	–	29.6
Dividends paid	–	–	–	–	–	(165.7)	(165.7)
Balance at 31 March 2022	**77.3**	**180.3**	**5.0**	**52.6**	**(21.3)**	**650.0**	**943.9**

Group	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 25) £m	Own shares[3] (note 24) £m	Foreign currency translation reserve[2] £m	Retained earnings £m	**Total £m**	Non-controlling interest £m	**Total equity £m**
Balance at 1 April 2020	77.2	179.9	5.0	58.4	(114.4)	22.7	1,080.4	**1,309.2**	1.5	**1,310.7**
Profit after tax	—	—	—	—	—	—	457.1	457.1	3.9	461.0
Exchange differences on translation of foreign operations	—	—	—	—	—	(8.9)	—	(8.9)	—	(8.9)
Total comprehensive income/(expense) for the year	**—**	**—**	**—**	**—**	**—**	**(8.9)**	**457.1**	**448.2**	**3.9**	**452.1**
Movement in control of subsidiary	—	—	—	—	—	—	(0.1)	(0.1)	(0.4)	(0.5)
Options/awards exercised[4]	—	0.3	—	(31.6)	32.2	—	(23.8)	(22.9)	—	(22.9)
Tax on options/awards exercised	—	—	—	6.8	—	—	—	6.8	—	6.8
Credit for equity settled share schemes	—	—	—	26.9	—	—	—	26.9	—	26.9
Dividends paid	—	—	—	—	—	—	(150.9)	(150.9)	—	(150.9)
Balance at 31 March 2021	**77.2**	**180.2**	**5.0**	**60.5**	**(82.2)**	**13.8**	**1,362.7**	**1,617.2**	**5.0**	**1,622.2**

Company	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 25) £m	Own shares[3] (note 24) £m	Retained earnings £m	**Total equity £m**
Balance at 1 April 2020	77.2	179.9	5.0	58.4	(21.3)	716.9	**1,016.1**
Profit after tax	—	—	—	—	—	203.0	203.0
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**203.0**	**203.0**
Options/awards exercised	—	0.3	—	(31.6)	—	—	(31.3)
Tax on options/awards exercised	—	—	—	(2.9)	—	—	(2.9)
Credit for equity settled share schemes	—	—	—	26.9	—	—	26.9
Dividends paid	—	—	—	—	—	(150.9)	(150.9)
Balance at 31 March 2021	**77.2**	**180.2**	**5.0**	**50.8**	**(21.3)**	**769.0**	**1,060.9**

1. The capital redemption reserve is a reserve created when a company buys its own shares which reduces its share capital. This reserve is not distributable to shareholders. £1.4m of the balance relates to the conversion of ordinary shares and convertible shares into ordinary shares in 1994. The remaining £3.6m relates to the cancellation of treasury shares in 2015.
2. Other comprehensive income/(expense) reported in the foreign currency translation reserve represents foreign exchange gains and losses on the translation of subsidiaries reporting in currencies other than sterling.
3. The movement in the Group Own shares reserve in respect of Options/awards exercised, represents the employee shares vesting net of personal taxes and social security.
4. The associated personal taxes and social security liabilities are settled by the Group with the equivalent value of shares retained in the Own shares reserve.

The accompanying notes 1 to 33 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information and basis of preparation

General information

Intermediate Capital Group plc (the 'Parent Company', 'Company' or 'ICG plc') is a public company limited by shares, incorporated, domiciled and registered in England and Wales under the Companies Act, with the company registration number 02234775. The registered office is Procession House, 55 Ludgate Hill, New Bridge Street, London EC4M 7JW.

The consolidated financial statements for the year to 31 March 2022 comprise the financial statements of the Parent Company and its consolidated subsidiaries (collectively, the 'Group'). The nature of the Group's operations and its principal activities are detailed in the Strategic Report.

Basis of preparation

The consolidated financial statements of the Group and Company are prepared in accordance with UK-adopted international accounting standards (IAS) and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of section 408 of the Companies Act 2006 not to present the Parent Company profit and loss account.

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for financial instruments that are measured at fair value through profit and loss at the end of the reporting period, as detailed in note 5, and certain investments in associates and joint ventures held for venture capital purposes, as detailed in note 30.

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Details of the critical judgements made, and key sources of estimation uncertainty, are included in note 1 and in the note to which the critical judgement or source of estimation uncertainty relates.

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the TCFD Report. The Directors' considerations included the medium and longer-term cash flow impacts of climate change on a number of key estimates within the financial statements, including:

- the valuation of financial assets; and
- the application of the Group's revenue recognition policy, primarily the impact on the net asset value (NAV) of funds on which performance-related fees are generated.

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Group's short-term cash flows including those considered in the going concern and viability assessments.

The accounting policies as set out in the notes to the accounts have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The Group's financial statements consolidate the results of Intermediate Capital Group plc and entities controlled by the Company for the period to 31 March each year. Control is achieved when the Company has power over the relevant activities, exposure to variable returns from the investee, and the ability to affect those returns through its power over the investee.

The assessment of control is based on all relevant facts and circumstances and the Group reassesses its conclusion if there is an indication that there are changes in facts and circumstances. Subsidiaries are included in the consolidated financial statements from the date that control commences, until the date that control ceases. See note 28 which lists the Group's subsidiaries and controlled structured entities.

Each component of other comprehensive income and profit or loss is attributed to the owners of the Company and to the non-controlling interests.

Adjustments are made where required to the financial statements of subsidiaries for consistency with the accounting policies of the Group. All intra-group transactions, balances, unrealised income and expenses are eliminated on consolidation.

Critical judgements in the application of accounting policies and key sources of estimation uncertainty

Critical judgement

In preparing the financial statements, apart from those involving estimations, two critical judgements have been made by the Directors in the application of the Group's accounting policies:

i. The Group's assessment as to whether it controls certain investee entities, including third-party funds and carried interest partnerships, and is therefore required to consolidate the investee, as detailed above. The Group's assessment of this critical judgement is discussed further in note 28.

ii. The application of the Group's revenue recognition policy in respect of the performance fee component of management fees. Judgement is primarily applied in considering the timings of when expected performance conditions will be met and the appropriate constraint to be applied. The Group's assessment of this critical judgement is discussed further in note 3.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, results from the Group's assessment of fair value of its financial assets and liabilities (discussed further in note 5 and note 7) and the impact of this assessment on trade and other payables related to the Deal Vintage Bonus - see notes 13 and 21.

Critical judgements and key sources of estimation uncertainty are reviewed by the Audit Committee during the year and its involvement in the process is included in its report on page 77.

Foreign currencies

The functional currency of the Company is sterling as the Company's shares are denominated in sterling and the Company's costs are primarily incurred in sterling. The Group has determined the presentational currency of the Group is the functional currency of the Company. Information is presented to the nearest million (£m).

Transactions denominated in foreign currencies are translated using the exchange rates prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities denominated in a foreign currency are retranslated at the rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date the fair value was determined. Non-monetary items that are measured at historical cost are translated using rates prevailing at the date of the transaction.

The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date. Income and expense items are translated using the average exchange rates during the year. Exchange differences arising from the translation of foreign operations are taken directly to the foreign currency translation reserve. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of preparing the financial statements, as detailed in the Directors' report (page 120) and viability statement (page 65).

In assessing the Group's ability to continue in its capacity as a going concern, the Board and the Executive Directors of the Group considered:

- The ongoing impacts of the Covid-19 pandemic, including market volatility and new ways of working
- The impact of conflict in Ukraine and the macro-inflationary backdrop on investment performance
- The impact on the Group's fee income. Specifically, performance-related revenue, as part of this assessment the Group performed additional sensitivity analysis around performance fees and the impact this would have on overall fee income. This is discussed in note 3
- The adequacy of the Group's capital and liquidity throughout the pandemic and potential shortfalls in access to capital. As at 31 March 2022 the Group has available liquidity of £1.3bn, including £550m of undrawn debt facilities. The macro-economic scenarios were in line with those used in the ICAAP stress test and are discussed in the viability statement on page 65
- The operational resilience of the Group's critical functions to maintain risk management and compliance. Including IT, Finance, Treasury and Operations
- The regulatory and legal environment and any potential conduct risks which could arise
- The appropriateness of valuation techniques applied to determine the fair value of investments that are not quoted in an active market. This is discussed further in note 5
- Those entities which are not controlled by the Group but where the Group has a joint venture relationship or has significant influence over an associate and whether they have the ability to continue as a going concern. These risks have been captured in the Group's overall fair value assessments of the underlying assets described in note 5

The Directors have concluded based on the above assessment that the preparation of the financial statements on a going concern basis, to 30 June 2023, a period of more than 12 months from the date of signing of the financial statements, continues to be appropriate.

NOTES TO THE FINANCIAL STATEMENTS *continued*

2. Changes in accounting policies and disclosures

New and amended standards and interpretations

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. These new standards are not expected to have a material impact on the Group.

IFRS/IAS		Accounting periods commencing on or after
IFRS 9	Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023

Changes in significant accounting policies

No changes to significant accounting policies were implemented.

Parent Company restatements

As a result of reclassification, the Parent Company statement of cash flow includes the following presentational changes:

- The adjusting item in respect of 'Interest expense' has been increased £3m to £55.6m to reflect the disaggregation of 'Interest income'
- The adjusting item in respect of 'Interest income' has been stated at £3m
- The adjusting item in respect of 'Net investment returns' has been restated to £53.0m, a reduction of £156.1m to reflect the disaggregation of 'Dividend income' which is now presented separately
- The adjusting item in respect of 'Net fair value gains on derivatives' has been restated to £32.7m, a reduction of £93.7m to reflect the disaggregation of 'Impact of movement in foreign exchange rates' which is now presented separately

3. Revenue

Revenue and its related cash flows, within the scope of IFRS 15 'Revenue from Contracts with Customers', are derived from the Group's fund management company activities and are presented net of any consideration payable to a customer in the form of rebates. The significant components of the Group's fund management revenues are as follows:

Type of contract/service	**Year ended 31 March 2022 £m**	Year ended 31 March 2021 £m
Management fees[1]	**429.4**	325.0
Other income	**4.6**	6.2
Fee and other operating income	**434.0**	**331.2**

1. Included within management fees is £57.5m (2021: £65.3m) of performance related fees.

Management fees

The Group earns management fees from its investment management services. Management fees are charged on third-party capital managed by the Group and are based on an agreed percentage of either committed capital, invested capital or NAV, dependent on the fund. Management fees comprise both non-performance and performance-related fee elements related to one contract obligation .

Non-performance-related management fees for the year of £371.9m (2021: £259.7m) are charged in arrears and are recognised in the period services are performed.

Performance-related management fees (performance fees) are recognised only to the extent it is highly probable that there will not be a significant reversal of the revenue recognised in the future. This is generally towards the end of the contract period or upon early liquidation of a fund. The estimate of performance fees is made with reference to the liquidation profile of the fund, which factors in portfolio exits and timeframes. For certain funds the estimate of performance fees is made with reference to specific requirements. A constraint is applied to the estimate to reflect uncertainty of future fund performance. Performance fees of £57.5m (2021: £65.3m) have been recognised in the year. Performance fees will only be crystallised and received in cash when the relevant fund performance hurdle is met.

There are no other individually significant components of revenue from contracts with customers.

Critical judgement

A critical judgement for the Group is whether performance fees will meet their expected performance conditions within the expected timeframes. The Group bases its assessment on the best available information pertaining to the funds and the activity of the underlying assets within that fund. The valuation of the underlying assets within a fund will be subject to fluctuations in the future, including the impact of macroeconomic factors outside the Group's control. The information on which this judgement is based is the liquidation NAV of the relevant funds (which are subject to annual audit).

The Directors base their projected views on a 24-month look-forward basis, the 'forecast period', from the year end. The Directors believe they have a reasonable basis on which to judge expected exits and value within a two-year horizon, but not beyond that.

Within this forecast period, the Directors will consider funds that have either reached their hurdle rate or are expected to reach the hurdle rate in the forecast period. In determining whether a fund is expected to reach the hurdle rate, the key inputs are the latest expected repayment dates of the underlying assets and expected proceeds on realisation, as approved by the Fund Investment Committees.

Where the hurdle date is expected to be reached within 24 months of the year end but performance fees are not yet paid, a constraint will be applied within the determination of the performance fee receivable. Application of the constraint limits the revenue recognised. This is assessed by on a case-by-case basis.

The weighted-average constraint at the reporting date is 46%. If the average constraint were to increase by 10 basis points to 56% this would result in a reduction in revenue of £0.62m. Conversely, a 10% decrease in constraint would result in an increase in revenue of £0.55m being recognised in the income statement. In certain limited circumstances performance fees received may be subject to clawback provisions if the performance of the fund deteriorates materially following the receipt of performance fees.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. Segmental reporting

For management purposes, the Group is organised into two operating segments, the Fund Management Company ('FMC') and the Investment Company ('IC') which are also reportable segments. In identifying the Group's reportable segments, management considered the basis of organisation of the Group's activities, the economic characteristics of the operating segments, and the type of products and services from which each reportable segment derives its revenues.

The Executive Directors monitor the operating results of the FMC and the IC for the purpose of making decisions about resource allocation and performance assessment. The Group does not aggregate the FMC and IC as those segments do not have similar economic characteristics. Information about these segments is presented below.

The FMC earns fee income for the provision of investment management services and incurs the majority of the Group's costs in delivering these services, including the cost of the investment teams and the cost of support functions, primarily marketing, operations, information technology and human resources.

The IC is charged a management fee of 1% of the carrying value of the average balance sheet investment portfolio by the FMC and this is shown below as the Inter-segmental fee. The costs of finance, treasury and legal teams, and other Group costs primarily related to being a listed entity, are allocated to the IC. The remuneration of the Executive Directors is allocated equally to the FMC and the IC.

The amounts reported for management purposes in the tables below are reconciled to the IFRS reported amounts on the following pages.

	Year ended 31 March 2022			Year ended 31 March 2021		
	FMC £m	**IC £m**	**Reportable segments Total £m**	FMC £m	IC £m	Reportable segments Total £m
External fee income	448.7	0.5	449.2	333.7	–	333.7
Inter-segmental fee	24.8	(24.8)	–	21.4	(21.4)	–
Other operating income	1.7	2.1	3.8	–	2.6	2.6
Fund management fee income	**475.2**	**(22.2)**	**453.0**	**355.1**	**(18.8)**	**336.3**
Net investment returns	–	485.7	485.7	–	445.1	445.1
Dividend income	38.0	–	38.0	33.4	–	33.4
Net fair value loss on derivatives	(0.4)	(11.8)	(12.2)	–	(7.3)	(7.3)
Total revenue	**512.8**	**451.7**	**964.5**	**388.5**	**419.0**	**807.5**
Interest expense	**(1.7)**	**(50.5)**	**(52.2)**	–	(55.5)	(55.5)
Staff costs	**(76.0)**	**(16.7)**	**(92.7)**	(63.3)	(12.4)	(75.7)
Incentive scheme costs	**(87.2)**	**(82.5)**	**(169.7)**	(73.1)	(30.4)	(103.5)
Other administrative expenses	**(61.7)**	**(19.4)**	**(81.1)**	(49.8)	(15.3)	(65.1)
Profit before tax	**286.2**	**282.6**	**568.8**	**202.3**	**305.4**	**507.7**

Reconciliation of amounts reported to the Executive Directors to the financial statements reported under IFRS
Included in the following tables are statutory adjustments made to the following:

- All income generated from the balance sheet investment portfolio is presented as net investment returns for reportable segments purposes, whereas under IFRS it is presented within gains on investments and other operating income. Total reportable segment figures are alternative performance measures ('APM')
- The structured entities controlled by the Group are presented as fair value investments for reportable segments (APM), whereas the statutory financial statements present these entities on a consolidated basis under IFRS

Consolidated income statement

Year ended 31 March 2022	Reportable segments £m	Consolidated entities £m	Financial statements £m
Fund management fee income	449.2	(19.8)	429.4
Other operating income	3.8	0.8	4.6
Fee and other income	**453.0**	**(19.0)**	**434.0**
Dividend income	38.0	(38.0)	—
Net fair value gain/(loss) on derivatives	(12.2)	4.8	(7.4)
Finance and Dividend income/(loss)	**25.8**	**(33.2)**	**(7.4)**
Net investment returns/gains on investments	**485.7**	**69.8**	**555.5**
Total revenue	**964.5**	**17.6**	**982.1**
Finance costs	**(52.2)**	**(0.9)**	**(53.1)**
Staff costs	(92.7)	0.3	(92.4)
Incentive scheme costs	(169.7)	—	(169.7)
Other administrative expenses	(81.1)	(19.9)	(101.0)
Administrative expenses	**(343.5)**	**(19.6)**	**(363.1)**
Share of results of joint ventures accounted for using equity method	**—**	**(0.5)**	**(0.5)**
Profit before tax	**568.8**	**(3.4)**	**565.4**
Tax charge	(30.8)	(0.3)	(31.1)
Profit/(loss) after tax from disposal groups held for sale	—	(9.2)	(9.2)
Profit after tax	**538.0**	**(12.9)**	**525.1**

Year ended 31 March 2021	Reportable segments £m	Consolidated entities £m	Financial statements £m
Fund management fee income	333.7	(8.7)	325.0
Other operating income	2.6	3.6	6.2
Fee and other income	**336.3**	**(5.1)**	**331.2**
Dividend income	33.4	(33.4)	—
Net fair value loss on derivatives	—	(9.4)	(9.4)
Finance and Dividend income/(loss)	**33.4**	**(42.8)**	**(9.4)**
Net investment returns/gains on investments	**445.1**	**62.3**	**507.4**
Total revenue	**814.8**	**14.4**	**829.2**
Finance costs	(62.8)	6.0	(56.8)
Staff costs	(75.7)	(0.1)	(75.8)
Incentive scheme costs	(103.5)	—	(103.5)
Other administrative expenses	(65.1)	(18.7)	(83.8)
Administrative expenses	**(244.3)**	**(18.8)**	**(263.1)**
Share of results of joint ventures accounted for using equity method	—	**0.2**	**0.2**
Profit before tax	**507.7**	**1.8**	**509.5**
Tax charge	(45.0)	(3.5)	(48.5)
Profit after tax	**462.7**	**(1.7)**	**461.0**

4. Segmental reporting *continued*

Consolidated statement of financial position

	2022		
	Reportable segments £m	Consolidated entities £m	Financial statements £m
Non-current financial assets	2,728.4	4,246.0	6,974.4
Other non-current assets	193.3	4.0	197.3
Cash	761.5	230.3	991.8
Current financial assets	126.4	10.9	137.3
Other current assets	193.2	378.5	571.7
Total assets	**4,002.8**	**4,869.7**	**8,872.5**
Non-current financial liabilities	1,507.4	4,364.7	5,872.1
Other non-current liabilities	91.2	0.3	91.5
Current financial liabilities	256.4	104.6	361.0
Other current liabilities	152.8	393.3	546.1
Total liabilities	**2,007.8**	**4,862.9**	**6,870.7**
Equity	1,995.0	6.8	2,001.8
Total equity and liabilities	**4,002.8**	**4,869.7**	**8,872.5**

