IG Group

Taskforce on Climate Related Financial Disclosures Disclosure – Financial Year 2022

In accordance with the Taskforce on Climate Related Financial Disclosures ("TCFD") recommendations, all material and significant climate-related information can be found in IG Group's Annual Report & Accounts for our Financial Year 2022, summarised on page 36.

We believe that these disclosures are fully consistent with the taskforce's recommendations. We do not yet measure or report downstream scope 3 emissions associated with the use of our products but note that doing so is optional under the Greenhouse Gas Protocols. In any case, we are working to better understand these emissions and expect them to be included in our pathway to net zero, which we hope to be ready by 2024.

The recommendations

The Task Force provides recommendations for climate-related financial disclosures structured around 4 thematic areas:

1. Governance
2. Strategy
3. Risk Management
4. Metrics & Targets

The four overarching recommendations are supported by 11 recommended disclosures focussing on assessing climate-related risks and opportunities. IG Group recognises the importance of adopting the TCFD recommendations and reporting climate-related information using this framework to ensure high-quality and decision-useful disclosures that enable users to understand the impact of climate change on the organisation.

Governance

The Board approves environmental strategy and targets and has responsibility for budgets and funding. Climate-related risks and opportunities are integrated into the Group's Risk Management Framework and the Board has overall accountability for the management of risk at IG. Some of these risk governance responsibilities are delegated to Board Committees.

Board and management responsibilities in relation to climate related risks and opportunities are set out in our ESG governance table and in our Corporate Governance Statement (page 67 of the Group's Annual Report and Accounts FY22). Furthermore, the management of climate related risks and opportunities is incorporated into the Environmental Impact non-financial metric in our Bonus and Sustained Performance Plan remuneration structures (page 86 of the Group's Annual Report and Accounts FY22).

We first introduced a Carbon-literacy training programme in FY21. In FY22 this was improved and updated and sessions were run for the Board and our Executive Committee. This training will be updated and delivered on an annual basis.

OVERSIGHT	**IG Group Board of Directors**		
	ESG Committee Chair: Sally-Ann Hibberd	**Board Risk Committee** Chair: Jonathan Moulds	
	Other Board Committees as appropriate		
RESPONSIBLE	**IG Group Executive Committee** **Sponsor: Jon Noble**		
DELIVERY	**ESG Manager**		
	Enterprise Leadership Group	**Facilities managers global heads**	**Finance, risk, compliance, vendor management**

Strategy

Over the course of FY22, our understanding of the climate related risks and opportunities affecting our business has improved, enabling us to develop an environmental strategy. The aim of this strategy is to have a clearly defined pathway to net zero in place by 2024. Progress towards defining our pathway is improving our financial resilience in the face of the changing climate. Key achievements include:

- Formal commitment to the Science Based Target Initiative
- Starting to develop environmental procurement standards for key business areas including operations, buildings, travel and other services
- Carbon literacy training for the Board and ExCo
- Maintaining carbon neutral status in line with PAS2060

Risk Management

In order to fully understand the climate related risks and opportunities applicable to our business we engaged a consultant to help us produce a climate-related risks and opportunities register. This exercise was then repeated in the second half of FY22 and will be repeated on a bi-annual basis going forward.

IG Group identifies climate-related risks and opportunities and defines materiality based on the We Mean Business risk taxonomy and TCFD Guidance and our existing climate-related risk and opportunity assessments. We group climate related risks into two categories:

These risk are analysed in relation to three possible climate-related scenarios: (1) a smooth transition to <2C, (2) a disruptive transition to <2C, and (3) no acceleration of action (>3C), and considered in relation to the short, medium and long terms. In respect of the three scenarios that we consider in respect of this risk assessment, these can be summarised as follows:

Scenario	Early	Late	BAU
Description	Smooth transition to <2C	Disruptive transition to <2C	No acceleration of action >3C
Overview	Transition to a carbon-neutral economy starts early and the increase in global temperatures stays well below 2 degrees, in line with the Paris Agreement.	Global climate goal of keeping temperatures well below 2 degrees is met but the transition is delayed and must be more severe to compensate for the late start.	Where no policy action beyond that which has already been announced is delivered, resulting in above 3 degrees of warming. Therefore, the transition is insufficient for the world to meet its climate goal.
Assumptions	There is early and decisive action to reduce global emissions in a gradual way, with clearly signposted government policies implemented relatively smoothly.	To compensate for the delayed start a deeper adjustment is required, as evidenced in a steeper increase in global carbon prices in a late attempt to meet the climate target. Under this scenario, physical risks rise more quickly than in the early policy action scenario and transition risks are severe.	This scenario tests organisation's resilience to both chronic changes in weather (e.g. rising sea levels), as well as more frequent and extreme weather events (e.g. flash floods). Therefore, under this scenario, there are limited transition risks, but physical risks are significant.

