

ENSURING OUR INVESTMENTS MAKE A WIDER POSITIVE IMPACT

The long-term success of ICG Enterprise requires the effective management of both financial and non-financial measures. We believe that companies which are successful in managing Environmental, Social and Governance ('ESG') risks while embracing ESG opportunities will outperform over the longer term.

RESPONSIBLE INVESTMENT

Responsible investing is an approach to investing that aims to incorporate ESG factors into investment decision making, to better manage ESG risks and generate long-term sustainable returns.

OUR RESPONSIBLE INVESTMENT STRATEGY IS DEFINED BY THREE KEY PRIORITIES

- 1 Incorporate ESG factors into investment decision making
- 2 Better manage ESG risks
- 3 Generate long-term sustainable returns

ICG has been a signatory to the United Nations-supported Principles for Responsible Investment ('PRI') since 2013. The PRI has become the standard for global best practice in responsible investing. PRI signatories are required to report on their responsible investment activities annually, which ensures accountability and transparency and also promotes continual improvement.

ICG aims to act responsibly and cautiously as the guardian of its investors' capital in portfolio companies, and considers ESG at all stages of the investment cycle. It has a well-defined Responsible Investment Policy in place and an ESG framework which clearly outlines the key ESG considerations and practices from screening and due diligence through to exit.

The ICG Enterprise investment team receives regular formal training on ESG and is provided with the skills and tools necessary to identify and investigate ESG issues during the pre-investment stage of an investment, including specifically an ESG checklist and policies. All investment recommendations include a dedicated section on ESG, outlining the policies and practices of the manager, which is taken into consideration when making investment decisions by the Investment Committee.

The vast majority of our underlying private equity managers are members of the PRI or have a Responsible Investment/ESG policy.

ENGAGING WITH MANAGERS

IDENTIFY ESG ISSUES

- ▶ Before investment, evaluating how the underlying managers assess ESG issues as part of their due diligence on companies and how they report such issues.
- ▶ Developing strong and open working relationships with underlying managers.
- ▶ Undertaking early and constructive engagement on ESG issues of legitimate concern to the Company's shareholders.
- ▶ Ensuring the highest levels of integrity in relationships with the underlying managers, including appropriate transparency on fees and governance matters.

Where a private equity manager does not have a formal policy, the team seeks assurances from the manager regarding their ESG practices.

Within our third party funds portfolio, while we do not directly influence portfolio construction, we typically partner with managers who have a similar approach to ESG matters. We also engage with all managers on a regular basis to identify and mitigate any potential ESG risks. We have a greater degree of control of ESG considerations in our high conviction portfolio.

CLIMATE CHANGE IN FOCUS

The financial services industry has a significant role to play in achieving the transition to a low carbon economy, in line with the goals of the Paris Agreement, and we at ICG Enterprise are committed to supporting this.

▶ We recognise that climate change will have an adverse effect on the global economy and this presents both risks and opportunities for investments over the short and long term.

- ▶ We support the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD').
- ▶ For potential co-investments we identify whether there are any material climate change-related issues associated with the investment. We use our ESG Screening Checklist to guide this process, which incorporates specific guidance on climate-related risks and opportunities.

- ▶ Any material climate change-related issues, including actions being taken to manage associated risks, would be recorded in our investment proposals for the Investment Committee's consideration.

P16

Read more about ICG's focus on climate change



ICG is committed to its responsibility to its people, community and the environment and has a well-defined Responsible Investment Policy and ESG framework in place.

Full details can be found on its website:

www.icgam.com

N M C
NEW MOUNTAIN CAPITAL

“As the nation seeks economic growth and creation of high-quality jobs, we think private equity (properly executed) can be a very socially positive pursuit and one component of that growth.”

Steven Klinsky
Founder & Chief Executive Officer

MANAGER CASE STUDY

PROUD TO OWN COMPANIES THAT CONTRIBUTE POSITIVELY TO SOCIETY

\$15m

COMMITMENT TO NEW MOUNTAIN CAPITAL V

- ▶ Over 43,900 jobs added or created, net of any job losses, in portfolio companies under New Mountain's ownership.
- ▶ Median income for portfolio companies' US employees was ~87% above the national median in 2018.
- ▶ Over \$4.7bn of R&D, software development and capital expenditure in past and present portfolio companies.
- ▶ Signatory of the United Nations Principles of Responsible Investing and American Investment Council.

New Mountain has a 'business building' mindset and strong commitment to improving the quality of each portfolio company by focusing on job creation and growth during its ownership.

Its Social Dashboard, published every year since 2008, reports on key job growth and investment metrics across its portfolio.

New Mountain considers the integration of ESG issues is a key differentiator for minimising investment risks, improving operating efficiencies and enhancing financial returns. Its formal ESG policy comprises 24 key ESG metrics to apply during the diligence, investment and monitoring stages. It also operates diversity and energy efficiency initiatives.

2019 ASSESSMENT SCORES

- ▶ PRI Strategy and Governance: Grade A
- ▶ PRI Direct Private Equity: Grade A
- ▶ CDP Climate Change: Grade A-

Signatory of:



SUPPORTING WOMEN IN PRIVATE EQUITY



ICG is a Sponsor of Level 20, the not-for-profit organisation established to inspire women to join and succeed in the private equity industry.

Level 20's mission is to encourage greater female representation across the private equity industry with the goal of having 20% of senior positions in the industry held by women and with a particular focus on increasing the number of women in investment roles.

ICG supports Level 20's five key initiatives to achieve this mission: mentoring and development; networking and events; outreach; advocacy; and research. It encourages its employees, irrespective of gender, to be active members of Level 20 by contributing to Level 20-led research, discussion groups and outreach events and participating in the annual mentoring programme. ICG's engagement with these activities is led by its Level 20 Ambassador.

WOMEN IN FINANCE CHARTER

In 2018, ICG became a signatory to the HM Treasury Women in Finance Charter and committed to increasing the number of women in UK senior management to 30% by 2023.

ICG'S WOMEN'S NETWORK

As part of ICG's broader commitment to increase the number of women in senior management positions, ICG's Women's Network was launched in 2019.