	2021		
	Reportable segments £m	Consolidated entities £m	Financial statements £m
Non-current financial assets	2,492.8	3,774.1	6,266.9
Other non-current assets	156.3	2.5	158.8
Cash	296.9	284.3	581.2
Current financial assets	108.9	65.2	174.1
Other current assets	139.3	143.6	282.9
Total assets	**3,194.2**	**4,269.7**	**7,463.9**
Non-current financial liabilities	1,407.7	3,770.9	5,178.6
Other non-current liabilities	50.8	(8.2)	42.6
Current financial liabilities	8.8	175.6	184.4
Other current liabilities	107.4	328.7	436.1
Total liabilities	**1,574.7**	**4,267.0**	**5,841.7**
Equity	1,619.5	2.7	1,622.2
Total equity and liabilities	**3,194.2**	**4,269.7**	**7,463.9**

Consolidated statement of cash flows

	2022		
	Reportable segments	Consolidated structured entities	Financial Statements
	£m	£m	£m
Profit before tax from continuing operations	**568.8**	**(3.4)**	**565.4**
Adjustments for:			
Fee and other operating Income	(453.0)	19.0	(434.0)
Net investment returns	(485.7)	(69.8)	(555.5)
Net fair value loss on derivatives	12.1	(4.8)	7.3
Impact of movement in foreign exchange rates	0.1	—	0.1
Interest expense	52.2	0.9	53.1
Depreciation, amortisation and impairment of property, equipment and intangible assets	19.5	—	19.5
Share based payment expense	29.6	—	29.6
Working capital changes:			
Increase in trade and other receivables	(21.5)	(11.0)	(32.5)
Increase/(Decrease) in trade and other payables	35.5	(62.9)	(27.4)
	(242.4)	**(132.0)**	**(374.4)**
Proceeds from sale of current financial assets and disposal groups held for sale	185.2	—	185.2
Purchase of current financial assets and disposal groups held for sale	(204.0)	—	(204.0)
Purchase of investments	(748.3)	(2,784.5)	(3,532.8)
Proceeds from sales and maturities of investments	958.8	2,785.0	3,743.8
Interest and dividend income received	100.3	159.5	259.8
Fee and other operating income received	387.8	5.2	393.0
Interest paid	(55.7)	(127.6)	(183.3)
Cash generated from/used in operations	**381.8**	**(94.5)**	**287.3**
Taxes paid	(43.9)	—	(43.9)
Net cash flows from/used in operating activities	**337.9**	**(94.5)**	**243.4**
Investing activities			
Purchase of intangible assets	(4.3)	—	(4.3)
Purchase of property, plant and equipment	(3.5)	—	(3.5)
Net cashflow from derivative financial instruments	17.3	5.1	22.4
Cashflow as a result of acquisition of subsidiaries	1.6	29.3	30.9
Net cash flows from investing activities	**11.1**	**34.4**	**45.5**
Financing activities			
Purchase of Own Shares	(20.9)	—	(20.9)
Payment of principal portion of lease liabilities	(4.1)	—	(4.1)
Proceeds from borrowings	413.5	—	413.5
Repayment of long-term borrowings	(111.5)	—	(111.5)
Dividends paid to equity holders of the parent	(165.7)	—	(165.7)
Net cash flows from financing activities	**111.3**	**–**	**111.3**
Net increase/(decrease) in cash and cash equivalents	**460.2**	**(60.0)**	**400.2**
Effects of exchange rate differences on cash and cash equivalents	4.4	6.0	10.4
Cash and cash equivalents at 1 April	296.9	284.3	581.2
Cash and cash equivalents at 31 March	**761.5**	**230.3**	**991.8**

4. Segmental reporting *continued*

	2021		
	Reportable segments	Consolidated structured entities	Financial Statements
	£m	£m	£m
Profit before tax from continuing operations	**507.7**	**1.8**	**509.5**
Adjustments for:			
Fee and other operating Income	(336.3)	5.1	(331.2)
Net investment returns	(445.1)	(62.3)	(507.4)
Net fair value gains on derivatives	7.3	2.1	9.4
Interest expense	55.5	1.3	56.8
Depreciation, amortisation and impairment of property, equipment and intangible assets	19.2	–	19.2
Share based payment expense	26.9	–	26.9
Working capital changes:			
Increase in trade and other receivables	(6.6)	(28.8)	(35.4)
Increase/(Decrease) in trade and other payables	(32.4)	119.6	87.2
	(203.8)	**38.8**	**(165.0)**
Proceeds from sale of current financial assets and disposal groups held for sale	27.1	–	27.1
Purchase of current financial assets and disposal groups held for sale	(79.6)	–	(79.6)
Purchase of investments	(454.6)	(2,381.5)	(2,836.1)
Proceeds from sales and maturities of investments	402.8	2,435.7	2,838.5
Interest and dividend income received	86.6	170.5	257.1
Fee and other operating income received	305.2	(20.1)	285.1
Interest paid	(58.6)	(131.2)	(189.8)
Cash generated from operations	**25.1**	**112.2**	**137.3**
Taxes paid	(26.3)	–	(26.3)
Net cash flows from/used in operating activities	**(1.2)**	**112.2**	**111.0**
Investing activities			
Purchase of intangible assets	(3.9)	–	(3.9)
Purchase of property, plant and equipment	(6.9)	–	(6.9)
Net cashflow from derivative financial instruments	41.1	(0.5)	40.6
Cashflow as a result of acquisition of subsidiaries	–	34.9	34.9
Net cash flows from investing activities	**30.3**	**34.4**	**64.7**
Financing activities			
Purchase of Own Shares	–	–	–
Payment of principal portion of lease liabilities	(6.8)	–	(6.8)
Proceeds from borrowings	–	–	–
Repayment of long-term borrowings	(495.6)	–	(495.6)
Dividends paid to equity holders of the parent	(150.9)	–	(150.9)
Net cash flows used in financing activities	**(653.3)**	**–**	**(653.3)**
Net increase/(decrease) in cash and cash equivalents	(624.2)	146.6	(477.6)
Effects of exchange rate differences on cash and cash equivalents	(26.8)	(1.3)	(28.1)
Cash and cash equivalents at 1 April	947.9	139.0	1,086.9
Cash and cash equivalents at 31 March	**296.9**	**284.3**	**581.2**

Geographical analysis of non-current financial assets

Asset Analysis by Geography	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Europe	3,613.8	3,220.9
Asia Pacific	244.0	247.0
North America	3,115.3	2,796.6
Total	**6,973.1**	**6,264.5**

Geographical analysis of Group revenue

Income Analysis by Geography	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Europe	693.3	576.0
Asia Pacific	84.0	67.5
North America	204.8	185.7
Total	**982.1**	**829.2**

5. Financial assets

Accounting policy

Financial assets

Financial assets can be classified into the following categories: Amortised Cost, Fair Value Through Profit and Loss ('FVTPL') and Fair Value Through Other Comprehensive Income ('FVOCI'). The Group has classified all invested financial assets as FVTPL.

Financial assets at FVTPL are initially recognised and subsequently measured at fair value. A valuation assessment is performed on a recurring basis with gains or losses arising from changes in fair value recognised through net gains on investments in the consolidated income statement. Dividends or interest earned on the financial assets are also included in the net gains on investments.

Where the Group holds investments in a number of financial instruments such as debt and equity in a portfolio company, the Group views their entire investment as a unit of account for valuation purposes. Industry standard valuation guidelines such as the International Private Equity and Venture Capital ('IPEV') Valuation Guidelines - December 2018, allow for a level of aggregation where there are a number of financial instruments held within a portfolio company.

Recognition of financial assets

When the Group invests in the capital structure of a portfolio company, these assets are initially recognised and subsequently measured at fair value, and transaction costs are recognised in the consolidated income statement immediately.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying value amount and the sum of the consideration received and receivable, is recognised in profit or loss.

Offsetting of financial assets

Financial assets and liabilities are only offset, and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Group does not currently offset any financial assets and liabilities.

Key sources of estimation uncertainty on financial assets

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction at the reporting date. The fair value of investments is based on quoted prices, where available. Where quoted prices are not available, the fair value is estimated in line with IFRS and industry standard valuation guidelines such as IPEV for direct investments in portfolio companies, and the Royal Institute of Chartered Surveyors Valuation – Global Standards 2020 for investment property. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Details of the valuation techniques and the associated sensitivities are further disclosed in this note on page 156.

Given the subjectivity of investments in private companies, senior and subordinated notes of CLO vehicles and investments in investment property, these are key sources of estimation uncertainty, and as such the valuations are approved by the relevant Fund Investment Committees and Group Valuation Committee. The unobservable inputs relative to these investments are further detailed below.

NOTES TO THE FINANCIAL STATEMENTS *continued*

5. Financial assets *continued*

Fair value measurements recognised in the statement of financial position

The information set out below provides information about how the Group and Company determines fair values of various financial assets and financial liabilities, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

The following table summarises the valuation of the Group's financial assets and liabilities by fair value hierarchy:

	As at 31 March 2022				As at 31 March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Group	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial Assets								
Investment in or alongside managed funds[1]	9.8	—	2,112.9	2,122.7	11.7	—	1,802.1	1,813.8
Investment in loans held in consolidated	—	4,467.4	145.2	4,612.6	—	3,978.3	168.6	4,146.9
Derivative assets	—	138.6	—	138.6	—	111.9	—	111.9
Investment in private companies[2]	0.4	—	122.7	123.1	—	—	234.6	234.6
Senior and subordinated notes of CLO	—	105.6	9.1	114.7	—	106.6	27.2	133.8
Disposal groups held for sale	12.7	—	89.2	101.9	—	—	57.4	57.4
Total assets	**22.9**	**4,711.6**	**2,479.1**	**7,213.6**	**11.7**	**4,196.8**	**2,289.9**	**6,498.4**
Financial Liabilities								
Borrowings and loans held in consolidated	—	(4,130.1)	(234.6)	(4,364.7)	—	(3,619.5)	(263.4)	(3,882.9)
Derivative liabilities	—	(156.3)	—	(156.3)	—	(99.9)	—	(99.9)
Disposal groups held for sale	—	—	(5.0)	(5.0)	—	—	(4.8)	(4.8)
Total liabilities	**—**	**(4,286.4)**	**(239.6)**	**(4,526.0)**	**—**	**(3,719.4)**	**(268.2)**	**(3,987.6)**

1. Level 3 Investments in or alongside managed funds includes £41.1m senior debt (2021: £36.0m), £1,487.7m subordinated debt and equity (2021: £1,355.5m), £215.1m of real estate assets (2021: £195.1m), and £369.0m private equity secondaries (2021: £215.5m).
2. Level 3 Investment in private companies includes £96.2m subordinated debt and equity (2021: £129.5m) and £26.5m of real estate assets (2021: £105.1m).

Fair value hierarchy

The following table summarises the valuation of the Company's financial assets and liabilities by fair value hierarchy.

	As at 31 March 2022				As at 31 March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Company	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial Assets								
Investment in or alongside managed funds[1]	110.7	—	160.7	271.4	136.2	—	179.8	316.0
Derivative assets	—	40.0	—	40.0	—	46.7	—	46.7
Investment in private companies	12.7	—	158.9	171.6	—	—	189.3	189.3
Senior and subordinated notes of CLO vehicles	—	—	0.2	0.2	—	—	9.2	9.2
Total assets	**123.4**	**40.0**	**319.8**	**483.2**	**136.2**	**46.7**	**378.3**	**561.2**
Financial Liabilities								
Derivative liabilities	—	56.7	—	56.7	—	(36.7)	—	(36.7)
Total liabilities	**—**	**56.7**	**—**	**56.7**	**—**	**(36.7)**	**—**	**(36.7)**

Valuations

Investment in or alongside managed funds

When fair values of publicly traded closed-ended funds and open-ended funds are based on quoted market prices in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Group values these investments at bid price for long positions and ask price for short positions.

The Group also co-invests with funds, including credit and private equity secondary funds, which are not quoted in an active market. The Group considers the valuation techniques and inputs used by these funds to ensure they are reasonable, appropriate and consistent with the principles of fair value. The latest available NAV of these funds are generally used as an input into measuring their fair value. The NAV of the funds are adjusted, as necessary, to reflect restrictions on redemptions, and other specific factors relevant to the funds. In measuring fair value, consideration is also given to any transactions in the interests of the funds. The Group classifies these funds as Level 3.

Investment in private companies

The Group takes debt and equity stakes in private companies that are, other than on very rare occasions, not quoted in an active market and uses either a market-based valuation technique or a discounted cash flow technique to value these positions.

The Group's investments in private companies are held at fair value using the most appropriate valuation technique based on the nature, facts and circumstances of the private company. The first of two principal valuation techniques is a market comparable companies technique. The enterprise value ('EV') of the portfolio company is determined by applying an earnings multiple, taken from comparable companies, to the profits of the portfolio company. The Group determines comparable private and public companies, based on industry, size, location, leverage and strategy, and calculates an appropriate multiple for each comparable company identified. The second principal valuation technique is a discounted cashflow ('DCF') approach. Fair value is determined by discounting the expected future cashflows of the portfolio company to the present value. Various assumptions are utilised as inputs, such as terminal value and the appropriate discount rate to apply. Typically, the DCF is then calibrated alongside a market comparable companies approach. Alternate valuation techniques may be used where there is a recent offer or a recent comparable market transaction, which may provide an observable market price and an approximation to fair value of the private company. The Group classified these assets as Level 3.

Investment in loans held in consolidated structured entities

In the absence of quoted prices in an active market, the loan asset portfolios of the consolidated structured entities are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and from independent loan pricing sources. To the extent that the significant inputs are observable the Group classifies these assets as Level 2 and other assets are classified as Level 3. Level 3 assets are valued using a discounted cashflow technique.

Derivative assets and liabilities

The Group uses market-standard valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

5. Financial assets *continued*

Senior and subordinated notes of CLO vehicles

The Group holds investments in the senior and subordinated notes of the CLOs it manages, predominately driven by European Union risk-retention requirements. The Group employs DCF analysis to fair value these investments, using several inputs including constant annual default rates, prepayments rates, reinvestment rates, recovery rates and discount rates.

The DCF analysis at the reporting date shows that the senior notes are typically expected to recover all contractual cashflows, including under stressed scenarios, over the life of the CLOs. Unobservable inputs are used in determining the fair value of subordinated notes, which are therefore classified as Level 3 instruments. Observable inputs are used in determining the fair value of senior notes and these instruments are therefore classified as Level 2.

Borrowings and loans held in consolidated credit funds

Rated debt liabilities of consolidated CLOs are generally valued at par plus accrued interest, which we assess as fair value, as evidenced by the general availability of market prices and discounting spreads for rated debt liabilities of CLOs. This is consistent with the valuation approach of the rated debt assets held in the unconsolidated CLOs. As a result we deem these liabilities as Level 2.

Unrated/subordinated debt liabilities of consolidated CLOs are valued directly in line with the fair value of the CLOs' underlying loan asset portfolios. These underlying assets comprise observable loan securities traded in active markets. The underlying assets are reported in both Level 2 and Level 3. As a result of this methodology deriving the valuation of unrated/subordinated debt liabilities from a combination of Level 2 and Level 3 asset values, we deem these liabilities to be Level 3.

Real estate assets

To the extent that the Group invests in real estate assets, whether through an investment in a managed fund or an investment in a private company, the underlying assets may be a debt instrument or property classified as investment property in accordance with IAS 40 'Investment Property'. The fair values of the directly held investment properties have been recorded based on independent valuations prepared by third-party real estate valuation specialists in line with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020. At the end of each reporting period, the Group reviews its assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property value within a range of reasonable fair value estimates, based on information provided.

All resulting fair value estimates for properties are included in Level 3.

Reconciliation of Level 3 fair value measurements of financial assets

The following tables set out the movements in recurring financial assets valued using the Level 3 basis of measurement in aggregate. Within the income statement, realised gains and fair value movements are included within gains on investments, and foreign exchange gains/(losses) are included within finance costs.

Group	**2022** **Financial assets designated as FVTPL** **£m**	2021 Financial assets designated as FVTPL £m
At 1 April	**2,289.9**	1,820.9
Total gains or losses in the income statement		
– Net investment return	**463.9**	390.8
– Foreign exchange	**8.4**	(96.2)
Purchases	**855.7**	490.4
Exit proceeds	**(1,105.0)**	(461.1)
Transfer between levels	**(33.8)**	145.1
At 31 March	**2,479.1**	**2,289.9**

Company	2022 Financial assets designated as FVTPL £m	2021 Financial assets designated as FVTPL £m
At 1 April	**378.3**	475.0
Total gains or losses in the income statement		
– Net investment return	**30.4**	56.1
– Foreign exchange	**(10.2)**	(14.6)
Purchases	**83.1**	87.2
Exit proceeds	**(158.2)**	(225.4)
Transfer between levels	**(3.6)**	—
At 31 March	**319.8**	**378.3**

Transfers in and out of Level 3 financial assets were due to changes to the observability of inputs used in the valuation of these assets

Reconciliation of Level 3 fair value measurements of financial liabilities

The following tables sets out the movements in reoccurring financial liabilities valued using the Level 3 basis of measurement in aggregate. Within the income statement, realised gains and fair value movements are included within gains on investments, and foreign exchange gains/(losses) are included within finance costs.

