

## Risk Committee Report

# SAFEGUARDING VALUE SUSTAINABLE GROWTH

**Rosemary Leith**  
Chair of the Risk Committee



“Our commitment to robust risk management, embedded within a strong control culture, fuels our long-term growth and value creation.”

### Dear shareholders

I am pleased to present the Committee's report for the year ended 31 March 2024.

The Committee's purpose is to support the Group's Board in providing oversight and challenge of the Group's 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 to ensure they are managed within the risk appetite set by the Board.

Using the information and assessments obtained from regular top-down and bottom-up reviews, alongside the evaluation of the Group's principal risk exposures, the Committee creates an effective framework for overseeing risks across the Group. The Committee works closely with senior management to oversee the ongoing improvement and refinement of the Group's internal controls in order that they remain effective for future growth. This has included the transition to a new Governance, Risk and Compliance System for FY25.

As a Committee we have closely monitored changes in the increasingly volatile macroeconomic environment and worked closely with management to monitor the potential impact on our investment strategies, clients, and portfolio companies, as well as the broader markets. The Group has proven expertise in navigating complex and uncertain market conditions, with our business model providing a high degree of stability through economic cycles.

The Committee has and continues to review the potential impacts of geopolitical events on the risk profile of the Group. The Group has not identified any material financial or operational exposures to current geopolitical events, however the Committee continues to monitor the complex and evolving global geopolitical landscape closely.

The Risk Committee has continued its coordination with the Audit Committee and the Remuneration Committee, aiming to effectively cover pertinent topics in the most suitable forum.

Looking ahead to the next financial year, it is anticipated that the Committee will continue to monitor the impacts and associated risks arising from the regulatory landscape, climate change and other sustainability-related matters, with a particular focus on consideration of emerging risks. The Group will continue to develop its cyber risk framework to ensure that the Group maintains robust procedures and controls that effectively mitigate cyber-related risks, this will include focusing on emerging Artificial Intelligence threats. There will also continue to be a focus on the continued evolution of the wider risk and control environment.

The Committee will continue to ensure that we are adopting a proactive response to the challenges, risks, and opportunities for the Group and our wider stakeholders.

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

**Rosemary Leith**  
Chair of the Risk Committee

27 May 2024

## Risk Committee Report continued

### Committee roles and responsibilities

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

#### Principal and emerging risks

- Identification and management of principal risks
- Risk appetite and tolerances
- Identification and monitoring 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
- The operational resilience of the Group and assessment of the Group's control environment
- Risk function resourcing

#### Regulatory risks

- Impact and implementation of regulatory change
- Internal capital and risk assessment (ICARA)
- Compliance function resourcing

#### Committee members

- Rosemary Leith (Chair)
- Rusty Nelligan<sup>1</sup>
- Virginia Holmes
- Amy Schioldager<sup>2</sup>
- Matthew Lester

1. Retired from the Board on 31 March 2024.  
2. Will retire from the Board on 16 July 2024.

### Governance of risk

The Committee is mandated by the Board to encourage, and seek to safeguard, high standards of risk management and effective internal controls across the Group.

### Monitoring the effectiveness of controls

The Risk Committee is provided with several risk reports, which it uses to review the Group's risk management framework on an ongoing basis 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, including the risk of fraud. Additional reporting on the effectiveness of material controls is provided to the Risk Committee and the Audit Committee on an annual basis to support the review of the effectiveness the Group's risk management and internal control systems.

The Committee confirms that it has undertaken a robust assessment of the emerging and principal risks. The Committee reviewed the effectiveness of the Group's risk management and internal control system and confirm that no significant failings or weaknesses have been identified.

### Committee governance

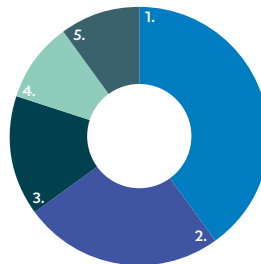
The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2024. [The terms of reference](#) are available on the Group's website, [www.icgam.com](http://www.icgam.com), or by contacting the Company Secretary.

The operations of the Committee were reviewed as part of the external Board evaluation in March 2024; the Committee was found to be operating effectively. For more details of this exercise, please see page 83.

The Committee held four meetings during the year. The Committee members attending each of the meetings can be found on page 69.

### How the Committee spent its time

- 1. Principal and emerging risks identification and management, including monitoring of risk appetite metrics 40%
- 2. Internal Capital Adequacy and Risk Assessment 25%
- 3. Assessment of the Group's control environment 15%
- 4. Oversight of risk and compliance function initiatives 10%
- 5. Other 10%



## Risk Committee Report continued

### Summary of meetings in the year

The Committee held four meetings during the year. In the ordinary course of business, the Committee receives a report from 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 ongoing activity to enhance and develop the Group's RMF; and from the Global Head of Compliance and Risk on global compliance and implementation of relevant regulatory developments.

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

- The Group's 2023 ICARA, on which the Committee carried out a detailed review and was satisfied that the operational risk and financial stress scenarios were appropriately calibrated and also stressed the particular vulnerabilities of the Group. The Committee's assessment was informed by a review of the ICARA by external consultants, which encompassed evolving regulatory expectations and industry practice.
- The annual Information Technology and Cyber update received from the Group's Cyber Security Lead, which covered the cyber security standards, security protection tools, ongoing detection, and monitoring of threats, and testing of cyber response and recovery procedures.
- The results of an external assurance review conducted in relation to the Group's Cyber and Cloud Infrastructure. The review concluded that there were no material gaps in the coverage provided by the Group's three external audit programmes with respect to Cloud hosting and data confidentiality however some minor enhancements were recommended.
- An update on the Group's outsourced service providers with the Committee satisfied with the approach taken by the business.
- An update on the Group's legal entity structures and governance processes.
- The continued efforts to enhance the Group's annual Material Controls Assessment, and Fraud Risk Assessment. The Committee discussed with the Head of Risk the positive work undertaken to increase the scope and assurance coverage of these important risk processes, which it considers will ensure the ongoing improvement of the Group's control environment.

### 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, annual Compliance plan, annual policy review and the Money Laundering Officer's report. The Committee meets privately with both the Head of Risk and the Global Head of Compliance and Risk 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 89), 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 the proposed compliance monitoring to be undertaken during the following fiscal year and at each of its subsequent meetings receives any relevant output.

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. No significant matters of concern were identified.