



LEA 02	Disclosures Monetary	Principle PRI 1,2,3
<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in internal staff</li> </ul>	<p><b>Type of engagement</b></p> <p>Individual/internal staff engagements</p>	
	<p><b>Type of engagement</b></p> <p>Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> </ul>
	<p><b>Type of engagement</b></p> <p>Service provider engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in service providers</li> </ul>

# RI TRANSPARENCY REPORT

## 2013/14

Intermediate Capital Group plc

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⚠	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

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# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	🔒	n/a	✓						
FI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
FI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Private							✓
PE 02	Typical level of ownership	✓	Private							✓
PE 03	Description of approach to RI	✓	Private	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Private	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PE 11	Encouraging improvements in investees	✓	Private	✓	✓					
PE 12	ESG issues impact in selection process	✓	Private	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Private		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	✓	Private	✓		✓				
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	✓	Private							✓

# Intermediate Capital Group plc

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory only services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

200

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

**OO 04.1** Indicate the year end date for your reporting year.

31/03/2013

**OO 04.2** Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		12	930	000	000
Currency	EUR				
Assets in USD		17	031	319	573

**OO 04.3** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	10-50%	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	10-50%	0
Private equity	<10%	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0



Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

**OO 06.2** Additional information. [Optional]

ICG is a publicly listed investment company that structures and provides mezzanine finance, leveraged credit and minority equity. ICG has €12.93 billion of assets under management (as at 31 March 2013), which is split approximately evenly between mezzanine finance and credit assets (such as senior secured loans and high yield bonds). ICG also holds a majority stake in ICG-Longbow, which provides investors with access to real estate debt investments across the UK. ICG-Longbow has approximately half a billion euros under management as at 31 March 2013.

**Gateway asset class implementation indicators**

**OO 11** **Mandatory** **Gateway** **General**

**OO 11.1** Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Private debt
- Private equity
- None of the above

**OO 12** **Mandatory** **Gateway** **General**

**OO 12.1** The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Fixed Income

- Fixed Income - Corporate

Direct - Other asset classes with dedicated modules

- Private Equity

**Closing module**

- Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

OO 12.2 Additional information. [Optional]

The asset classes in which ICG invests are essentially in two parts (a) mezzanine and minority equity (under which mezzanine investments in real estate are included); and (b) credit assets including senior secured loans and high yield bonds. As such, we have chosen to report our mezzanine finance and equity-related activities under the Direct -Private Equity Module, and our credit-related activities under the Direct - Fixed Income -Corporate Module. This is due to the fact that these particular modules align best with the manner in which we conduct our investment activities.

# Intermediate Capital Group plc

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes
- No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

ICG's Responsible Investment Policy provides an overall description of how we approach responsible investment in our investment activities, across all of our investments. The key commitments in our policy are as follows:

- We will take account of material ESG (environmental, social and governance issues) in our investment decisions.
- Where we have voting rights (or other means of exerting influence) we encourage companies to deliver high levels of corporate governance and corporate responsibility. In this regard, our expectations are that companies:
  1. Have empowered and effective Boards.
  2. Identify and effectively manage relevant ESG issues.
  3. Have appropriate checks and controls in their management systems.
  4. Report transparently and honestly to their investors and to other stakeholders.
- We will manage all conflicts of interest in the best interests of our clients and businesses as a whole.

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

<http://www.icgplc.com/shareholders/corporate-social-responsibility.aspx>

No

<b>OA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,2</b>
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**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

<b>Policy components/types</b>	<b>Coverage by AUM</b>
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

<b>OA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>General</b>
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**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

ICG is committed to avoiding and effectively managing an internal and external conflicts, from both an investment and monitoring perspective.

Conflicts are managed at every level at ICG, from the discussion held between investment executives through to the separation of investment committees for the different business areas. Due to the two distinct business areas (mezzanine and fixed income), separation of roles and responsibilities for investment executives is critical, and these are outlined in investment guidelines and our Compliance Manual.

Chinese walls are in place between funds and between decision making processes and individuals, in the event of likely future potential conflicts. The physical areas in which the two distinct teams sit is also separated by electronic key controlled doors, further instilling separation of activities. ICG's Compliance Manual containing the guidance for managing conflicts can be made available upon request.

No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed

No

OA 05.4

Additional information. [Optional]

In 2013, we took the decision to become a signatory to the UN-backed Principles for Responsible Investment (UNPRI), and to conduct an analysis of ICG's approach to responsible investment against the requirements of UNPRI.

## Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

### Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify  
Rolf Nuijens, Head of RI

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

<b>OA 08.3</b>	Additional information. [Optional]
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We will review the roles and responsibilities of other staff members once we have completed our analysis of ICG's approach to responsible investment against the requirements of UNPRI (see Question OA 05 above).

## Promoting responsible investment

<b>OA 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>OA 10.1</b>	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
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Yes

<b>OA 10.2</b>	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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**Select all that apply**



- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Responsible Investment

**Your organisation's role in the initiative during the reporting period (see definitions)**

- Basic
- Moderate
- Advanced

- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

No

OA 11	Mandatory	Core Assessed	PRI 4
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**OA 11.1**

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes
- No

# Intermediate Capital Group plc

## Reported Information

### Public version

#### Direct - Fixed Income

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## ESG incorporation in actively managed fixed income

### Fixed Income - Corporate

#### Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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#### FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div style="width: 100%; height: 15px; background-color: #0070C0; position: relative;"><div style="position: absolute; right: 0; top: 0; bottom: 0; text-align: center; color: white; font-weight: bold;">%</div></div> 100
---	--

- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

#### Total actively managed fixed income - corporate

100%

#### FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

ICG's investment process supports ESG incorporation through integration alone, as we do not undertake screening or thematic strategies in our credit research or investment processes. We believe this to be the most effective way to incorporate ESG into our internal processes.