Group	2022 Financial liabilities designated as FVTPL £m	2021 Financial liabilities designated as FVTPL £m
At 1 April	**268.2**	—
Total gains or losses in the income statement		
– Fair value (losses)/gains	**(31.8)**	29.9
– Foreign exchange gains	**—**	21.0
Purchases	**25.9**	29.8
Disposal groups held for sale	**5.0**	4.8
Transfer between levels	**(27.7)**	182.7
At 31 March	**239.6**	**268.2**

Transfers in and out of Level 3 financial liabilities were due to changes to the observability of inputs used in the valuation of these liabilities

Valuation inputs and sensitivity analysis

The following table summarises the inputs and estimates used for items categorised in Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis:

5. Financial assets *continued*

Group Assets	Fair Value As at 31 March 2022 £m	Fair Value As at 31 March 2021 £m	Primary Valuation Technique[1]	Key Unobservable Inputs	Range	Weighted Average/ Fair Value Inputs	Sensitivity/ Scenarios	Effect on Fair Value[4] 31 March 2022 £m
Corporate - subordinated debt and equity[2]	1,598.4	1,485.0	Market Comparable Companies	Earnings Multiple	1.9x - 31.2x	15.2x	'+10% Earnings Multiple[2]	154.1
			Discounted Cash Flow	Discount rate	7.2% - 25.9%	9.9%	'-10% Earnings Multiple[2]	(154.3)
				Earnings Multiple	6.5x - 20.0x	13.8x		
Real Estate	316.3	357.6	Third-party Valuation	N/A	N/A	N/A	+10% Third-party	31.6
			LTV based impairment model	N/A	N/A	N/A	-10% Third-party	(31.6)
Strategic Equity	369.0	215.5						
			Third-party Valuation	N/A	N/A	N/A	+10% Third-party	36.9
							-10% Third-party	(36.9)
Corporate - Senior debt	41.1	36.0	Discounted cash flow	Probability of default	1.8% - 4.6%	1.9%	Upside Case	–
				Loss given default	19.4%	19.4%	Downside	(0.7)
				Maturity of loan	3 years	3 years		
				Effective interest rate	8.7% - 9.0%	8.7%		
Subordinated notes of CLO vehicles[3]	9.1	27.2	Scenario Analysis	Discount rate	11.5% - 13.25%	12.4%		
			Discounted Cash Flow	Next 12 months Annual Default Rate	3%	3%		
				Subsequent months Default Rate %	3.0%	3.0%	Upside Case[3]	18.7
							Downside Case[3]	(19.5)
				Prepayment rate %	20.0%	20.0%		
				Recovery rate %	75.0%	75.0%		
				Reinvestment price	99.5%	99.5%		
Investments in loans held in structured entities	145.2	168.6	Third-party Valuation	N/A	N/A	N/A	+10% Third-party	14.5
							-10% Third-party	(14.5)
Total assets	**2,479.1**	2,289.9						
Borrowings and loans held in structured entities	(234.6)	(263.4)	Third-party Valuation	N/A	N/A	N/A	+10% Third-party	(23.5)
							-10% Third-party	23.5
Disposal group held for sale	(5.0)	(4.8)						
Total liabilities	**(239.6)**	(268.2)						

1. Where the Group has co-invested with its managed funds, it is the type of the underlying investment, and the valuation techniques used for these underlying investments, that is set out here.
2. For investments valued using a DCF methodology (including Infrastructure investments) the imputed earnings multiple is used for this sensitivity analysis.
3. The sensitivity analysis is performed on the entire portfolio of subordinated notes of CLO vehicles that the Group has invested in with total value of £174.2m (2021: £163.4m). This value includes investments in CLOs that are not consolidated (2022: £9.1m (2021: £27.2m)) and investments in CLOs which are consolidated (2022: £165.3m (2021: £136.1m)). The upside case is based on the default rate being lowered to 1% p.a. for the next 24 months, keeping all other parameters consistent. The downside case is based on the probability of default being increased over the next twenty four months to 5% p.a., keeping all other parameters consistent.
4. The effect of fair value across the entire investment portfolio ranges from -£281.0m (downside case) to +£279.3m (upside case).

Derivative financial instruments

Accounting policy

Derivative financial instruments for economic hedging

The Group holds derivative financial instruments to hedge foreign currency and interest rate exposures. Derivatives are recognised at fair value determined using independent third-party valuations or quoted market prices. Changes in fair values of derivatives are recognised immediately in the consolidated income statement.

A derivative with a positive fair value is recognised as a financial asset while a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months from the reporting date, otherwise a derivative will be presented as a current asset or current liability.

	2022			2021		
	Contract or underlying principal amount	Fair values		Contract or underlying principal amount	Fair values	
Group		Asset	Liability		Asset	Liability
	£m	£m	£m	£m	£m	£m
Cross currency swaps	**306.1**	**28.4**	**(30.1)**	299.3	31.9	(35.0)
Forward foreign exchange contracts (excl those held in consolidated credit funds)	**1,113.6**	**4.7**	**(22.5)**	857.9	14.8	(1.7)
Forward foreign exchange contracts held in consolidated credit funds	**102.6**	**105.5**	**(103.7)**	76.1	65.2	(63.2)
Total	**1,522.3**	**138.6**	**(156.3)**	**1,233.3**	**111.9**	**(99.9)**

	2022			2021		
	Contract or underlying principal amount	Fair values		Contract or underlying principal amount	Fair values	
Company		Asset	Liability		Asset	Liability
	£m	£m	£m	£m	£m	£m
Cross currency swaps	**306.1**	**28.4**	**(30.1)**	299.3	31.9	(35.0)
Forward foreign exchange contracts	**1,580.3**	**11.7**	**(26.6)**	857.9	14.8	(1.7)
Total	**1,886.4**	**40.1**	**(56.7)**	**1,157.2**	**46.7**	**(36.7)**

The value of cash held in margin accounts and therefore pledged as collateral as at 31 March 2022 was £27.0m (31 March 2021: £26.8m). The counterparties were: Citigroup Global Markets Limited, Citibank NA, HSBC Bank London, Commonwealth Bank of Australia, Lloyds Bank Corporate Markets Plc, Royal Bank of Scotland Plc, Credit Agricole, and Société Générale Paris. All the Credit Support Annexes that have been agreed with our counterparties are fully compliant with European Market Infrastructure Regulation (EMIR).

There was no change in fair value related to credit risk, in relation to derivatives as at 31 March 2022 (31 March 2021: £nil).

Under the relevant International Swaps and Derivatives Association ('ISDA') Master Agreements in place with our counterparties, the close-out netting provision would result in all obligations under a contract with a defaulting party being terminated and there would be a subsequent combining of positive and negative replacement values into a single net payable or receivable. This reduces the credit exposure from gross to net.

6. Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Cash and cash equivalents				
Cash at bank and in hand	**991.8**	581.2	**707.1**	264.3

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as shown above.

The Group's cash and cash equivalents include £230.3m (2021: £284.3m) of restricted cash, held principally by structured entities controlled by the Group. The Group does not have legal recourse to these balances as their sole purpose is to service the interests of the investors in these structured entities.

In the current year £11.1m cash and cash equivalents were included in disposal groups held for sale (2021: £0.4m) (note 29).

7. Financial liabilities

Accounting policy

Financial liabilities, which include borrowings and listed notes and bonds (with the exception of financial liabilities designated as FVTPL), are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Included within financial liabilities held at amortised cost is the Group's present value of its future lease payments. Lease liabilities are initially measured at the present value of all the future lease payments. The present value at the inception of the lease is determined by discounting all future lease payments at the Group's centrally determined incremental borrowing rate at the date of inception of the lease. In calculating the present value of lease payments, the Group uses its incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Financial liabilities at FVTPL are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest paid on the financial instruments recognised through gains on investments in the income statement. Interest paid on the financial instruments is included within net gains on investments. A financial instrument is designated as FVTPL if it is a derivative that is not designated and effective as a hedging instrument, or the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Included within financial liabilities at FVTPL are derivative liabilities and other financial liabilities designated as FVTPL within structured entities controlled by the Group.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

Group	Interest rate %	Maturity	2022 Current £m	2022 Non-current £m	2021 Current £m	2021 Non-current £m
Liabilities held at amortised cost						
- Private placement	2.02% - 6.25%	2022 - 2029	**39.2**	**617.2**	113.6	628.5
- Listed notes and bonds	1.63% - 5.00%	2023 - 2030	**162.9**	**836.8**	—	582.7
- Unsecured bank debt[1]	SONIA +1.41%	2025	**(1.0)**	**(1.7)**	(1.1)	(2.3)
Total Liabilities held at amortised cost			**201.1**	**1,452.3**	112.5	1,208.9
Other financial liabilities	2.85% - 7.09%	2022 - 2031	**6.5**	**52.2**	3.7	55.0
Liabilities held at FVTPL:						
- Derivative financial liabilities			**153.4**	**2.9**	68.2	31.7
- Structured entities controlled by the Group	0.8%-8.9%	2028-2035	**—**	**4,364.7**	—	3,882.9
			361.0	**5,872.1**	**184.4**	**5,178.5**

Company	2022 Current £m	2022 Non-current £m	2021 Current £m	2021 Non-current £m
Liabilities held at amortised cost				
- Private placement	**39.2**	**617.2**	113.6	628.5
- Listed notes and bonds	**162.9**	**836.8**	—	582.7
- Unsecured bank debt[1]	**(1.0)**	**(1.7)**	(1.1)	(2.3)
Total Liabilities held at amortised cost	**201.1**	**1,452.3**	112.5	1,208.9
Other financial liabilities	**3.1**	**44.8**	1.0	47.4
Liabilities held at FVTPL				
- Derivative financial liabilities	**53.6**	**3.1**	5.1	31.6
	257.8	**1,500.2**	**118.6**	**1,287.9**

1. Unsecured bank debt includes associated fees amortised over the life of the facility.

The fair value of the Listed notes and bonds, being the market price of the outstanding bonds, is £956.4m (2021: £599.8m) . Private placements and unsecured bank debt is held at amortised cost which the Group has determined to be the fair value of these liabilities.

7. Financial liabilities *continued*

Movement in financial liabilities arising from financing activities

The following tables sets out the movements in financial liabilities (other than lease liabilities and derivatives) arising from financing activities undertaken during the year.

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
At 1 April	**1,321.4**	1,916.9	**1,321.4**	1,916.9
Proceeds from borrowings	**413.5**	—	**413.5**	—
Repayment of long term borrowings	**(111.5)**	(495.6)	**(111.5)**	(495.6)
Net interest movement	**4.2**	(3.1)	**4.2**	(3.1)
Foreign exchange movement	**25.8**	(96.8)	**25.8**	(96.8)
At 31 March	**1,653.4**	**1,321.4**	**1,653.4**	**1,321.4**

During the year, the Group issued a €500m sustainability-linked bond maturing in January 2030. The bond has an eight year term and an annual coupon of 2.5%. The proceeds will be used for general corporate purposes, including to repay certain existing debt facilities as they mature. The bond features a coupon adjustment based on the progress the Group makes in achieving its approved science-based targets (see page 40).

8. Profit of Parent Company

As permitted by section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the year amounted to £46.7m (2021 : £203.0m).

9. Finance (loss)/income

Accounting policy

The Group earns interest on its bank deposits. Changes in the fair value of derivatives are recognised in the income statement as incurred.

	2022	2021
	£m	£m
Fair value movements on derivatives	**(7.4)**	(9.4)
	(7.4)	**(9.4)**

10. Net gains on investments

Accounting policy

The Group recognises net gains and losses on investments comprising realised and unrealised gains and losses from disposals and revaluations of financial assets and financial liabilities measured at fair value.

	2022	2021
	£m	£m
Financial Assets		
Change in fair value of financial instruments designated at FVTPL	**643.1**	1,207.0
Financial Liabilities		
Change in fair value of financial instruments designated at FVTPL	**(87.6)**	(699.6)
Net gains arising on investments	**555.5**	**507.4**

11. Finance costs

Accounting policy

Interest expense on the Group's debt, excluding financial liabilities within structured entities controlled by the Group, is recognised using the effective interest rate method based on the expected future cash flows of the liabilities over their expected life. Financial liabilities within structured entities controlled by the Group is accounted for within Net gains and losses arising on investment (see note 10).

Interest expense associated with lease obligations represents the unwinding of the lease liability discount, accounted for in accordance with IFRS 16 (see note 18).

Finance costs	**2022** **£m**	2021 £m
Interest expense recognised on financial liabilities held at amortised cost	**45.4**	52.2
Arrangement and commitment fees	**5.7**	3.3
Interest expense associated with lease obligations	**2.0**	1.3
	53.1	**56.8**

12. Profit for the year

Profit for the year has been arrived at after charging:

	2022 **£m**	2021 £m
Staff costs	**262.1**	179.3
Amortisation and depreciation	**18.1**	15.5
Operating lease expenses	**3.8**	2.3
Auditor's remuneration	**2.1**	1.7

Auditor's remuneration includes fees for audit and non-audit services payable to the Group's auditor, Ernst and Young LLP, and are analysed as below.

	2022 **£m**	2021 £m
ICG Group		
Audit fees		
Group audit of the annual accounts	**1.3**	1.1
The audit of subsidiaries' annual accounts	**0.5**	0.4
Total audit fees	**1.8**	**1.5**
Non audit fees		
Non audit fees in capacity as auditor	**0.2**	0.1
Other non audit fees	**–**	0.1
Total non audit fees	**0.2**	**0.2**
Total auditor's remuneration incurred by the Group	**2.0**	**1.7**

13. Employees and Directors

Accounting policy

The Deal Vintage Bonus ('DVB') scheme forms part of the Group's Remuneration Policy for investment executives. DVB is reported within Wages and salaries.

Payments of DVB are made in respect of plan years, which are aligned to the Group's financial year. Payments of DVB are made only when the performance threshold for the plan year has been achieved on a cash basis and proceeds are received by the Group. An estimate of the DVB liability for a plan year is developed based on the following inputs: expected realisation proceeds; expected timing of realisations; and allocations of DVB to qualifying investment professionals. The Group accrues the estimated DVB cost associated with that plan year evenly over five years, reflecting the average holding period for the underlying investments. Payments of DVB are not subject to clawback.

	2022 £m	2021 £m
Directors' emoluments	**4.8**	**4.4**
Employee costs during the year including Directors:		
Wages and salaries	**229.9**	151.6
Social security costs	**26.2**	22.4
Pension costs	**6.0**	5.4
The monthly average number of employees (including Executive Directors) was:		
Investment Executives	**244**	207
Marketing and support functions	**260**	232
Executive Directors	**3**	3
	507	**442**

ICG plc, the Company, does not have any employees but relies on the expertise and knowledge of employees of ICG FMC Limited, Intermediate Capital Group Inc., Intermediate Capital Group SAS, Intermediate Capital Asia Pacific Limited and Intermediate Capital Group Polska Sp. z.o.o, subsidiaries of ICG plc.

Contributions to the Group's defined contribution pension schemes are charged to the consolidated income statement as incurred.

The performance related element included in employee costs is £169.7m (2021: £103.5m) which represents the annual bonus scheme, Omnibus Scheme and the DVB Scheme. Please refer to the report of the Remuneration Committee on page 93.

In addition, during the year, third-party funds have paid £62.0m (2021: £4.2m) to former employees and £123.2m (2021: £7.2m) to current employees, including Executive Directors, relating to distributions from investments in carried interest partnerships made by these employees in prior periods. Such amounts become due over time if, and when, specified performance targets are ultimately realised in cash by the funds and paid by the carried interest partnerships (CIPs) of the funds (see note 28). As these funds and CIPs are not consolidated, these amounts are not included in the Group's consolidated income statement.

14. Tax expense

Accounting policy

The tax expense comprises current and deferred tax.

Current tax assets and liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date.

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction, other than a business combination, that affects neither the tax nor the accounting profit.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applied to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off, when they relate to income taxes levied by the same tax authority and the Group intends to settle on a net basis.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

	2022 **£m**	2021 £m
Current tax:		
Current year	37.5	44.0
Prior year adjustment	(3.5)	(1.5)
	34.0	**42.5**
Deferred tax:		
Current year	1.9	10.1
Prior year adjustments	(4.8)	(4.1)
	(2.9)	**6.0**
Tax on profit on ordinary activities	**31.1**	**48.5**

The Group is an international business and operates across many different tax jurisdictions. Income and expenses are allocated to these jurisdictions based on transfer pricing methodologies set out both (i) in the laws of the jurisdictions in which the Group operates, and (ii) under guidelines set out by the Organisation for Economic Co-operation and Development (OECD).

The effective tax rate reported by the Group for the period ended 31 March 2022 of 5.5% (2021: 9.5%) is lower than the statutory UK corporation tax rate of 19%.

The FMC activities are subject to tax at the relevant statutory rates ruling in the jurisdictions in which the income is earned. The lower effective tax rate compared to the statutory UK rate is largely driven by the IC activities. The IC benefits from statutory UK tax exemptions on certain forms of income arising from both foreign dividend receipts and gains from assets qualifying for the substantial shareholdings exemption. The effect of these exemptions means that the effective tax rate of the Group is highly sensitive to the relative mix of IC income, and composition of such income, in any one period.

The Group's tax charge for the period ended 31 March 2022 includes certain items which relate to discussions with tax authorities ongoing during the year. Firstly, the UK companies in the Group concluded on a collaborative review with advisers and Her Majesty's Revenue & Customs (HMRC) relating to historic transfer pricing arrangements of the Group. The best estimate of the net settlement arising as a result of this review is included in the tax charge for the year. Secondly, a Luxembourg subsidiary of the Group was successful in the Luxembourg Court of Appeal in respect of a historic dispute over corporate income taxes due in previous years. The Group had previously provided for this corporate income tax which, following the Court's decision, has been released on the expectation that amounts previously paid on account of this liability will be refunded to the Group.

14. Tax expense *continued*

A reconciliation between the statutory UK corporation tax rate applied to the Group's profit before tax and the reported effective tax rate is provided below.

	2022 £m	2021 £m
Profit on ordinary activities before tax	**565.4**	509.5
Tax at 19% thereon	**107.4**	96.8
Effects of		
Prior year adjustment to current tax	**(3.5)**	(1.5)
Prior year adjustment to deferred tax	**(4.8)**	(4.1)
	99.1	**91.2**
Non-taxable and non-deductible items	**(2.5)**	(1.0)
Overseas tax suffered	**—**	0.2
Non-taxable Investment Company income	**(69.6)**	(44.2)
Trading income generated by overseas subsidiaries subject to different tax rates	**1.0**	2.3
Effect of changes in statutory rate changes	**6.4**	—
Release of Luxembourg tax provision	**(3.3)**	—
Tax charge for the period	**31.1**	**48.5**

Deferred tax

Deferred tax (asset)/liability **Group**	Investments £m	Share based payments and compensation deductible as paid £m	Derivatives £m	Other temporary differences £m	Total £m
As at 31 March 2020	2.1	(23.8)	9.4	3.1	(9.2)
Prior year adjustment	2.9	(0.1)	(6.2)	(0.7)	(4.1)
Reclassification to Current Tax	(1.2)	—	(1.4)	—	(2.6)
Charge / (Credit) to equity	—	(2.2)	—	—	(2.2)
Charge / (Credit) to income	8.1	1.3	(0.6)	1.3	10.1
As at 31 March 2021	**11.9**	**(24.8)**	**1.2**	**3.7**	**(8.0)**
Prior year adjustment	5.1	(0.5)	—	(9.4)	(4.8)
Impact of changes to statutory tax rates	8.7	(3.7)	(0.2)	1.6	6.4
Charge / (Credit) to equity	—	1.4	—	—	1.4
Charge / (Credit) to income	10.4	(10.5)	(1.8)	(2.6)	(4.5)
Movement in Foreign Exchange on retranslation	—	—	—	(0.4)	(0.4)
As at 31 March 2022	**36.1**	**(38.1)**	**(0.8)**	**(7.1)**	**(9.9)**

Deferred tax (asset)/liability **Company**	Investments £m	Share based payments and compensation deductible as paid £m	Derivatives £m	Other temporary differences £m	Total £m
As at 31 March 2020	5.1	(22.3)	9.4	(0.3)	(8.1)
Prior year adjustment	2.4	7.7	(6.2)	(2.5)	1.4
Reclassification to Current Tax	—	—	(1.4)	—	(1.4)
Charge / (Credit) to equity	—	2.9	—	—	2.9
Charge / (Credit) to income	(0.4)	1.0	(0.6)	2.8	2.8
As at 31 March 2021	**7.1**	**(10.7)**	**1.2**	**—**	**(2.4)**
Prior year adjustment	(0.1)	—	—	(1.6)	(1.7)
Impact of changes to statutory tax rates	2.1	(2.0)	(0.2)	(0.1)	(0.2)
Charge / (Credit) to income	(0.5)	4.5	(1.8)	1.2	3.4
As at 31 March 2022	**8.6**	**(8.2)**	**(0.8)**	**(0.5)**	**(0.9)**

Deferred tax (assets)/liabilities have been accounted for at the applicable tax rates enacted or substantively enacted, in each case in the relevant jurisdiction of the tax arising, at the reporting date. As at 31 March 2022 the value of losses unrecognised for deferred tax is £nil (2021: £0.2m value of losses unrecognized for deferred tax).

In its Budget held in March 2021, the UK Government announced that the UK rate of corporation tax will increase from 19% to 25% from 1 April 2023. In addition, as announced in the French Finance Bill 2021, the rate of corporation tax in France will decrease from 26.5% (27.5% where profits exceed €500,000) to 25% from 1 April 2022. These legislative changes have been substantively enacted, and these rates have been considered when calculating the closing deferred tax balances at the reporting date.

15. Dividends

Accounting policy

Dividends are distributions of profit to holders of Intermediate Capital Group plc's share capital and as a result are recognised as a deduction in equity. Final dividends are announced with the Annual Report and Accounts and are recognised when they have been approved by shareholders. Interim dividends are announced with the Half Year Results and are recognised when they are paid.

	2022		2021	
	Per share pence	£m	Per share pence	£m
Ordinary dividends paid				
Final	**39.0**	**112.1**	35.8	102.3
Interim	**18.7**	**53.6**	17.0	48.6
	57.7	**165.7**	52.8	150.9
Proposed final dividend	**57.3**	**162.0**	**39.0**	**111.5**

Of the £165.7m (2021: £150.9m) of ordinary dividends paid during the year, £6.0m (2021: £2.9m) were reinvested under the dividend reinvestment plan offered to shareholders.

16. Earnings per share

Earnings	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	**526.8**	457.1
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**286,759,806**	285,154,566
Effect of dilutive potential ordinary share options	**4,194,481**	5,043,079
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**290,954,286**	**290,197,645**
Earnings per share (pence)	**183.7p**	160.3p
Diluted earnings per share (pence)	**181.1p**	157.5p

NOTES TO THE FINANCIAL STATEMENTS *continued*

17. Intangible assets

Accounting policy

Business combinations
Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of all assets, liabilities and contingent liabilities of the acquired business at their fair value at the acquisition date.

The excess of the fair value at the date of acquisition of the cost of investments in subsidiaries over the fair value of the net assets acquired which is not allocated to individual assets and liabilities is determined to be goodwill. Goodwill is reviewed at least annually for impairment.

Investment management contracts
Intangible assets with finite useful lives that are acquired separately, including investment management contracts, are carried at cost less accumulated depreciation and impairment losses. These are measured at cost and are amortised on a straight line basis over the expected life of the contract.

Computer software
Research costs associated with computer software are expensed as they are incurred.

Other expenditure incurred in developing computer software is capitalised only if all of the following criteria are demonstrated:

– An asset is created that can be separately identified;

– It is probable that the asset created will generate future economic benefits; and

– The development cost of the asset can be measured reliably.

Following the initial recognition of development expenditure, the cost is amortised over the estimated useful life of the asset created, which is determined as three years. Amortisation commences on the date that the asset is brought into use. Work-in-progress assets are not amortised until they are brought into use and transferred to the appropriate category of intangible assets. Amortisation of intangible assets is included in administrative expenses in the income statement and detailed in note 12.

Impairment of non-financial assets and goodwill
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Group	Computer software 2022 £m	Computer software 2021 £m	Goodwill[1] 2022 £m	Goodwill[1] 2021 £m	Investment management contract 2022 £m	Investment management contract 2021 £m	Total 2022 £m	Total 2021 £m
Cost								
At 1 April	**20.8**	37.1	**4.3**	4.3	**25.5**	25.5	**50.6**	66.9
Reclassified[2]	**—**	—	**—**	—	**(0.3)**	—	**(0.3)**	—
Additions	**3.4**	4.0	**2.5**	—	**1.1**	—	**7.0**	4.0
Derecognised	**(3.8)**	(20.3)	**(2.4)**	—	**—**	—	**(6.2)**	(20.3)
Exchange differences	**0.1**	—	**(0.1)**	—	**—**	—	**—**	—
At 31 March	**20.5**	**20.8**	**4.3**	**4.3**	**26.3**	**25.5**	**51.1**	**50.6**
Depreciation								
At 1 April	**10.1**	23.5	**—**	—	**19.0**	16.7	**29.1**	40.2
Charge for the year	**6.1**	5.5	**—**	—	**2.6**	2.3	**8.7**	7.8
Derecognised	**(3.8)**	(18.9)	**—**	—	**—**	—	**(3.8)**	(18.9)
At 31 March	**12.4**	10.1	**—**	—	**21.6**	19.0	**34.0**	29.1
Net book value	**8.1**	**10.7**	**4.3**	**4.3**	**4.7**	**6.5**	**17.1**	**21.5**

1. Goodwill was acquired in the ICG-Longbow Real Estate Capital LLP business combination and represents a single cash generating unit. The recoverable amount of the real estate cash generating unit is based on fair value less costs to sell where the fair value equates to a multiple of adjusted net income, in line with the original consideration methodology. The significant headroom on the recoverable amount is not sensitive to any individual assumption.
2. During the current year the Group carried out a review of its intangible assets relating to investment management contracts. £0.3m was reclassified from intangible assets to financial assets.

Company	Computer software 2022 £m	Computer software 2021 £m	Investment management contract 2022 £m	Investment management contract 2021 £m	Total 2022 £m	Total 2021 £m
Cost						
At 1 April	**20.8**	37.1	**19.9**	19.9	**40.7**	57.0
Additions	**3.4**	—	**—**	—	**3.4**	—
Derecognised	**(3.8)**	4.0	**—**	—	**(3.8)**	4.0
At 31 March	**20.4**	**20.8**	**19.9**	**19.9**	**40.3**	**40.7**
Depreciation						
At 1 April	**10.2**	23.5	**13.4**	11.1	**23.6**	34.6
Charge for the year	**6.1**	5.5	**2.3**	2.3	**8.4**	7.8
Derecognised	**(3.8)**	(18.8)	**—**	—	**(3.8)**	(18.8)
At 31 March	**12.5**	10.2	**15.7**	13.4	**28.2**	23.6
Net book value	**7.9**	**10.6**	**4.2**	**6.5**	**12.1**	**17.1**

During the financial year ended 31 March 2022 the Group recognised an expense of £0.6 m (2021: £0.1m) in respect of research and development expenditure.

NOTES TO THE FINANCIAL STATEMENTS *continued*

18. Property, plant and equipment

Accounting policy

The Group's property, plant and equipment provide the infrastructure to enable the Group to operate. Assets are initially stated at cost, which includes expenditure associated with acquisition. The cost of the asset is recognised in the income statement as an amortisation charge on a straight line basis over the estimated useful life, determined as three years for furniture and equipment and five years for short leasehold premises. Right of Use ('ROU') assets are amortised over the full contractual lease term.

Group as a lessee

Included within the Group's property, plant and equipment are its ROU assets. ROU assets are the present value of the Group's global leases and comprise all future lease payments, and all expenditure associated with acquiring the lease. The Group's leases are primarily made up of its global offices. The Group has elected to capitalise initial costs associated with acquiring a lease before commencement as a ROU asset. The cost of the ROU asset is recognised in the income statement as an amortisation charge on a straight line basis over the life of the lease term.

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its leasehold improvements and short-term leases (those that have a lease term of 12 months or less from the commencement date which do not contain a purchase option). The Group also applies the recognition exemption to leases that are considered to be low value. Leasehold improvements are amortised on a straight line basis over the lease term. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

	Furniture and equipment		ROU asset		Leasehold improvements		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Group	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Cost								
At 1 April	**3.8**	5.5	**73.0**	42.3	**10.6**	–	**87.4**	47.8
Reclassified[1]	**–**	–	**–**	(10.9)	**–**	10.9	**–**	–
Additions	**0.6**	2.3	**2.4**	56.0	**0.7**	4.9	**3.7**	63.2
Disposals	**–**	(4.1)	**(7.7)**	(14.4)	**–**	(5.2)	**(7.7)**	(23.7)
Exchange differences	**0.1**	0.1	**–**	–	**–**	–	**0.1**	0.1
At 31 March	**4.5**	**3.8**	**67.7**	**73.0**	**11.3**	**10.6**	**83.5**	**87.4**
Depreciation								
At 1 April	**1.6**	4.6	**17.7**	29.8	**1.1**	–	**20.4**	34.4
Reclassified[1]	**–**	–	**–**	(5.8)	**–**	5.8	**–**	–
Charge for the year	**1.2**	0.5	**7.3**	6.8	**0.9**	0.5	**9.4**	7.8
Disposals	**0.1**	(3.5)	**(6.8)**	(13.1)	**–**	(5.2)	**(6.7)**	(21.8)
At 31 March	**2.9**	1.6	**18.2**	17.7	**2.0**	1.1	**23.1**	20.4
Net book value	**1.6**	**2.2**	**49.5**	**55.3**	**9.3**	**9.5**	**60.4**	**67.0**

1. During the prior year, the Group carried out an assessment of its assets categorised as furniture and equipment and determined that those assets relating to computer software were more appropriately classified as intangible assets. These assets were transferred at book value and there was no profit or loss arising on transfer.

Company	Furniture and equipment 2022 £m	Furniture and equipment 2021 £m	ROU asset 2022 £m	ROU asset 2021 £m	Leasehold improvements 2022 £m	Leasehold improvements 2021 £m	Total 2022 £m	Total 2021 £m
Cost								
At 1 April	**2.6**	1.8	**50.9**	26.9	**8.9**	—	**62.4**	28.7
Reclassified[1]	**—**	—	**—**	(9.5)	**—**	9.5	**—**	—
Additions	**0.2**	2.2	**1.3**	47.9	**0.6**	4.6	**2.1**	54.7
Disposals	**—**	(1.4)	**(2.1)**	(14.4)	**—**	(5.2)	**(2.1)**	(21.0)
At 31 March	**2.8**	**2.6**	**50.1**	**50.9**	**9.5**	**8.9**	**62.4**	**62.4**
Depreciation								
At 1 April	**0.6**	1.5	**5.2**	19.7	**0.3**	—	**6.1**	21.2
Reclassified[1]	**—**	—	**—**	(4.2)	**—**	4.2	**—**	—
Charge for the year	**1.0**	0.5	**6.5**	2.8	**0.8**	0.3	**8.3**	3.6
Disposals	**—**	(1.4)	**(1.9)**	(13.1)	**—**	(4.2)	**(1.9)**	(18.7)
At 31 March	**1.6**	0.6	**9.8**	5.2	**1.1**	0.3	**12.5**	6.1
Net book value	**1.2**	**2.0**	**40.3**	**45.7**	**8.4**	**8.6**	**49.9**	**56.3**

1. During the prior year, the Company carried out an assessment of its assets categorised as furniture and equipment and determined that those assets relating to computer software were more appropriately classified as intangible assets. These assets were transferred at book value.

Group as Lessor

Accounting policy

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Group has entered into sub-lease agreements of certain office buildings (see Note 18 above). These leases have terms of between two and five years. Rental income recognised by the Group during the year was £0.3 m (2021: £0.8m). Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

Group	2022 £m	2021 £m
Within one year	**5.7**	0.3
After one year but not more than five years	**29.6**	2.3
At 31 March	**35.3**	**2.6**

19. Investment property

Accounting policy

The Group holds investment property for the development of the Group's long-term real assets strategy. Properties are being held with a purpose to earn rental income and/or for capital appreciation and are not occupied by the Group. IAS 40 Investment Property requires that the property be measured initially at cost, including transaction costs, and subsequently measured at fair value. The fair value of the investment properties has been recorded based on independent valuations prepared by third-party real estate valuation specialists in line with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020. A market and income approach was performed to estimate the fair value of the Group's investments. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Details of the valuation techniques and the associated sensitivities are further disclosed in note 5.

Group	2022 £m	2021 £m
Investment property at fair value		
At 1 April	**1.8**	8.1
Disposals	**—**	(6.3)
Fair value loss	**(0.3)**	—
Movement in control of subsidiary	**—**	56.7
Classified as held for sale or disposals	**—**	(56.7)
At 31 March	**1.5**	**1.8**

During the year, the Group held £59.3m (2021: £56.7m) investment property within disposal groups held for sale (see note 29).

20. Trade and other receivables

Accounting policy

Trade and other receivables represent amounts the Group is due to receive in the normal course of business and are held at amortised cost. Trade and other receivables excluding structured entities controlled by the Group include performance fees, which are considered contract assets under IFRS 15 and will only be received after realisation of the underlying assets, see note 3. Trade and other receivables within structured entities controlled by the Group relate principally to unsettled trades on the sale of financial assets.

Amounts owed by Group companies are non-interest bearing and repayable on demand. Trade and other receivables from Group entities are considered related party transactions as stated in note 27.

The carrying value of trade and other receivables reported within current assets approximates fair value as these are short-term and do not contain any significant financing components. The carrying value of trade and other receivables reported within non-current assets approximates fair value as these do not contain any significant financing components.

The Company has adopted the simplified approach to measuring the loss allowance as lifetime Expected Credit Loss (ECL), as permitted under IFRS 9. The ECL of trade and other receivables arising from transactions with Group entities or its affiliates are expected to be nil or close to nil. The assets do not contain any significant financing components, therefore the simplified approach is deemed most appropriate.

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Trade and other receivables within structured entities controlled by the Group	**125.3**	99.5	**—**	—
Trade and other receivables excluding structured entities controlled by the Group	**155.0**	107.1	**6.9**	8.2
Amount owed by Group companies	**—**	—	**199.4**	704.2
Prepayments	**2.8**	8.6	**4.9**	4.2
Total current assets	**283.1**	**215.2**	**211.2**	**716.6**
Non-current assets				
Trade and other receivables excluding structured entities controlled by the Group	**91.1**	62.8	**7.4**	33.8
Amounts owed by Group companies	**—**	—	**566.7**	472.8
Total non-current assets	**91.1**	**62.8**	**574.1**	**506.6**

Non-current Trade and other receivables excluding structured entities controlled by the Group comprises performance-related fees (see note 2).

21. Trade and other payables

Accounting policy

Trade and other payables are held at amortised cost and represent amounts the Group is due to pay in the normal course of business. Other payables in the table below relate principally to unsettled trades on the purchase of financial assets within structured entities controlled by the Group. Accruals represent costs, including remuneration, that are not yet billed or due for payment, but for which the goods or services have been received. Amounts owed to Group companies are non-interest bearing and repayable on demand. The carrying value of trade and other payables approximates fair value as these are short-term and do not contain any significant financing components.

Trade and other payables from Group entities are considered related party transactions as stated in note 27.

	Group		Company	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Trade and other payables within structured entities controlled by the Group	**293.4**	315.9	**—**	—
Trade and other payables excluding structured entities controlled by the Group	**138.7**	110.1	**114.2**	114.8
Amounts owed to Group companies	**—**	—	**1,038.6**	1,165.7
Social security tax	**2.3**	1.3	**2.7**	1.5
Total current liabilities	**434.4**	**427.3**	**1,155.5**	**1,282.0**
Non-current liabilities				
Trade and other payables excluding structured entities controlled by the Group	76.4	41.9	76.4	41.9
Total non-current liabilities	**76.4**	**41.9**	**76.4**	**41.9**

Current Trade and other payables excluding structured entities controlled by the Group includes £69.4m (2021: £14.9m) in respect of Deal Vintage Bonus (DVB, see note 13) and non-current Trade and other payables excluding structured entities controlled by the Group is entirely comprised of amounts payable in respect of DVB.

22. Financial risk management

The Group has identified financial risk, comprising market and liquidity risk, as a principal risk. Further details are set out on page 57. The Group has exposure to market risk (including exposure to interest rates and foreign currency), liquidity risk and credit risk arising from financial instruments.

Interest rate risk

The Group's assets include both fixed and floating rate loans and non-interest-bearing equity investments.

The Group's operations are financed with a combination of its shareholders' funds, bank borrowings, private placement notes, public bonds, and fixed and floating rate notes. The Group manages its exposure to market interest rate movements by matching, to the extent possible, the interest rate profiles of assets and liabilities and by using derivative financial instruments.

The sensitivity of floating rate financial assets to a 100 basis points interest rate increase is £55.5m (2021: £43.8m) and the sensitivity of financial liabilities to a 100 basis point interest rate increase is £46.0m (2021: £37.6m). The Group's sensitivity to movements is calculated by applying 100 basis points sensitivity to interest rates to the Group's forecast model. There is an indirect exposure to interest rate risk through the impact on the performance of the portfolio companies of the funds that the Group has invested in, and therefore the fair valuations. There is no interest rate risk exposure on fixed rate financial assets or liabilities.

Exposure to interest rate risk

Group	2022 Floating £m	2022 Fixed £m	2022 Total £m	2021 Floating £m	2021 Fixed £m	2021 Total £m
Financial assets (excl investments in loans held in consolidated entities)	**889.6**	**2,824.7**	**3,714.3**	460.5	2,680.2	3,140.7
Investments in loans held in consolidated entities	**4,599.7**	**479.5**	**5,079.2**	3,916.0	338.0	4,254.0
Financial liabilities (excl borrowings and loans held in consolidated entities)	**—**	**(1,892.1)**	**(1,892.1)**	3.6	(1,576.9)	(1,573.3)
Borrowings and loans held in consolidated entities	**(4,604.1)**	**(374.5)**	**(4,978.6)**	(3,763.7)	(547.5)	(4,311.2)
	885.2	**1,037.6**	**1,922.8**	**616.4**	**893.8**	**1,510.2**

Foreign exchange risk

The Group is exposed to currency risk in relation to non-sterling currency transactions and the translation of non-sterling net assets. The Group's most significant exposures are to the euro and the US dollar. Exposure to market currency risk is managed by matching assets with liabilities to the extent possible and through the use of derivative instruments.

The Group regards its interest in overseas subsidiaries as long-term investments. Consequently, it does not normally hedge the translation effect of exchange rate movements on the financial statements of these businesses.

The Group is also exposed to currency risk arising on the translation of fund management fee income receipts, which are primarily denominated in euro and US dollar. Fund management fee income is hedged to provide more certainty over the value of future cash inflows.

The sensitivity to movements in exchange rates is assumed by applying a percentage measure, based on the volatility of the applicable currency, as defined in the Group's treasury policy, to the net currency asset or liability at the balance sheet date.

The effect of fluctuations in other currencies is considered by the Directors to be insignificant in the current and prior year. The net assets/(liabilities) by currency and the sensitivity of the balances to foreign exchange rates are shown below:

Market risk - Foreign exchange risk	2022 Net statement of financial Position exposure £m	Forward exchange contracts £m	Net exposure £m	Sensitivity to strengthening %	Increase in net assets £m
Sterling	**688.1**	**1,057.9**	**1,746.0**	**—**	**—**
Euro	**718.1**	**(624.3)**	**93.8**	**15 %**	**14.1**
US dollar	**326.9**	**(251.0)**	**75.9**	**20 %**	**15.2**
Other currencies	**207.4**	**(200.3)**	**7.1**	**10-25%**	**—**
	1,940.5	**(17.7)**	**1,922.8**	**—**	**29.3**

	2021 Net statement of financial Position exposure £m	Forward exchange contracts £m	Net exposure £m	Sensitivity to strengthening %	Increase in net assets £m
Sterling	353.5	960.8	1,314.3	—	—
Euro	791.8	(747.8)	44.0	15 %	6.6
US dollar	54.1	75.3	129.4	20 %	25.9
Other currencies	298.8	(276.3)	22.5	10-25%	—
	1,498.2	**12.0**	**1,510.2**		**32.5**

The weakening of the above currencies would have resulted in an equal but opposite impact, being a decrease in net assets.