### (C) Implementation: Integration of ESG factors

FI 11	Mandatory	Core Assessed	PRI 1
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FI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
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ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

## Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

FI 18.5	Additional information. [Optional]
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This response to the RI Reporting Framework is the first step in strengthening our responsible investment-related reporting. We expect to produce a formal responsible investment report later in 2014.

# Intermediate Capital Group plc

## Reported Information

### Public version

#### Direct – Private Equity

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## Overview

PE 04	Mandatory	Core Assessed	PRI 2
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**PE 04.1** Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

- Our investment guidelines do refer to responsible investment
- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

**PE 04.3** Additional information. [Optional]

In financial year 2013-2014, we plan on reviewing our guidelines and policies on responsible investment. We expect that this will result in us adopting a more formalised and structured approach to the assessment of ESG issues in our investment research and decision-making processes.

ICG's Responsible Investment Policy provides an overall description of how we approach responsible investment in our investment activities, across all of our investments. The key commitments in our policy are as follows:

- We will take account of material ESG (environmental, social and governance issues) in our investment decisions.
- Where we have voting rights (or other means of exerting influence) we encourage companies to deliver high levels of corporate governance and corporate responsibility, and in turn increase the value of our investments. In this regard, our expectations are that companies:
  5. Have empowered and effective Boards.
  6. Identify and effectively manage relevant ESG issues.
  7. Have appropriate checks and controls in their management systems.
  8. Report transparently and honestly to their investors and to other stakeholders.
- We will manage all conflicts of interest in the best interests of our clients and businesses as a whole.

## Fundraising of private equity funds

PE 05	Mandatory	Core Assessed	PRI 1,4,6
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**PE 05.1** Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

- Yes

**PE 05.2**

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
    - Always
    - In a majority of cases
    - In a minority of cases
  - Approach to ESG issues in pre-investment processes
  - Approach to ESG issues in post-investment processes
- No

## Pre-investment (selection)

**PE 07**

**Mandatory**

**Gateway**

**PRI 1**

**PE 07.1**

Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

- Yes

**PE 07.2**

Describe your organisation's approach to incorporating ESG issues in private equity investment selection. [Optional]

We seek to identify all material and potentially material ESG issues and to assess the financial significance of these issues. We rely on the company and sector expertise of our deal teams (our analysts and fund managers) to identify these issues, and we test and challenge their findings through our detailed due diligence and pre-investment process.

- No

**PE 07.3**

Additional information. [Optional]

In financial year 2013-2014, ICG intends to formalise the manner in which we incorporate ESG issues into our investment process. We expect that we will:

- Make our deal teams responsible for detecting and reporting (potential) ESG considerations.
- Ensure that our assessments of the significance of these issues consider their financial and non-financial (e.g. impacts on ICG's reputation) implications.
- Strengthen our monitoring of these issues.
- Make our deal teams responsible for ensuring that ESG issues are effectively managed by the company/management.
- Systematically gather information on how ESG issues have affected our investment decisions.

**PE 09**

**Mandatory**

**Core Assessed**

**PRI 1,3**

**PE 09.1** Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

**ESG issues**

Environmental

List up to three typical examples of environmental issues

- Contamination
- Investment in newer, cleaner technologies
- Health and Safety (as appropriate for that industry)

Social

List up to three typical examples of social issues

- Ethical products or business approach
- Employment Policies
  - Equal pay and treatment
  - Working conditions
  - Training and development

Governance

List up to three typical examples of governance issues

- Comply with local laws and regulations
- Bribery, Money Laundering, Market abuse
- Independence of Directors and Committees

**PE 09.2** Additional information. [Optional]

Our approach is to identify material ESG issues on a company by company basis. While we use our understanding of the wider sector in this identification process (e.g. we are very aware of the issue of contaminated land for many industrial companies), we do not use standard checklists nor do we have a presumption that a specific ESG issue will be relevant to all companies.

**Post-investment (monitoring and active ownership)**

<b>PE 13</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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**PE 13.1** Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes



**PE 13.2**

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

**PE 13.3**

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

**ESG issues**

- Environmental

List up to three example targets of environmental issues

Contamination  
 Investment in newer, cleaner technologies  
 Health and Safety (as appropriate for that industry)

- Social

List up to three example targets of social issues

Ethical products or business approach  
 Employment Policies
 

- Equal pay and treatment
- Working conditions
- Training and development

- Governance

List up to three example targets of governance issues

Comply with local laws and regulations  
 Bribery, Money Laundering, Market abuse  
 Independence of Directors and Committees

- We do not set and/or monitor against targets

- No

**PE 13.4**

Additional information. [Optional]

Following our decision to invest, we routinely monitor the material ESG issues we identified in our due diligence and pre-investment processes, and we aim to ensure that new or emerging ESG issues are identified, and appropriately addressed by the company, and are reflected in our valuations and in our subsequent investment decisions. We do not set targets or expectations for companies.

PE 14	Mandatory	Core Assessed	PRI 2
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**PE 14.1** Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

- Yes
- No

## Communication

PE 20	Mandatory	Core Assessed	PRI 6
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**PE 20.1** Indicate whether your organisation proactively discloses ESG information on your private equity investments.

- Disclose publicly
- Disclose to investor clients (LPs)/beneficiaries only
- No proactive disclosure to the public or to clients (LPs)/beneficiaries

**PE 20.6** Additional information. [Optional]

This response to the PRI Reporting Framework is the first step in strengthening our responsible investment-related reporting. We expect to produce a formal responsible investment report later in 2014.