22. Financial risk management *continued*

Liquidity risk

The Group manages its liquidity risk by maintaining headroom on its financing facilities, particularly its bank facilities.

The table below shows the liquidity profile of the Group's financial liabilities, based on contractual repayment dates of principal and interest payments. Future interest and principal cash flows have been calculated based on exchange rates and floating rate interest rates as at 31 March 2022. It is assumed that Group borrowings under its senior debt facilities remain at the same level as at 31 March 2022 until contractual maturity. Included in financial liabilities are contractual interest payments. All financial liabilities, excluding structured entities controlled by the Group, are held by the Company.

Liquidity profile

	Contractual maturity analysis				
	Less than one year	One to two two years	Two to five years	More than five years	Total
As at 31 March 2022	£m	£m	£m	£m	£m
Financial liabilities					
Private placements	**59.1**	**76.1**	**519.2**	**105.3**	**759.8**
Listed notes and bonds	**185.4**	**17.4**	**473.1**	**452.6**	**1,128.4**
Debt issued by controlled structured entities	**499.9**	**79.7**	**239.2**	**4,656.5**	**5,475.4**
Derivative financial instruments	**22.1**	**(2.5)**	**(4.7)**	**0.0**	**14.9**
	766.5	**170.7**	**1,226.8**	**5,214.4**	**7,378.5**

As at 31 March 2022 the Group has liquidity of £1,311.5m (2021: £846.9m) which consists of undrawn debt facility of £550m (2021: £550m) and £761.5m (2021: £296.9m) of unencumbered cash. Unencumbered cash excludes £230.3m (2021: £284.3m) of restricted cash held principally by structured entities controlled by the Group.

	Contractual maturity analysis				
	Less than one year	One to two two years	Two to five years	More than five years	Total
As at 31 March 2021	£m	£m	£m	£m	£m
Financial liabilities					
Private placements	138.5	59.0	503.4	171.7	872.6
Listed notes and bonds	14.9	174.9	20.7	432.4	642.9
Debt issued by controlled structured entities	69.4	69.4	208.2	4,329.3	4,676.3
Derivative financial instruments	(3.6)	26.3	0.0	0.0	22.7
	219.2	**329.6**	**732.3**	**4,933.4**	**6,214.5**

The Group's policy is to maintain continuity of funding. Due to the long-term nature of the Group's assets, the Group seeks to ensure that the maturity of its debt instruments is matched to the expected maturity of its assets.

Credit risk

Credit risk is the risk of financial loss to the Group as a result of a counterparty failing to meet its contractual obligations. This risk is principally in connection with the Group's investments.

This risk is mitigated by the disciplined credit procedures that the relevant Fund Investment Committees have in place prior to making an investment and the ongoing monitoring of investments throughout the ownership period. In addition, the risk of significant credit loss is further mitigated by the Group's policy to diversify its investment portfolio in terms of geography and industry sector and to limit the amount invested in any single company.

The Group is exposed to credit risk through its financial assets (see note 5) and investment in joint ventures.

Exposure to credit risk

	Group		Company	
	2022	2021[1]	**2022**	2021[1]
	£m	£m	**£m**	£m
Investment in private companies	**225.0**	292.0	**171.6**	189.3
Investment in managed funds	**2,122.7**	1,813.8	**271.4**	316.0
Senior and subordinated notes of CLO vehicles	**114.7**	133.8	**0.2**	9.2
Investments in loans held within consolidated entities	**4,612.6**	4,146.9	**—**	—
Derivatives assets	**138.6**	111.9	**40.0**	46.7
Investment in joint venture	**2.2**	2.8	**—**	—
	7,215.8	**6,501.2**	**483.2**	561.2

1 The 2021 comparable numbers included in this table have been updated to include all financial assets (see note 5). The impact of this change is to increase comparable balances as follows: Investment in private companies - £120.2m (Group) and £62.9m (Company); Investment in managed funds - £1.0m (Group); Senior and subordinated notes of CLO vehicles - £1.7m (Group); Derivatives assets - £111.9m (Group) and £46.7m (Company); and to reduce Investments in loans held within consolidated entities by £0.9m (Group).

The Group manages its operational cash balance by the regular forecasting of cashflow requirements, debt management and cash pooling arrangements. Credit risk exposure on cash and derivative instruments is managed in accordance with the Group's treasury policy which provides limits on exposures with any single financial institution. The Group's surplus cash is held in financial institutions rated AAA or above. Other credit exposures arise from outstanding derivatives with financial institutions rated from BBB to AAA, with 93% at institutions rated A- or above.

The Group is exposed to credit risk as a result of financing guarantees provided. The maximum exposure to guarantees is £7.4m (2021: £8.2m). No liability has been recognised in respect of these guarantees.

The Directors consider the Group's credit exposure to trade and other receivables and current assets held for sale to be low and as such no further analysis has been presented. The Directors consider the credit risk of the investments within the structured entities controlled by the Group to be low.

The Group's investments in CLOs and loans held within structured entities controlled by the Group principally comprise senior loans. The Group's exposure to the credit risk of this collateral, in these consolidated entities, is limited to its investment into these entities, which at 31 March 2022 was £426.0m (2021: £506.0m).

The carrying amount of financial assets represents the Directors' assessment of the maximum credit risk exposure of the Group and Company at the balance sheet date. Decreases in fair value during the year reflect the decline in prices on individual assets, as a result either of company specific or of general macroeconomic conditions.

The Directors believe that credit risk as a result of the concentration of significant counterparties is low as there is no individual counterparty comprising more than 10% of the Group's total exposure.

Other than the Group investments in CLOs and loans held within structured entities controlled by the Group, the Group has no direct exposure to defaulted and past due financial assets.

Capital management

Managing capital is the ongoing process of determining and maintaining the quantity and quality of capital appropriate for the Group and ensuring capital is deployed in a manner consistent with the expectations of our stakeholders. The primary objectives of the Group's capital management are (i) align the Group's interests with its clients, (ii) grow third-party fee income in the FMC and (iii) maintain robust capitalisation, including ensuring that the Group complies with externally imposed capital requirements by the Financial Conduct Authority (the FCA). The Group's strategy has remained unchanged from the year ended 31 March 2021.

(i) Regulatory capital requirements

The Group is required to hold capital resources to cover its regulatory capital requirements. The Group's capital for regulatory purposes comprises the capital and reserves of the Company, comprising called up share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity (see page 140). The full Pillar 3 disclosures are available on the Group's website: www.icgam.com.

22. Financial risk management *continued*

(ii) Capital and risk management policies

The formal procedures for identifying and assessing risks that could affect the capital position of the Group are described in the Strategic Report on page 57. The capital structure of the Group consists of cash and cash equivalents, £991.8m (2021: £581.2m) (see note 6); debt, which includes borrowings, £1,653.4m, (2021: £1,321.4m) (see note 7) and capital and reserves of the Company, comprising called up share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity, £943.9m (2021 : £1,060.9m) (see page 140).

23. Called up share capital and share premium

Share capital represents the number of issued ordinary shares in Intermediate Capital Group plc multiplied by their nominal value of 26¼p each.

The Company has the authority limited by shareholder resolution to issue, buy back, or cancel ordinary shares in issue (including those held in trust, described below). New shares are issued when share options are exercised by employees. The Company has 294,285,804 authorised shares (2021: 294,276,532)

Group and Company	**Number of ordinary shares of 26¼p allotted, called up and fully paid**	**Share Capital £m**	**Share Premium £m**
1 April 2021	294,276,532	77.2	180.2
Shares Issued	9,272.0	0.1	0.1
31 March 2022	**294,285,804**	**77.3**	**180.3**

Group and Company	Number of ordinary shares of 26¼p allotted, called up and fully paid	Share Capital £m	Share Premium £m
1 April 2020	294,179,174	77.2	179.9
Shares issued	97,358	—	0.3
31 March 2021	**294,276,532**	**77.2**	**180.2**

24. Own shares reserve

Accounting policy

Own shares are recorded by the Group when ordinary shares are purchased in the market by ICG plc or through the ICG Employee Benefit Trust 2015 ('EBT').

The EBT is a special purpose vehicle, with the purpose of purchasing and holding shares of the Company for the hedging of future liabilities arising as a result of the employee share-based compensation schemes, (see note 25) in a way that does not dilute the percentage holdings of existing shareholders.

Own shares are held at cost and their purchase reduces the Group's net assets by the amount spent. When shares vest or are cancelled, they are transferred from own shares to the retained earnings reserve at their weighted average cost. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own shares.

The movement in the year is as follows:

	2022 £m	2021 £m	**2022 Number**	2021 Number
At 1 April	**82.2**	114.4	**8,389,246**	10,899,484
Purchased (ordinary shares of 26¼p)	**20.9**	—	**1,000,000**	—
Options/awards exercised	**(10.1)**	(32.2)	**(1,654,397)**	(2,510,238)
As at 31 March	**93.0**	**82.2**	**7,734,849**	**8,389,246**

The Company held 3,733,333 shares in the Own Share Reserve at 31 March 2022 and 31 March 2021 at a cost of £21.3m. These shares were purchased through a share buy back programme in prior years.

The number of shares held by the Group at the balance sheet date represented 2.6% (2021: 2.9%) of the Parent Company's allotted, called up and fully paid share capital.

25. Share based payments

Accounting policy

The Group issues compensation to its employees under equity settled share based payment plans.

Equity settled share based payments are measured at the fair value of the awards at grant date. The fair value includes the effect of non-market based vesting conditions. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

The total charge to the income statement for the year was £29.6m (2021: £26.9m) and this was credited to the share based payments reserve. Details of the different types of awards are as follows:

Intermediate Capital Group plc Omnibus Plan

The Omnibus Plan provides for two different award types to be made over ICG plc shares: Deferred Share Awards and PLC Equity Awards.

Deferred Share Awards

Awards are made after the end of the financial year (and in a small number of cases during the year) to reward employees for delivering cash profits, managing the cost base, and employing sound risk and business management. These share awards normally vest one-third at the end of the first, second and third years following the year of grant, unless the individual leaves for cause or to join a competitor. Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date. Awards are based on performance against the individual's objectives. There are no further performance conditions.

PLC Equity Awards

Awards are made after the end of the financial year to reward employees, including Executive Directors, for increasing long-term shareholder value. These share awards normally vest one-third at the end of the third, fourth and fifth years following the year of grant, unless the individual leaves for cause or to join a competitor. Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date. Awards are based on performance against the individual's objectives. There are no further performance conditions.

Share awards outstanding under the Omnibus Plan were as follows:

	Number		Weighted average fair value	
Deferred share awards	2022	2021	2022	2021
Outstanding at 1 April	**2,958,483**	2,829,014	**12.47**	11.33
Granted	**1,048,813**	1,512,583	**21.63**	13.07
Vested	**(1,537,016)**	(1,383,114)	**12.21**	10.80
Outstanding as at 31 March	**2,470,280**	**2,958,483**	**16.52**	**12.47**

	Number		Weighted average fair value	
PLC Equity awards	2022	2021	2022	2021
Outstanding at 1 April	**2,680,734**	3,333,119	**10.22**	8.74
Granted	**374,477**	429,746	**21.63**	13.08
Vested	**(916,001)**	(1,082,131)	**8.12**	6.78
Outstanding as at 31 March	**2,139,210**	**2,680,734**	**10.33**	**10.22**

The fair values of awards granted under the ICG plc Omnibus Plan are determined by the average share price for the five business days prior to grant.

25. Share based payments *continued*

FMC Equity Awards

FMC Equity Awards were awarded up until May 2017. Awards were made after the end of the financial year to incentivise those employees charged with accelerating the expansion of the Company's fund management business. The awards were over shares in the FMC and shares vested one-third in each of the first, second and third years following the year of grant subject to continuing service. A holding period applies until the third year following the year of grant, at which time all vested FMC shares are automatically 'exchanged' for Company shares of an equivalent value. The value of a share was determined by an independent valuation every year. Awards were based on performance against the individual's objectives. There are no further performance conditions.

There are no outstanding awards at 31 March 2021 and 31 March 2022.

	Number		Weighted average fair value	
FMC Equity awards	2022	2021	2022	2021
Outstanding at 1 April	–	11,104	–	700.0
Granted	–	–	–	–
Vesting	–	(11,104)	–	700.0
Outstanding as at 31 March	–	–	–	–

Intermediate Capital Group plc Buy Out Awards

Buy Out Awards are shares awarded to new employees in lieu of awards forfeited from their previous employment. These share awards shall vest or be forfeited according to the schedule and terms of the forfeited awards, and any performance conditions detailed in the individual's employment contract. Buy Out Awards may be cash settled.

Buy Out Awards outstanding were as follows:

	Number		Weighted average fair value	
Buy Out Awards	2022	2021	2022	2021
Outstanding as at 1 April	**245,423**	175,512	**12.06**	7.87
Granted	**33,965**	215,817	**13.85**	13.42
Vesting	**(123,448)**	(145,906)	**10.67**	9.10
Outstanding as at 31 March	**155,940**	**245,423**	**12.85**	**12.06**

The fair values of the Buy Out Awards granted are determined by the average share price for the five business days prior to grant.

Save As You Earn

The Group offers a Sharesave Scheme ('SAYE') to its UK employees. Options are granted at a 20% discount to the prevailing market price at the date of issue. Options to this equity-settled scheme are exercisable at the end of a three year savings contract. Participants are not entitled to dividends prior to the exercise of the options. The maximum amount that can be saved by a participant in this way is £6,000 in any tax year.

Fair value is measured using the Black–Scholes valuation model, which considers the current share price of the Group, the risk-free interest rate and the expected volatility of the share price over the life of the award. The expected volatility was calculated by analysing three years of historic share price data of the Group.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards and options at grant date, which is remeasured at each reporting date. The total amount to be expensed during the year is £187,660 (2021: £227,264).

	Number		Weighted average fair value	
Save As You Earn	2022	2021	2022	2021
Outstanding as at 1 April	**137,395**	244,446	**3.19**	2.79
Granted	**96,136**	–	**5.95**	3.26
Vesting	**(9,272)**	(92,240)	**2.27**	2.15
Forfeited	**(24,522)**	(14,811)	**3.35**	3.14
Outstanding as at 31 March	**199,737**	**137,395**	**4.54**	**3.19**

26. Financial commitments

As described in the Strategic Report, the Group invests balance sheet capital alongside the funds it manages to grow the business and create long-term shareholder value. Commitments are made at the time of a fund's launch and are drawn down with the fund as it invests. Commitments may increase where distributions made are recallable. At the balance sheet date the Group had undrawn commitments, which can be called on over the commitment period, as follows:

	2022 £m	2021 £m
ICG Europe Fund V	**27.8**	32.5
ICG Europe Fund VI	**95.5**	86.5
ICG Europe Fund VII	**44.8**	121.2
ICG Europe Fund VIII	**191.6**	—
ICG Mid-Market Fund	**34.6**	60.7
Intermediate Capital Asia Pacific Fund III	**42.6**	45.2
ICG Asia Pacific Fund IV	**31.2**	46.9
Nomura ICG Investment Business Limited Partnership A	**18.8**	19.8
ICG Strategic Secondaries Fund II	**12.9**	30.7
ICG Strategic Equity Fund III	**28.2**	44.4
ICG Strategic Equity Fund IV	**91.3**	145.1
ICG Recovery Fund II	**58.4**	76.2
ICG Senior Debt Partners	**—**	8.9
ICG Senior Debt Partners II	**5.4**	4.4
ICG Senior Debt Partners III	**5.5**	6.2
ICG Senior Debt Partners IV	**14.0**	17.5
ICG Senior Debt Partners IV - CIC	**1.3**	—
ICG North American Private Debt Fund	**30.4**	30.0
ICG North American Private Debt Fund II	**46.3**	56.8
ICG Centre Street Partnership	**—**	4.6
ICG-Longbow UK Real Estate Debt Investments V	**6.0**	13.1
ICG-Longbow UK Real Estate Debt Investments VI	**6.0**	25.0
ICG-Longbow Development Fund	**4.6**	4.0
ICG Infrastructure Equity Fund I	**128.8**	92.3
ICG Private Markets Pooling - Sale and Leaseback	**22.7**	44.2
	948.7	1,016.2

27. Related party transactions

Subsidiaries

The Group is not deemed to be controlled or jointly controlled by a party directly or through intermediaries. The Group consists of the Parent Company, Intermediate Capital Group plc, incorporated in the UK, and its subsidiaries listed in note 28. All entities meeting the definition of a controlled entity as set out in IFRS 10 are consolidated within the results of the Group. All transactions between the Parent Company and its subsidiary undertakings are classified as related party transactions for the Parent Company accounts and are eliminated on consolidation. Significant transactions with subsidiary undertakings relate to dividends received, the aggregate amount received during the year is £163.0m (2021: £121.2m) and recharge of costs to a subsidiary, £166.7m (2021: £127.9m)

Associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control, over the financial and operating policy decisions of the entity. As the investments in associates are held for venture capital purposes they are designated at fair value through profit or loss. A joint venture is an arrangement whereby the parties have joint control over the arrangements, see note 30. Where the investment is held for venture capital purposes they are designated as fair value through profit. These entities are related parties and the significant transactions with associates and joint ventures are as follows:

	2022 £m	2021 £m
Income statement		
Net gains on investments	**(15.8)**	(2.8)
	(15.8)	**(2.8)**

	2022 £m	2021 £m
Statement of financial position		
Trade and other receivables	**119.5**	84.3
Trade and other payables	**(60.4)**	(42.3)
	59.1	**42.0**

Unconsolidated structured entities

The Group has determined that, where the Group holds an investment, loan, fee receivable, guarantee or commitment with an investment fund, carried interest partnership or CLO, this represents an interest in a structured entity in accordance with IFRS 12 Disclosure of Interest in Other Entities (see note 31). The Group provides investment management services and receives management fees (including performance-related fees) and dividend income from these structured entities, which are related parties. Amounts receivable and payable from these structured entities arising in the normal course of business remain outstanding. At 31 March 2022, the Group's interest in and exposure to unconsolidated structured entities are as follows:

	2022 £m	2021 £m
Income statement		
Management Fees	**382.2**	268.9
Dividend Income	**3.4**	4.6
	385.6	**273.5**

	2022 £m	2021 £m
Statement of financial position		
Performance Fees Receivable	**91.0**	81.6
Trade and other receivables	**680.6**	381.9
Trade and other payables	**(621.1)**	(351.7)
	150.5	**111.8**

During the year the Group reduced its investment in a structured entity, ICG Alternative Credit (Jersey) CIP LP. The Group reassessed this entity for control under the rules of IFRS 10 and concluded that the Group no longer controlled the entity (see note 28).

Key management personnel

Key management personnel are defined as the Executive Directors. The Executive Directors of the Group are Vijay Bharadia, Benoît Durteste and Antje Hensel-Roth.

The compensation of key management personnel during the year was as follows:

	2022 £m	2021 £m
Short-term employee benefits	**3.5**	3.3
Post-employment benefits	**0.1**	0.1
Other long-term benefits	**1.5**	1.4
Share-based payment benefits	**6.9**	6.5
	12.0	**11.3**

Fees paid to Non-Executive Directors were as follows:

	2022 £000	2021 £000
Andrew Sykes	**132.3**	116.6
Amy Schioldager	**121.6**	121.6
Kathryn Purves	**113.8**	109.3
Lord Davies of Abersoch	**302.9**	275.0
Matthew Lester	**101.1**	—
Rosemary Leith	**101.1**	17.0
Rusty Nelligan	**113.8**	109.3
Stephen Welton	**88.8**	88.8
Virginia Holmes	**113.8**	109.3

The remuneration of Directors and key executives and Non-Executive Directors is determined by the Remuneration Committee having regard to the performance of individuals and market rates. The Remuneration Policy is described in more detail in the Remuneration Committee Report on page 93.

NOTES TO THE FINANCIAL STATEMENTS *continued*

28. Subsidiaries

Accounting policy

Investment in subsidiaries
The Group consists of the Parent Company, Intermediate Capital Group plc, and its subsidiaries, described collectively herein as 'ICG' or the 'Group'. Investments in subsidiaries in the Parent Company statement of financial position are recorded at cost less provision for impairments or at fair value through profit or loss.

Critical judgement
A critical judgement for the Group is whether the Group controls an investee or fund and is required to consolidate the investee or fund into the results of the Group. Control is determined by the Directors' assessment of decision making authority, rights held by other parties, remuneration and exposure to returns.

When assessing whether the Group controls any fund it manages (or any entity associated with a fund) it is necessary to determine whether the Group acts in the capacity of principal or agent for the third-party investor. An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties, whereas a principal is primarily engaged to act for its own benefit.

A critical judgement when determining that the Group acts in the capacity of principal or agent is the kick-out rights of the third-party fund investors. We have reviewed these kick-out rights, across each of the entities where the Group has an interest. Where fund investors have substantive rights to remove the Group as the investment manager it has been concluded that the Group is an agent to the fund and thus the fund does not require consolidation into the Group. We consider if the Group has significant influence over these entities and, where we conclude it does, we recognise them as associates. Where the conclusion is that the Group acts in the capacity of principal the fund has been consolidated into the Group's results.

Where the Group has Trust entities in investment deals or fund structures, a key judgement is whether the Trust is acting on behalf of the Group or another third party. Where the Trust is considered to act as an agent of the Group, the Trust and its related subsidiaries have been consolidated into the Group.

As a fund manager ICG participates in carried interest partnerships (CIPs), the participants of which are the Group, certain of the Group's employees and others connected to the underlying fund. These vehicles have two purposes: 1) to facilitate payments of carried interest from the fund to carried interest participants, and 2) to facilitate individual co-investment into the funds. The Directors have undertaken a control assessment of each CIP in accordance with IFRS10 and have considered whether the CIP participants were providing a service for the benefit of the Group. In undertaking this assessment the Directors took account of the following key considerations:

- the Group's exposure to the variable returns of the CIP is limited to the amounts allocated to the Group (see page 201). Such allocations are typically 20% or less of total returns realised by the CIP with the balance attributable to other participants
- CIPs are used to facilitate substantial co-investment by individuals in the underlying funds. These individuals are exposed to the risk of personal financial loss
- fund investors can, in certain conditions, veto changes in the key persons managing the fund

The Directors have assessed that certain CIPs are controlled, and they are included within the list of controlled structured entities below. The Directors conclude that other CIPs are not controlled by the Group.

The Group consists of a Parent Company, Intermediate Capital Group plc, incorporated in the UK, and a number of subsidiaries held directly or indirectly by ICG plc, which operate and are incorporated around the world. The subsidiary undertakings of the Group are shown below. All are wholly owned, and the Group's holding is in the ordinary share class, except where stated. The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings. Related undertakings are subsidiaries, joint ventures and associates.

The registered office of all related undertakings at 31 March 2022 was Procession House, 55 Ludgate Hill, New Bridge Street, London EC4M 7JW, unless otherwise stated.

The financial year end of all related undertakings is 31 March, unless otherwise stated.

All entities are consolidated as at 31 March.

Directly held subsidiaries

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Carbon Funding Limited		England & Wales	Investment company	Ordinary shares	100%
ICG Debt Advisors (Cayman) Ltd	18	Cayman Islands	Advisory company	Ordinary shares	100%
ICG Financing (Ireland) Limited	17	Ireland	Special purpose vehicle	Ordinary shares	100%
ICG FMC Limited		England & Wales	Holding company	Ordinary shares	100%
ICG Global Investment UK Limited		England & Wales	Holding company	Ordinary shares	100%
ICG Japan (Funding 2) Limited		England & Wales	Holding company	Ordinary shares	100%
ICG Longbow Development (Brighton) Limited		England & Wales	Holding company	Ordinary shares	100%
ICG Longbow Richmond Limited		England & Wales	Holding company	Ordinary shares	100%
ICG Longbow Senior Debt I GP Limited		England & Wales	General partner	Ordinary shares	100%
ICG Re Holding (Germany) GmbH	4	Germany	Special purpose vehicle	Ordinary shares	100%
ICG Watch Jersey GP Limited	9	Jersey	General partner	Ordinary shares	100%
ICG-Longbow BTR Limited		England & Wales	Holding company	Ordinary shares	100%
Intermediate Capital Group Espana SL	34	Spain	Advisory company	Ordinary shares	100%
Intermediate Capital Investments Limited		England & Wales	Investment company	Ordinary shares	100%
Intermediate Capital Nominees Limited		England & Wales	Nominee company	Ordinary shares	100%
Intermediate Investments Jersey Limited	9	Jersey	Investment company	Ordinary shares	100%
LREC Partners Investments No. 2 Limited		England & Wales	Investment company	Ordinary shares	54.8%

NOTES TO THE FINANCIAL STATEMENTS *continued*

28. Subsidiaries *continued*

Indirectly held subsidiaries

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Alternative Credit (Cayman) GP Limited	19	Cayman Islands	General partner	Ordinary shares	100 %
ICG Alternative Credit (Jersey) GP Limited	9	Jersey	General partner	Ordinary shares	100 %
ICG Alternative Credit (Luxembourg) GP S.A.	11	Luxembourg	General partner	Ordinary shares	100 %
ICG Alternative Credit LLC	6	Delaware	Advisory company	Ordinary shares	100 %
ICG Alternative Credit Warehouse Fund I GP, LLC	21	Delaware	General partner	Ordinary shares	100 %
ICG Alternative Investment (Netherlands) B.V.	32	Netherlands	Advisory company	Ordinary shares	100 %
ICG Alternative Investment Limited		England & Wales	Advisory company	Ordinary shares	100 %
ICG Asia Pacific Fund III GP Limited	9	Jersey	General partner	Ordinary shares	100 %
ICG Asia Pacific Fund III GP LP	9	Jersey	Limited partner	N/A	— %
ICG Asia Pacific Fund IV GP LP SCSp	13	Luxembourg	Limited partner	N/A	— %
ICG Asia Pacific Fund IV GP S.à r.l.	13	Luxembourg	General partner	Ordinary shares	100 %
ICG Augusta Associates LLC	20	Delaware	General partner	Ordinary shares	100 %
ICG Augusta GP LP	33	Cayman Islands	Limited partner	N/A	— %
ICG Australia Senior Debt GP Limited	33	Cayman Islands	General partner	Ordinary shares	100 %
ICG Centre Street Partnership GP Limited	26	Jersey	General partner	Ordinary shares	100 %
ICG Debt Administration LLC	21	Delaware	Service company	Ordinary shares	100 %
ICG Debt Advisors LLC – Holdings Series	21	Delaware	Investment company	Ordinary shares	100 %
ICG Debt Advisors LLC - Manager Series	21	Delaware	Advisory company	Ordinary shares	100 %
ICG (DIFC) Limited	27	United Arab Emirates	Service company	Ordinary shares	100 %
ICG EFV MLP GP Limited		England & Wales	General partner	Ordinary shares	100 %
ICG EFV MLP Limited	26	Jersey	General partner	Ordinary shares	100 %
ICG Employee Benefit Trust 2015	22	Guernsey	N/A	Ordinary shares	100 %
ICG Enterprise Carry GP Limited	9	Jersey	General partner	Ordinary shares	100 %
ICG Enterprise Co-Investment GP Limited		England & Wales	General partner	Ordinary shares	100 %
ICG Europe Fund V GP Limited	26	Jersey	General partner	Ordinary shares	100 %
ICG Europe Fund V GP LP	26	Jersey	Limited partner	N/A	—
ICG Europe Fund VI GP Limited	26	Jersey	General partner	Ordinary shares	100 %
ICG Europe Fund VI GP Limited Partnership	26	Jersey	Limited partner	N/A	—
ICG Europe Fund VI Lux GP S.à r.l.	15	Luxembourg	General partner	Ordinary shares	100 %
ICG Europe Fund VII GP LP SCSp	14	Luxembourg	Limited partner	N/A	—
ICG Europe Fund VII GP S.à r.l.	14	Luxembourg	General partner	Ordinary shares	100 %
ICG Europe Fund VIII GP LP SCSp	16	Luxembourg	Limited partner	N/A	—
ICG Europe Fund VIII GP S.à r.l.	16	Luxembourg	General partner	Ordinary shares	100 %
ICG Europe Mid-Market Fund GP LP SCSp	14	Luxembourg	Limited partner	N/A	—
ICG Europe Mid-Market Fund GP S.à r.l.	14	Luxembourg	General partner	Ordinary shares	100 %
ICG Europe S.à r.l.	8	Luxembourg	Advisory company	Ordinary shares	100 %
ICG European Credit Mandate GP LP SCSp	14	Luxembourg	Limited partner	N/A	—
ICG European Credit Mandate GP S.à r.l.	14	Luxembourg	General partner	Ordinary shares	100 %
ICG European Fund 2006 B GP Limited	9	Jersey	General partner	Ordinary shares	100 %
ICG EXCELSIOR GP LP SCSp	16	Luxembourg	Limited partner	N/A	—
ICG Excelsior GP S.à r.l.	16	Luxembourg	General partner	Ordinary shares	100 %
ICG Executive Financing Limited	9	Jersey	Service company	Ordinary shares	100 %
ICG Fund Advisors LLC	21	Delaware	Advisory company	Ordinary shares	100 %
ICG Global Investment Jersey Limited	26	Jersey	Investment company	Ordinary shares	100 %
ICG Global Nominee Jersey Limited	26	Jersey	Special purpose vehicle	Ordinary shares	100 %

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Global Nominee Jersey 2 Limited	26	Jersey	Special purpose vehicle	Ordinary shares	100 %
ICG Infrastructure Equity Fund I GP LP SCSp	16	Luxembourg	Limited partner	N/A	—
ICG Infrastructure Equity Fund I GP S.a.r.l	16	Luxembourg	General partner	Ordinary shares	100 %
ICG Japan KK	30	Japan	Advisory company	Ordinary shares	100 %
ICG Life Sciences GP LP SCSp	13	Luxembourg	Limited partner	N/A	—
ICG Life Sciences GP S.à r.l.	13	Luxembourg	General partner	Ordinary shares	100 %
ICG Life Sciences SCSp	13	Luxembourg	Special purpose vehicle	Ordinary shares	100 %
ICG Longbow Development Debt Limited		England & Wales	Investment company	Ordinary shares	100 %
ICG - Longbow Fund V GP S.à r.l.	12	Luxembourg	General partner	Ordinary shares	100 %
ICG LP Secondaries Associates I LLC	20	Delaware	General partner	Ordinary shares	100 %
ICG LP Secondaries Fund Associates I S.a. r.l.	16	Luxembourg	General partner	Ordinary shares	100 %
ICG LP Secondaries I GP LP	20	Delaware	Limited partner	N/A	—
ICG LP Secondaries I GP LP SCSp	16	Luxembourg	Limited partner	N/A	—
ICG MF 2003 No. 3 EGP 1 Limited		England & Wales	General partner	Ordinary shares	100 %
ICG MF 2003 No.1 EGP 1 Limited		England & Wales	General partner	Ordinary shares	100 %
ICG MF 2003 No.1 EGP 2 Limited		England & Wales	General partner	Ordinary shares	100 %
ICG MF 2003 No.3 EGP 2 Limited		England & Wales	General partner	Ordinary shares	100 %
ICG NA Debt Co-Invest Limited		England & Wales	Investment company	Ordinary shares	100 %
ICG Nordic AB	24	Sweden	Advisory company	Ordinary shares	100 %
ICG North America Associates II LLC	21	Delaware	General partner	Ordinary shares	100 %
ICG North America Associates LLC	21	Delaware	General partner	Ordinary shares	100 %
ICG North America Holdings Limited	33	Cayman Islands	Investment company	Ordinary shares	100 %
ICG North American Private Debt (Offshore) GP Limited Partnership	33	Cayman Islands	Limited partner	N/A	— %
ICG North American Private Debt Fund GP LP	39	Delaware	Limited partner	N/A	— %
ICG North American Private Debt II (Offshore) GP LP	33	Cayman Islands	Limited partner	N/A	— %
ICG North American Private Debt II GP LP	39	Delaware	Limited partner	N/A	— %
ICG North American Private Equity Associates I LLC	36	Delaware	General partner	Ordinary shares	100 %
ICG North American Private Equity Debt Limited	9	Jersey	Special purpose vehicle	Ordinary shares	100 %
ICG North American Private Equity Fund I LP	36	Delaware	Special purpose vehicle	Ordinary shares	100 %
ICG North American Private Equity I GP LP	36	Delaware	Limited partner	N/A	— %
ICG Private Credit GP S.à r.l.	14	Luxembourg	General partner	Ordinary shares	100 %
ICG Private Markets General Partner SCSp	13	Luxembourg	General partner	Ordinary shares	100 %
ICG Private Markets GP S.à r.l.	13	Luxembourg	General partner	Ordinary shares	100 %
ICG RE Australia Group PTY Limited	28	Australia	Service company	Ordinary shares	100 %
ICG RE Capital Partners Australia PTY Limited	28	Australia	Advisory company	Ordinary shares	100 %
ICG RE Corporate Australia PTY Limited	28	Australia	Service company	Ordinary shares	100 %
ICG RE Funds Management Australia PTY Limited	28	Australia	Service company	Ordinary shares	100 %
ICG Real Estate Debt VI GP LP SCSp	13	Luxembourg	Limited partner	N/A	— %
ICG Real Estate Debt VI GP S.à r.l.	13	Luxembourg	General partner	Ordinary shares	100 %
ICG Real Estate E Debt Limited	9	Jersey	Special purpose vehicle	Ordinary shares	100 %
ICG Real Estate Fund I GP S.à r.l.	13	Luxembourg	General partner	Ordinary shares	100 %
ICG Real Estate Fund I Investment S.à.r.l.	13	Luxembourg	Special purpose vehicle	Ordinary shares	100 %
ICG Real Estate Fund I SCSp	13	Luxembourg	Special purpose vehicle	Ordinary shares	100 %
ICG Real Estate Senior Debt V GP S.à r.l.	13	Luxembourg	General partner	Ordinary shares	100 %
ICG Recovery Fund 2008 B GP Limited	9	Jersey	General partner	Ordinary shares	100 %
ICG Recovery Fund II GP LP SCSp	16	Luxembourg	Limited partner	N/A	—
ICG Recovery Fund II GP S.à r.l.	16	Luxembourg	General partner	Ordinary shares	100 %
ICG Senior Debt Partners	14	Luxembourg	General partner	Ordinary shares	100 %

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Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Senior Debt Partners GP S.à r.l.	6	Luxembourg	General partner	Ordinary shares	100 %
ICG Senior Debt Partners Performance GP Limited	9	Jersey	General partner	Ordinary shares	100 %
ICG Senior Debt Partners UK GP Limited		England & Wales	General partner	Ordinary shares	100 %
ICG Strategic Equity Advisors LLC	21	Delaware	Advisory company	Ordinary shares	100 %
ICG Strategic Equity Associates II LLC	37	Delaware	General partner	Ordinary shares	100 %
ICG Strategic Equity Associates III LLC	20	Delaware	General partner	Ordinary shares	100 %
ICG Strategic Equity Associates IV LLC	37	Delaware	General partner	Ordinary shares	100 %
ICG Strategic Equity Associates IV S.à r.l	16	Luxembourg	General partner	Ordinary shares	100 %
ICG Strategic Equity III (Offshore) GP LP	33	Cayman Islands	Limited partner	N/A	—
ICG Strategic Equity III GP LP	37	Delaware	Limited partner	N/A	—
ICG Strategic Equity IV GP LP	37	Delaware	Limited partner	N/A	—
ICG Strategic Equity IV GP LP SCSp	16	Luxembourg	Limited partner	N/A	—
ICG Strategic Equity Side Car (Onshore) GP LP	37	Delaware	Limited partner	N/A	—
ICG Strategic Equity Side Car GP LP	33	Cayman Islands	Limited partner	N/A	—
ICG Strategic Equity Side Car II (Onshore) GP LP	37	Delaware	Limited partner	N/A	—
ICG Strategic Equity Side Car II GP LP	33	Cayman Islands	Limited partner	N/A	—
ICG Strategic Secondaries Carbon Associates LLC	39	Delaware	General partner	Ordinary shares	100 %
ICG Strategic Secondaries Carbon Fund (Offshore) GP LP	19	Cayman Islands	General partner	N/A	— %
ICG Strategic Secondaries II (Offshore) GP LP	33	Cayman Islands	Limited partner	N/A	— %
ICG Strategic Secondaries II GP LP	37	Delaware	Limited partner	N/A	— %
ICG Structured Special Opportunities GP Limited	33	Cayman Islands	General partner	Ordinary shares	100 %
ICG Total Credit (Global) GP, S.à r.l.	10	Luxembourg	General partner	Ordinary shares	100 %
ICG US Senior Loan Fund GP Ltd	33	Cayman Islands	General partner	Ordinary shares	100 %
ICG Velocity Co-Investor (Offshore) GP LP	33	Cayman Islands	Limited partner	N/A	— %
ICG Velocity Co-Investor Associates LLC	20	Delaware	General partner	Ordinary shares	100 %
ICG Velocity Co-Investor GP LP	37	Delaware	Limited partner	N/A	— %
ICG Velocity GP LP	37	Delaware	Limited partner	N/A	— %
ICG Velocity Partners Co-Investor Associates LLC	37	Delaware	General partner	Ordinary shares	100 %
ICG Watch Limited Partnership		England & Wales	Limited partner	N/A	— %
ICG-Longbow B Investments L.P.		England & Wales	Investment company	Ordinary shares	50 %
ICG-Longbow Development GP LLP		England & Wales	General partner	N/A	— %
ICG-Longbow Investment 3 LLP		England & Wales	Special purpose vehicle	N/A	— %
ICG-Longbow IV GP S.à r.l.	15	Luxembourg	General partner	Ordinary shares	100 %
ICG-Longbow Senior GP LLP		England & Wales	General partner	N/A	— %
Intermediate Capital Asia Pacific 2008 GP Limited	9	Jersey	General partner	Ordinary shares	100 %
Intermediate Capital Asia Pacific Limited	38	Hong Kong	Advisory company	Ordinary shares	100 %
Intermediate Capital Asia Pacific Mezzanine 2005 GP Limited	9	Jersey	General partner	Ordinary shares	100 %
Intermediate Capital Asia Pacific Mezzanine Opportunities 2005 GP Limited	9	Jersey	General partner	Ordinary shares	100 %
Intermediate Capital Australia PTY Limited	29	Australia	Advisory company	Ordinary shares	100 %
Intermediate Capital GP 2003 Limited	9	Jersey	General partner	Ordinary shares	100 %
Intermediate Capital GP 2003 No.1 Limited	9	Jersey	General partner	Ordinary shares	100 %
Intermediate Capital Group (Italy) S.r.l	23	Italy	Advisory company	Ordinary shares	100 %
Intermediate Capital Group (Singapore) Pte. Limited	1	Singapore	Advisory company	Ordinary shares	100 %
Intermediate Capital Group Benelux B.V.	32	Netherlands	Advisory company	Ordinary shares	100 %
Intermediate Capital Group Beratungsgesellschaft GmbH	3	Germany	Advisory company	Ordinary shares	100 %

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
Intermediate Capital Group Dienstleistungsgesellschaft mbH	3	Germany	Service company	Ordinary shares	100 %
Intermediate Capital Group Inc.	21	Delaware	Advisory company	Ordinary shares	100 %
Intermediate Capital Group Polska Sp. z.o.o	35	Poland	Service company	Ordinary shares	100 %
Intermediate Capital Group SAS	2	France	Advisory company	Ordinary shares	100 %
Intermediate Capital Inc	21	Delaware	Dormant	Ordinary shares	100 %
Intermediate Capital Managers (Australia) PTY Limited	31	Australia	Advisory company	Ordinary shares	100 %
Intermediate Capital Managers Limited		England & Wales	Advisory company	Ordinary shares	100 %
KIK Equity Co-Invest LLC	21	Delaware	General partner	Ordinary shares	100 %
Longbow Real Estate Capital LLP		England & Wales	Advisory company	N/A	— %
Sertic Deal Co S.à.r.l.	13	Luxembourg	Special purpose vehicle	Ordinary shares	100 %
Sertic Mezz Co S.à.r.l.	13	Luxembourg	Special purpose vehicle	Ordinary shares	100 %
Wise Living Homes Limited	5	England & Wales	Special purpose vehicle	Ordinary shares	83 %
Avanton Richmond Developments Limited	25	England & Wales	Special purpose vehicle	Ordinary shares	70 %
European Credit 2019 S.à r.l.		Luxembourg	Special purpose vehicle	Ordinary shares	100 %
Gil-bar Aggregator LP	39	Delaware	Special purpose vehicle	N/A	— %
Gil-bar Parent LLC	39	Delaware	Special purpose vehicle	N/A	— %
Gil-bar Optionco LLC	39	Delaware	Special purpose vehicle	N/A	— %
Gil-bar Holdco LLC	39	Delaware	Special purpose vehicle	N/A	— %
Gil-bar Industries LLC	39	Delaware	Special purpose vehicle	N/A	— %
Gil-bar Solutions LLC	39	Delaware	Special purpose vehicle	N/A	— %
GBHLS LLC	40	New York	Portfolio company	Ordinary shares	100 %
Metro Air Products, LLC	41	New York	Portfolio company	Ordinary shares	100 %
MIH Systems Group, LLC	41	New York	Portfolio company	Ordinary shares	100 %
APA LLC	42	Massachusetts	Portfolio company	Ordinary shares	100 %
Mechanical Technologies LLC	43	New Jersey	Portfolio company	Ordinary shares	100 %
Dynamic Equipment LLC	43	New Jersey	Portfolio company	Ordinary shares	100 %

28. Subsidiaries *continued*

	Registered offices
1	#21-01, 20 Collyer Quay, 049319, Singapore
2	1 rue de la Paix, Paris, 75002, France
3	12th Floor, An der Welle 5, Frankfurt, 60322, Germany
4	12th Floor, Stockwerk, An der Welle 5, Frankfurt, 60322, Germany
5	17 Regan Way, Chetwynd Business Park, Chilwell, Nottingham, NG9 6RZ, England & Wales
6	2-4 Rue Eugène Ruppert, Grand Duchy of Luxembourg, L-2453, Luxembourg
7	2711 Centerville Road, Suite 400, Wilmington, New Castle County, DE, 19808, United States
8	32-36, boulevard d'Avranches L - 1160 Luxembourg, 1160, Luxembourg
9	44 Esplanade, St. Helier, JE4 9WG, Jersey
10	49 Avenue John F. Kennedy, Luxembourg, L-1855, Luxembourg
11	5 Allée Scheffer, Luxembourg, L-2520, Luxembourg
12	51, Avenue J.F. Kennedy, Luxembourg, L-1855, Luxembourg
13	6, rue Eugene Ruppert, Luxembourg, L-2453, Luxembourg
14	60, Avenue J.F. Kennedy, Luxembourg, L-1855, Luxembourg
15	6D Route de Trèves, Senningerberg, L-2633, Luxembourg
16	6H Route de Trèves, Senningerberg, L-2633, Luxembourg
17	6th Floor South Bank House, Barrow Street, Dublin 4, Ireland
18	75 Fort Street, Clifton House, c/o Estera Trust (Cayman) Limited, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands
19	c/o Maples Corporate Services Limited, PO Box 309,Ugland House, Grand Cayman, KY1-1104, Cayman Islands
20	c/o Maples Fiduciary Services (Delaware) Inc., Suite 302, 4001 Kennett Pike, Wilmington, DE, 19807, United States
21	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States
22	c/o Zedra Trust Company (Guernsey) Limited, 3rd Floor, Cambridge House, Le Truchot, St Peter Port, GY1 1WD, Guernsey
23	Corso Giacomo Matteotti 3, Milan, 20121, Italy
24	David Bagares Gata 3, Stockholm, 111 38, Sweden
25	Ground Floor Office South, 51 Welbeck St, London, W1G 9HL, England, United Kingdom
26	IFC 1, The Esplanade, St. Helier, JE1 4BP, Jersey
27	Index Tower, Floor 4, Unit 404, Dubai International Financial Centre, Dubai, United Arab Emirates
28	Level 12, 167 Eagle St., Brisbane, QLD 4000, Australia
29	Level 18, 88 Phillip Street, Sydney, NSW 2000, Australia
30	Level 23, Otemachi Nomura Building, 2-1-1 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan
31	Level 31, 88 Phillip Street, Sydney, NSW 2000, Australia
32	Paulus Potterstraat 20, 2hg., Amsterdam, 1071 DA, Netherlands
33	PO Box 309, Ugland House, C/o Maples Corporate Services Limited, Grand Cayman, KY1-1104, Cayman Islands
34	Serrano 30-3°, 28001 Madrid, Spain
35	Spark B, Aleja Solidarności 171, Warsaw, 00-877, Poland
36	Suite 210, 200 Bellevue Parkway, Wilmington, DE, 19809, United States
37	Suite 302, Maples Fiduciary Services (Delware) Inc., 4001 Kennett Pike, Wilmington, DE, 19807, United States
38	Suites 1301-02, 13/F, AIA Central, 1 Connaught Road Central, Hong Kong
39	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801, United States
40	5 West 19th Street, 7th Floor, New York, NY, United States, 10011
41	20 West 36th Street, Suite 700, New York, NY, United States, 10018
42	4 Campanelli Circle, Canton, MA 02021
43	10 Bloomfield Avenue, Pine Brook, NJ 07058

The table below shows details of structured entities that the Group is deemed to control:

Name of subsidiary	Country of incorporation	% of ownership interests and voting rights 2022
ICG Newground RE Finance Trust1	Australia	100 %
ICG US CLO 2014-1, Ltd.	Cayman Islands	50 %
ICG US CLO 2014-2, Ltd.	Cayman Islands	72 %
ICG US CLO 2014-3, Ltd.	Cayman Islands	51 %
ICG US CLO 2015-1, Ltd.	Cayman Islands	50 %
ICG US CLO 2015-2R, Ltd.	Cayman Islands	83 %
ICG US CLO 2016-1, Ltd.	Cayman Islands	63 %
ICG US CLO 2017-1, Ltd.	Cayman Islands	60 %
ICG US CLO 2020-1, Ltd.	Cayman Islands	52 %
ICG US Senior Loan Fund	Cayman Islands	100 %
ICG Euro CLO 2021-1 DAC	Ireland	67 %
ICG Global Total Credit Fund 1 DAC	Ireland	37 %
ICG High Yield Bond Fund	Ireland	100 %
St. Paul's CLO II DAC	Ireland	85 %
St. Paul's CLO III-R DAC	Ireland	62 %
St. Paul's CLO VI DAC	Ireland	53 %
St. Paul's CLO VIII DAC	Ireland	53 %
St. Paul's CLO XI DAC	Ireland	57 %
ICG Enterprise Carry (1) LP	Jersey	100 %
ICG Enterprise Carry (2) LP	Jersey	50 %
ICG Total Credit (Global) SCA	Luxembourg	100 %

1. The Group's interest in ICG Global Total Credit Fund is held through ICG Total Credit (Global) S.C.A.

The structured entities controlled by the Group include £5,057.2m (2021: £4,513.6m) of assets and £4,992.8m (2021: £4,458.8m) of liabilities within 21 credit funds listed above. These assets are restricted in their use to being the sole means by which the related fund liabilities can be settled. All other assets can be accessed or used to settle the other liabilities of the Group without significant restrictions.

The Group has not provided contractual or non-contractual financial or other support to a consolidated structured entity during the period. It is not the current intention to provide such support, including the intention to assist the structured entity in obtaining financial support.

29. Disposal groups held for sale

Non-current and current financial assets held for sale and disposal groups

Accounting policy

Non-current and current financial assets held for sale and disposal groups
The Group may make an investment and hold the asset on its balance sheet prior to it being transferred into a fund, or sold to third-party investors. The assets are expected to be held for a period up to a year, during which the asset will be classified as held for sale. Where the investment is held through a controlled investee the investee entity is classified as a disposal group held for sale.

The conditions for disposal groups held for sale are regarded as met only when the asset is available for immediate sale, the Directors are committed to the sale, and the sale is expected to be completed within one year from the date of classification.

Disposal groups held for sale are recognised at the lower of fair value less cost to sell and their carrying amount as required by IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, except where the asset is a financial instrument or investment property. The measurement of these assets is determined by IFRS 9 Financial Instruments and IAS 40 Investment Property respectively. The Group's measurement of these assets is detailed in note 5.

Financial year ended 31 March 2022

During the year the Group acquired a controlling interest in four warehouse funds. The assets of three of these warehouse funds consisted of financial assets at fair value and cash, totalling £42.5m. The North America Private Equity Fund warehouse acquired a controlling interest in Gil-Bar Industries Incorporated. The underlying assets of Gil-Bar Industries Incorporated consisted of intangible assets, trade debtors and other balances associated with its business of providing heating and ventilation solutions. During the year the Group recognised £9.2m of losses relating to the operation of this entity.

The non-current assets and liabilities of the disposal groups held for sale are as follows:

Group	2022 £m	2021 £m
Non-current assets		
Intangible assets	**101.0**	–
Property, plant and equipment	**0.3**	–
Investment property	**59.3**	56.7
Financial assets at fair value	**36.9**	–
	197.5	**56.7**
Current assets		
Inventory	**0.8**	–
Cash	**11.1**	0.4
Trade and other receivables	**47.1**	–
Other debtors	**0.2**	0.3
	59.2	**0.7**
Non-current liabilities		
Financial liabilities at amotised cost	**70.8**	4.8
Other financial liabilities	**(9.7)**	–
	61.1	**4.8**
Current liabilities		
Trade and other payables	**36.0**	–
Other financial liabilities	**0.1**	–
	36.1	**–**
Statement of comprehensive income		
Sales	**122.8**	–
Cost of sales	**(88.2)**	–
Operating expenses	**(22.9)**	–
Depreciation and amortisation	**(6.6)**	–
Other expenses	**(10.5)**	–
Transaction costs	**(3.8)**	–
Loss after tax from disposal groups held for sale	**(9.2)**	**–**

30. Associates and joint ventures

Accounting policy

Investment in associates
An associate is an entity over which the Group has significant influence, but no control, over the financial and operating policy decisions of the entity. As the investments in associates are held for venture capital purposes they are designated at fair value through profit or loss.

Investment in joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the arrangements. The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting from the date on which the investee becomes a joint venture, except when the investment is held for venture capital purposes in which case they are designated as fair value through profit and loss. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost, and adjusted thereafter to recognise the Group's share of the joint venture's profit or loss.

The nature of some of the activities of the Group associates and joint ventures are investment related which are seen as complementing the Group's operations and contributing to achieving the Group's overall strategy. The remaining associates and joint ventures are portfolio companies not involved in investment activities.

Details of associates and joint ventures
Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interest/ voting rights held by the Group 2022	Income distributions received from associate 2022	Income distributions received from associate 2021
ICG Europe Fund V Jersey Limited[1]	Investment company	Jersey	20%	58.6	0.6
ICG Europe Fund VI Jersey Limited[1]	Investment company	Jersey	17%	114.2	25.9
ICG North American Private Debt Fund[2]	Investment company	United States of America	20%	5.4	6.0
ICG Asia Pacific Fund III Singapore Pte. Limited[3]	Investment company	Singapore	20%	32.1	2.1

All associates are accounted for at fair value.

1. The registered address for this entity is IFC 1 – The Esplanade, St Helier, Jersey JE1 4BP.
2. The registered address for this entity is 600, Lexington Avenue, 24th Floor, New York, NY 10022, United States of America.
3. The registered address for this entity is #13-01 One Raffles Place, Singapore, 048616.

The Group has a shareholding in each of these fund entities arising from its co-investment with the fund. The Group appoints the General Partner (GP) to each fund. The investors have substantive rights to remove the GP without cause. The Funds also each have an Advisory Council, nominated by the investors, whose function is to ensure that the GP is acting in the interest of investors. As the Group has a 17%–20% holding, and therefore significant influence in each entity, they have been considered as associates

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interest/voting rights held by the Group 2022	Proportion of voting rights held by the Group 2022
Nomura ICG KK	Advisory company	Japan	50 %	50 %
Brighton Marina Group Limited	Investment	United Kingdom	70 %	50 %

Nomura ICG KK is equity accounted as a joint venture in accordance with IFRS 11. Nomura ICG KK is not a portfolio company and was established to operate the Group's core business of fund management activities in Japan. Management therefore considers it more appropriate to equity account for this entity in the financial statements.

Brighton Marina Group Limited is accounted for at fair value in accordance with IAS28 and the Group's accounting policy in note 5 to the financial statements.

The Group holds 70% of the ordinary shares of Brighton Marina Group Limited and the management of this entity is jointly controlled with a third party who the Group does not control and therefore the Group is unable to execute decisions without the consent of the third party.

Significant restriction

There are no significant restrictions on the ability of associates and joint ventures to transfer funds to the Group other than having sufficient distributable reserves.

Summarised financial information for associates material to the reporting entity

The Group's only material associates are ICG Europe Fund V Jersey Limited and ICG Europe Fund VI Jersey Limited which are associates measured at fair value through profit and loss. The information below is derived from the IFRS financial statements of the entities. Materiality has been determined by the carrying value of the associate as a percentage of total Group assets.

The entities allow the Group to co-invest with ICG Europe Fund V, ICG Europe Fund VI and ICG Infrastructure Equity Fund I respectively, aligning interests with other investors. In addition to the returns on its co-investment the Group receives performance-related fee income from the funds (see note 3). This is industry standard and is in line with other funds in the industry.

	ICG Fund VI Jersey Limited		ICG Fund V Jersey Limited	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Current assets	**24.9**	11.8	**6.1**	8.6
Non-current assets	**1,910.0**	2,935.4	**122.5**	586.8
Current liabilities	**(49.7)**	(38.8)	**(1.6)**	(0.7)
	1,885.2	2,908.4	**127.0**	594.7
Revenue	**685.8**	876.8	**27.3**	25.2
Profit from continuing operations	**667.0**	862.8	**26.4**	23.6
Total comprehensive income	**667.0**	862.8	**26.4**	23.6

Summarised financial information for equity accounted joint ventures

Nomura ICG KK made a profit from continuing operations and total comprehensive income of £1.0m for the year ended 31 March 2022 (2021: £0.3m), of which the Group's share of results accounted for using the equity method is £0.5m for the year ended 31 March 2022 (2021: £0.2m).

31. Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Group has determined that it has an interest in a structured entity where the Group holds an investment, loan, fee receivable or commitment with an investment fund or CLO. Where the Group does not hold an investment in the structured entity, management has determined that the characteristics of control, in accordance with IFRS 10, are not met.

The Group, as fund manager, acts in accordance with the pre-defined parameters set out in various agreements. The decision-making authority of the Group and the rights of third parties are documented. These agreements include management fees that are commensurate with the services provided and performance fee arrangements that are industry standard. As such, the Group is acting as agent on behalf of these investors and therefore these entities are not consolidated into the Group's results. Consolidated structured entities are detailed in note 28.

At 31 March 2022, the Group's interest in and exposure to unconsolidated structured entities including outstanding management and performance fees are detailed in the table below, and recognised within financial assets at FVTPL and trade and other receivables in the statement of financial position:

						2022
	Investment in Fund	**Management fees receivable**	**Management fee rates**	**Performance fees receivable**	**Performance fee rates**	**Maximum exposure to loss**
Funds	**£m**	**£m**	**%**	**£m**	**%**	**£m**
CLOs	285.5	3.6	0.35% to 0.65%	–	0.05% to 0.20%	289.1
Credit Funds	162.0	9.7	0.40% to 1.50%	–	20% of returns in excess of 0% for Alternative Credit Fund only	171.7
Corporate Investment Funds	1,505.5	54.7	0.60% to 2.0%	86.1	20%–25% of total performance fee of 20% of profit over the threshold	1,646.3
Real Asset Funds	203.1	14.3	0.38% to 1.50%	0.1	20% of returns in excess of 9% IRR	217.5
Secondaries Funds	341.7	26.0	1.25% to 1.50%	4.9	10%–20% of total performance fee of 8%–20% of profit over the threshold	372.6
Total	**2,497.8**	**108.3**		**91.0**		**2,697.2**

						2021
	Investment in Fund	Management fees receivable	Management fee rates	Performance fees receivable	Performance fee rates	Maximum exposure to loss
Funds	£m	£m	%	£m		£m
CLOs	132.1	3.8	0.35% to 0.65%	–	0.05% to 0.20%	135.9
Credit Funds	16.0	11.1	0.40% to 1.50%	0.1	20% of returns in excess of 0% for Alternative Credit Fund only	27.1
Corporate Investment Funds	1,373.2	40.4	0.60% to 2.0%	58.6	20%–25% of total performance fee of 20% of profit over the threshold	1,472.3
Real Asset Funds	204.1	20.7	0.38% to 1.50%	–	20% of returns in excess of 9% IRR	224.8
Secondaries Funds	215.6	8.8	1.25% to 1.50%	4.1	10%–20% of total performance fee of 8%–20% of profit over the threshold	228.5
Total	**1,941.0**	**84.8**		**62.8**		**2,088.6**

The Group's maximum exposure to loss is equal to the value of any investments held and unpaid management fees and performance fees.

The Group has not provided non-contractual financial or other support to the unconsolidated structured entities during the year. It is not the current intention to provide such support, including the intention to assist the structured entity in obtaining financial support.

32. Contingent liabilities

The Parent Company and its subsidiaries may be party to legal claims arising in the course of business. The Directors do not anticipate that the outcome of any such potential proceedings and claims will have a material adverse effect on the Group's financial position and at present there are no such claims where their financial impact can be reasonably estimated. The Parent Company and its subsidiaries may be able to recover any monies paid out in settlement of claims from third parties.

There are no other material contingent liabilities.

33. Post balance sheet events

There have been no material events since the balance sheet date.

GLOSSARY

Non-IFRS alternative performance measures (APM) are defined below:

<table>
<tr><th>Term</th><th>Short Form</th><th>Definition</th></tr>
<tr><td>– APM earnings per share</td><td>EPS</td><td>APM profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares as detailed in note 16.</td></tr>
<tr><td>– APM Group profit before tax</td><td></td><td>Group profit before tax adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Profit before tax</td><td>£565.4m</td><td>£509.5m</td></tr>
<tr><td>Plus/(less) consolidated structured entities</td><td>£3.4m</td><td>(£1.8m)</td></tr>
<tr><td>APM Group profit/(loss) before tax</td><td>£568.8m</td><td>£507.7m</td></tr>
</table></td></tr>
<tr><td>– APM Investment Company profit before tax</td><td></td><td>Investment Company profit adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Investment Company profit before tax</td><td>£279.2m</td><td>£307.2m</td></tr>
<tr><td>Plus/(less) consolidated structured entities</td><td>£3.4m</td><td>(£1.8m)</td></tr>
<tr><td>APM Investment Company profit/(loss) before tax</td><td>£282.6m</td><td>£305.4m</td></tr>
</table></td></tr>
<tr><td>– APM return on equity</td><td>ROE</td><td>APM profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period. As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>APM profit after tax</td><td>£538.0m</td><td>£462.7m</td></tr>
<tr><td>Average shareholders' funds</td><td>£1,745.9m</td><td>£1,406.5m</td></tr>
<tr><td>APM return on equity</td><td>30.8%</td><td>32.9%</td></tr>
</table></td></tr>
<tr><td>– Assets under management</td><td>AUM</td><td>Value of all funds and assets managed by the FMC. During the investment period third-party AUM is measured on the basis of committed capital. Once outside the investment period third-party AUM is measured on the basis of invested cost. AUM is presented in US dollars, with non-US dollar denominated at the period end closing rate.</td></tr>
<tr><td>– Balance sheet investment portfolio</td><td></td><td>The balance sheet investment portfolio represents financial assets from the statement of financial position, adjusted for the impact of the consolidated structured entities and excluding derivatives and other financial assets. See note 4 for a full reconciliation.</td></tr>
<tr><td>– Cash profit</td><td>PICP</td><td>Cash profit is defined as internally reported profit before tax and incentive schemes, adjusted for non-cash items
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>APM profit before tax</td><td>£568.8m</td><td>£507.7m</td></tr>
<tr><td>Add back incentive schemes</td><td>£169.7m</td><td>£103.5m</td></tr>
<tr><td>Other adjustments</td><td>(£172.4m)</td><td>(£366.4m)</td></tr>
<tr><td>Cash profit</td><td>£566.1m</td><td>£244.8m</td></tr>
</table></td></tr>
<tr><td>– Dividend income</td><td></td><td>Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities.
See note 4 for a full reconciliation.</td></tr>
<tr><td>– Earnings per share</td><td>EPS</td><td>Profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares as detailed in note 16.</td></tr>
<tr><td>– EBITDA</td><td></td><td>Earnings before interest, tax, depreciation and amortisation.</td></tr>
<tr><td>– Equalisation</td><td></td><td>When new third-party clients subscribe to a closed-end fund after the first close, they pay a pre-agreed return to clients who subscribed to the fund at an earlier close. This compensates those clients for their capital being tied up for longer. This is referred to as 'equalisation' and can result in gain or loss for earlier investors compared to the latest fund valuation.</td></tr>
</table>

Term	Short Form	Definition
– Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities. See note 11 for a full reconciliation.
– APM net asset value per share		Total equity from the statement of financial position adjusted for the impact of the consolidated structured entities divided by the closing number of ordinary shares. As at 31 March, this is calculated as follows:

	2022	2021
Total equity	**£1,995.0m**	£1,619.5m
Closing number of ordinary shares	**286,550,955**	285,887,286
Net asset value per share	**696p**	**566p**

Term	Short Form	Definition
– Net current assets		The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities. As at 31 March, this is calculated as follows:

	2022	2021
Cash	**£761.5m**	£296.9m
Current financial assets	**£126.4m**	£108.9m
Other current assets	**£193.2m**	£139.3m
Current financial liabilities	**(£256.4m)**	(£8.8m)
Other current liabilities	**(£152.8m)**	(£107.4m)
Net current assets	**£671.6m**	**£428.9m**

On an IFRS basis net current assets are as follows:

	2022	2021
Cash	**£991.8m**	£581.2m
Current financial assets	**–**	£64.6m
Other current assets	**£452.3m**	£335.0m
Disposal groups held for sale	**£256.7m**	£57.4m
Current financial liabilities	**(£207.6m)**	(£116.2m)
Other current liabilities	**(£602.3m)**	(£499.6m)
Liabilities directly associated with disposal groups held for sale	**(£97.2m)**	(£4.8m)
Net current assets	**£793.7m**	**£417.6m**

Term	Short Form	Definition
– Net debt		Net debt, along with gearing, is used by management as a measure of balance sheet efficiency. Net debt includes unencumbered cash whereas gearing uses gross borrowings and is therefore not impacted by movements in cash balances. Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities. As at 31 March, this is calculated as follows:

	2022	2021
Total liabilities held at unamortised cost	**£1,653.4m**	£1,321.4m
Impact of upfront fees/unamortised discount	**£1.6m**	£2.7m
APM gross drawn debt	**£1,655.0m**	£1,324.1m
Less unencumbered cash	**(£761.5m)**	(£296.9m)
Net debt	**£893.5m**	**£1,027.2m**

Term	Short Form	Definition
– Net gearing		Net gearing is used by management as a measure of balance sheet efficiency. Net debt, excluding the consolidated structured entities, divided by total equity from the statement of financial position adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:

	2022	2021
Net debt	**£893.5m**	£1,027.2m
Shareholders' equity	**£1,995.0m**	£,1,619.5m
Net gearing	**0.45x**	**0.63x**

Term	Short Form	Definition
– Net Investment Returns		Net Investment Returns is the total of interest income, capital gains, dividend and other income less asset impairments.
– Operating cashflow		Operating cashflow represents the cash generated from operating activities from the statement of cashflows, adjusted for the impact of the consolidated structured entities. See note 4 for a full reconciliation.
– Operating expenses of the Investment Company		Investment Company operating expenses are adjusted for the impact of the consolidated structured entities. See note 4 for a full reconciliation.
– Operating profit margin		Fund Management Company profit before tax divided by Fund Management Company total revenue. As at 31 March this is calculated as follows:

	2022	2021
Fund Management Company profit before tax	**£286.2m**	£202.3m
Fund Management Company total revenue	**£512.8m**	£388.5m
Operating profit margin	**55.8%**	**52.1%**

Term	Short Form	Definition
– Third Party Fee Earning AUM		AUM for which the Group is paid a management fee or performance fee. Fee-earning AUM is determined by the fee basis on which the fund earns fees, either commitments or investments.
– Third Party Fee Income		Fees generated on fund management activities as reported in the Fund Management Company including fees generated by consolidated structured entities which are excluded from the IFRS consolidation position. See note 4 for a full reconciliation.
– Total AUM		Total AUM is calculated by adding Third Party AUM and the value of the Balance Sheet Investment Portfolio, excluding warehoused investments:

	2022	2021
Third Party AUM	**$68.5bn**	$56.2bn
Balance Sheet Investment Portfolio (excluding warehoused investments)	**$3.6bn**	$3.4bn
Total AUM	**$72.1bn**	**$59.6bn**

Term	Short Form	Definition
– Total available liquidity		Total available liquidity comprises cash and available undrawn debt facilities.
– Total fund size		Total fund size is the sum of third-party AUM and ICG plc's commitment to that fund. The aggregate of all total fund sizes is equal to Total AUM.
– Weighted-average fee rate		An average fee rate across all strategies, based on the fee rates applicable at FY22 reporting date, weighted by their associated fee earning AUM.

Other definitions which have not been identified as non-IFRS GAAP alternative performance measures are as follows:

Term	Short Form	Definition
– AIFMD		The EU Alternative Investment Fund Managers Directive.
– Alternative performance measure	APM	These are non-IFRS financial measures.
– Catch-up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
– Closed-end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
– Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
– Collateralised Loan Obligation	CLO	CLO is a type of investment grade security backed by a pool of loans.
– Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
– Default		An 'event of default' is defined as: – A company fails to make timely payment of principal and/or interest under the contractual terms of any financial obligation by the required payment date – A restructuring of the company's obligations as a result of distressed circumstances – A company enters into bankruptcy or receivership
– Direct investment funds		Funds which invest in self-originated transactions for which there is a low-volume, illiquid secondary market. Direct investment funds exclude Credit funds.
– Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
– Environmental, Social and Governance criteria	ESG	Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
– Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service companies in provision of services to consumers.
– Financial Reporting Council	FRC	The UK's independent regulator responsible for promoting high quality corporate governance and reporting.
– Fund Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third-party funds.
– HMRC		HM Revenue & Customs, the UK tax authority.
– IAS		International Accounting Standards.
– IFRS		International Financial Reporting Standards as adopted by the European Union.
– Illiquid assets		Asset classes which are not actively traded.
– Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.
– Investment Company	IC	The Investment Company invests the Group's capital in support of third-party fundraising and funds the development of new strategies.
– Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.

Term	Short Form	Definition
– Key Person		Certain funds have a designated Key Person. The departure of a Key Person without adequate replacement triggers a contractual right for investors to cancel their commitments or kick-out the Group as fund manager.
– Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
– Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.
– Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
– Money multiple	MOIC or MM	Cumulative returns divided by original capital invested.
– Open-ended fund		A fund which remains open to new commitments and where an investor's commitment may be redeemed with appropriate notice.
– Payment in kind	PIK	Also known as rolled-up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cashflows until that time.
– Performance fees	Carried interest or Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
– Realisation		The return of invested capital in the form of principal, rolled-up interest and/or capital gain.
– Relevant Investments		All investments within Structured and Private Equity and Real Assets where a Fund has sufficient influence (defined as at least 25% equity ownership and at least one Board seat).
– Sustainable Accounting Standards Board	SASB	The Sustainability Accounting Standards Board is an independent non-profit organisation that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.
– Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
– SFDR		Sustainable Finance Disclosure Regulation
– Structured entities		Entities which are classified as investment funds, credit funds or CLOs and are deemed to be controlled by the Group, through its interests in either an investment, loan, fee receivable, guarantee or commitment. These entities can also be interchangeably referred to as credit funds.
– TCFD		Task Force on Climate-related Financial Disclosures
– Total AUM		The aggregate of the Third Party AUM and the Balance Sheet investment portfolio.
– UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
– UNPRI		UN Principles for Responsible Investing.
– Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.

CARRIED INTEREST EARNING FUNDS (UNAUDITED)

Fund	Third-party capital	Target money multiple	% Carried interest[1]
Intermediate Capital Asia Pacific 2008	$600m	1.35x	20% of 20 over 8
Intermediate Capital Asia Pacific Fund III	$491m	1.8x	20% of 20 over 7
Intermediate Capital Asia Pacific Fund IV	$455m	N/A	20% of 20 over 7
Nomura ICG Fund A	¥26,501m	1.3x	10% of 20 over 4
ICG Europe Fund IV 2006B	€940m	1.8x	20% of 5 over 8
ICG Europe Fund V	€2,000m	1.6x	20% of 20 over 8
ICG Europe Fund VI	€2,500m	1.6x	20% of 20 over 8
ICG Europe Fund VII	€4,000m	1.8x	20% of 20 over 8
ICG Europe Fund VIII	€6,521m	1.8x	20% of 20 over 8
ICG Europe co-investment funds	€934m	1.8x	20% of 20 over 8
ICG Recovery Fund 2008B	€308m	2.0x	20% of 12.5 over 8 up to 20% of 15 over 20
ICG Europe Mid-Market Fund I	€898m	1.8x	20% of 20 over 8
ICG Real Estate Partnership Capital V	£927m	N/A	20% of 20 over 6
ICG Real Estate Partnership Capital VI	£440m	N/A	20% of 20 over 6
ICG-Longbow Development funds	£321m	N/A	20% of 20 over 9
ICG Sale and Leaseback Fund I	€1,100m	N/A	20% of 20 over 8
ICG Infrastructure Equity Fund I	€1,269m	N/A	20% of 15 over 7
North American Private Debt Fund	$558m	N/A	20% of 20 over 8
North American Private Debt Fund II	$1,200m	N/A	20% of 20 over 8
ICG Senior Debt Partners Fund II	€1,492m	1.2x	20% of 15 over 4 up to 20% of 20 over 7
Senior Debt Partners co-investment funds	$9,285m	1.2x	20% of 15 over various
Senior Debt Partners III	€2,480m	1.2x	20% of 15 over 4 up to 20% of 20 over 7
ICG Senior Debt Partners IV	€4,964m	1.2x	20% of 15 over 4 up to 20% of 20 over 7
ICG Strategic Secondaries Fund II	$866m	1.75x	20% of 12.5 over 8
ICG Strategic Equity Fund III	$1,650m	N/A	20% of 15 over 8 up to 20% of 20 over 20 and 1.5x money multiple
ICG Strategic Equity Fund IV	$2,784m	N/A	20% of 15 over 8 up to 20% of 20 over 20
ICG Strategic Equity co-investment funds	$1,336m	N/A	20% of various
ICG Recovery Fund II	€440m	N/A	20% of 20 over 8
ICG Enterprise Trust	£867m	N/A	50% or 100% of 10% subject to an 8% compound return on an investment by investment basis
ICG Alternative Credit Fund	$735m	N/A	50% of performance fee

1. Total carried interest is a fixed percentage of the fund gains. For example, in Intermediate Capital Asia Pacific 2008 the carry is 20% of gains and the Group is entitled to 20% of this. Carried interest is triggered when fund returns exceed a hurdle; for Intermediate Capital Asia Pacific 2008 this is 8%.

THIRD-PARTY AUM (UNAUDITED)

Third Party AUM by fund	Status	FY22 AUM ($m)	FY21 AUM ($m)
Structured and Private Equity funds			
ICG Europe Fund V	Fully invested	**219.5**	541.6
ICG Recovery Fund 2008B	Fully invested	**290.5**	307.9
ICG EF 2006B	Fully invested	**4.4**	8.5
ICG Europe Fund VI	Fully invested	**877.9**	1,739.6
ICG Europe Fund VII	Fully invested	**3,862.4**	4,692.4
ICG Europe Mid-Market	Investing	**986.8**	1,046.1
ICG Europe Fund VIII	Investing	**7,216.4**	-
Europe Co-investment	-	**833.6**	222.4
Intermediate Capital Asia Pacific Mezzanine Fund I 2005	Fully invested	**-**	7.9
Intermediate Capital Asia Pacific Fund 2008	Fully invested	**60.1**	72.2
Intermediate Capital Asia Pacific Fund III	Fully invested	**250.8**	295.8
Intermediate Capital Asia Pacific Fund IV	Investing	**454.8**	425.0
Nomura ICG Fund	Fully invested	**14.0**	41.7
ICG Strategic Secondaries Fund II	Fully invested	**211.7**	298.5
ICG Strategic Equity Fund III	Fully invested	**1,155.7**	1,112.4
ICG Strategic Equity Fund IV	Investing	**2,755.0**	1,258.6
Strategic Equity Co-investment	-	**1,336.4**	822.5
ICG LP Secondaries Fund I	Investing	**60.0**	-
ICG Enterprise Trust – listed fund	Investing	**1,328.0**	1,138.5
ICG Recovery Fund II	Fundraising	**589.4**	516.0
Structured and Private Equity total		**22,507.1**	14,547.6
Private Debt funds			
North American Private Debt Fund	Fully invested	**101.2**	277.1
North American Private Debt Fund II	Investing	**1,200.0**	1,200.1
North American Private Debt co-invest	-	**75.0**	75.0
ICG Senior Debt Partners II	Fully invested	**777.5**	920.5
ICG Senior Debt Partners III	Fully invested	**1,961.6**	2,356.9
ICG Senior Debt Partners IV	Investing	**5,381.5**	5,166.6
Senior Debt Partners Co-investment	-	**9,287.3**	6,241.3
ICG Australia Senior Loan Fund	Open-ended	**1,022.0**	1,052.1
Private Debt total		**19,806.1**	17,289.6

Third Party AUM by fund	Status	FY22 AUM ($m)	FY21 AUM ($m)
Real Asset funds			
ICG-Longbow UK Real Estate Debt Investments III	Fully invested	**68.1**	193.4
ICG-Longbow UK Real Estate Debt Investments IV	Fully invested	**408.2**	577.2
ICG-Longbow UK Real Estate Debt Investments V	Fully invested	**1,185.1**	1,244.4
ICG Real Estate Debt Investments VI	Investing	**524.1**	286.7
ICG-Longbow Senior Debt – listed fund	Fully invested	**115.3**	152.8
ICG-Longbow Senior Debt programme	Investing	**2,236.1**	1,677.4
ICG-Longbow Development Fund	Investing	**834.0**	849.2
ICG Sale & Leaseback Fund I	Investing	**1,220.4**	787.3
Infrastructure Equity Fund I	Investing	**1,436.8**	548.2
Real Assets funds total		**8,028.1**	6,316.6
Credit funds			
Structured credit strategies	Open-ended	**1,472.1**	1,373.2
European credit strategies	Open-ended	**4,649.6**	5,236.7
Global credit strategies	Open-ended	**993.2**	928.4
Eurocredit CLOs	Fully invested	**-**	17.4
European CLOs	Investing	**5,191.2**	5,050.8
US CLOs	Investing	**5,821.0**	5,391.6
Credit funds total		**18,127.1**	17,998.1
Total third-party AUM		**68,468.4**	56,152.0

SHAREHOLDER AND COMPANY INFORMATION

Timetable

Event	Date
– Ex-dividend date	– 16 June 2022
– Record date	– 17 June 2022
– Last date for dividend reinvestment election	– 15 July 2022
– Last date and time for submitting Forms of Proxy	– 9.00am, 19 July 2022
– AGM and Trading statement	– 21 July 2022
– Payment of ordinary dividend	– 5 August 2022
– Half year results announcement	– 17 November 2022

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