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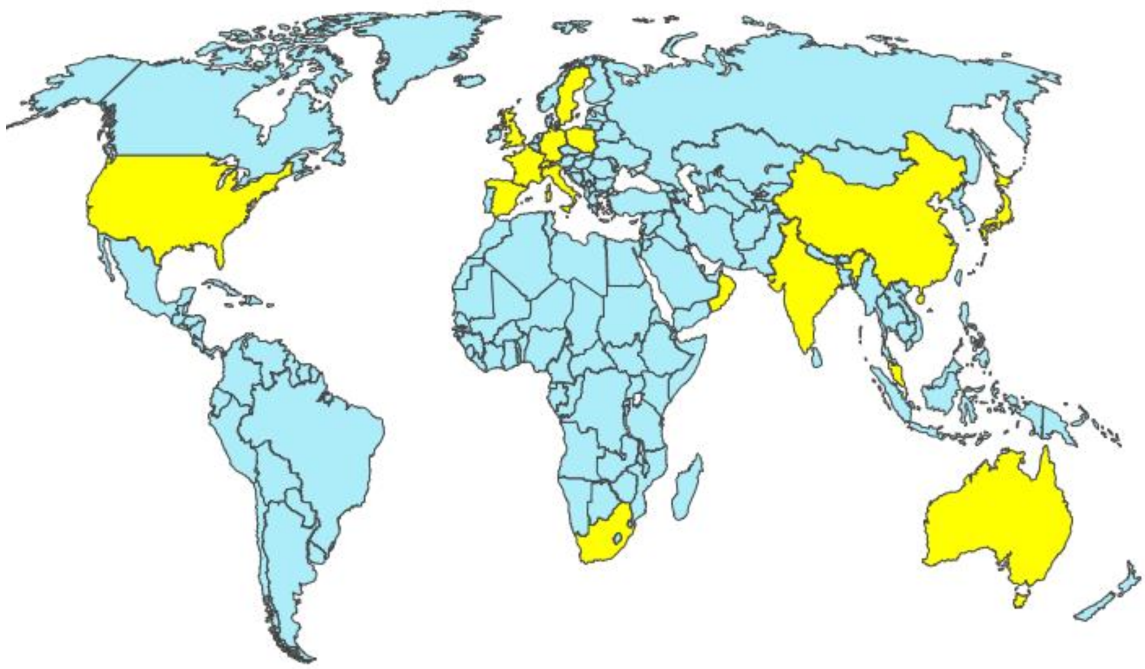
Here is a summary of the risks and opportunities identified. It has been concluded that, for now, neither these risks nor opportunities are material.

Principal	Risk	Opportunity
Commercial	Poor performance of certain products due to perceived negative impacts on the environment	Strong performance of certain product classes due to perceived climate benefits
	Shifts in wealth distribution and prosperity of certain communities/clients due to climate change	Emergence of new client groups
Conduct and operational	Services and premises at risk from extreme weather events	Talent attracted to premises in areas least affected by climate change
	Increased costs and/or limited availability of international business travel	Development of technology reducing the need for travel
	Rising costs of resources and utilities	Increased availability and reduced costs of renewable energy
	Reputational risks associated with offering products with heavy environmental impacts e.g. cryptos	Proactive approach to product suite and related opportunities to educate clients on environmental impacts
Regulatory	Inaccurate or late regulatory reporting	Reputational benefits associated with full, accurate and timely disclosures

Risk by location (operations):



Japan
- Risk: 4th most affected country on the Global Climate Risk Index
- Risk: Increased storms/extreme weather

India
- Risk: 7th most affected country on the Global Climate Risk Index
- Risk: Change to rainfall patterns
- Risk: Increased storms/extreme weather

China

- Risk: Top 50 ranking for most affected country on the Global Climate Risk Index

Australia

- Risk: Top 50 ranking for most affected country on the Global Climate Risk Index

Germany

- Risk: Top 50 ranking for most affected country on the Global Climate Risk Index

Dubai

- Risk: Top 50 ranking for most affected country on the Global Climate Risk Index

Metrics and Targets

We assess climate-related risks and opportunities by looking at absolute and intensity-based energy and GHG emission metrics, using 'CO2 per employee' as our intensity metric. These are set out in our Streamlined Energy and Carbon Report (see below).

We have been reporting Scope 1 & 2 emissions since FY13 and we first reported our upstream scope 3 emissions in FY20. We do not yet measure or report downstream scope 3 emissions associated with the use of our products. We hope to include these emissions in our reporting when we have our pathway to net zero defined – aiming for 2024. We do not anticipate that these emissions will be significant. In May 2022 we made a formal commitment to the Science Based Target Initiative and are working hard to develop an ambitious science-based target. Pending this target, we aim to reduce our year-on-year carbon emissions by 2.5%.

Streamlined energy and carbon reporting

Our carbon footprint for FY22 has been prepared by an external consultant, Energise, and includes our scope 1, 2 and upstream scope 3 emissions across all Group companies. The data was quantified in line with the GHG Protocol standard and applying the most relevant emissions factors sourced from the Department for Environment, Food and Rural Affairs' 2020 UK Greenhouse Conversion Factors for Company Reporting, and other equivalent data sources for our emissions outside of the UK. Where data is not available, standard estimation methods have been applied to account for these emissions.

In relation to scope 1 and 2 emissions, our total carbon footprint for the year, using a location-based methodology, was 2,682.05 tCO2e, or 1.12 tonnes per employee. This is a 22.2% reduction from last year. The reduction is mainly due to the emissions associated with operating our facilities falling to zero for the year. After replacing equipment last year, we did not need to recharge any F-Gas in our data centres which has had a significant impact on our scope 1 emissions.

There have been some significant changes compared to last year, most notably the acquisition of tastytrade, which increased our scope 2 and 3 emissions. As some of our offices started to re-open after the pandemic, we have also see increases in our business travel and employee commuting. However, our employee headcount has also increased and therefore when viewed on a relative basis, our emissions per employee have reduced by -3.07%, exceeding our target of a -2.5% relative reduction. We are actively managing our energy efficiency. For example, we are working on a set of new procurement standards across the business in key areas which will help us define our pathway to net zero. We are committed to completing this work by 2024. In the meantime, we continue to offset all scope 1, 2 and upstream scope 3 carbon emissions and are carbon neutral in line with PAS2060. All offsets are verified by either the Gold Standard or UN Clean Development Mechanism.

GHG protocol scope	Sub-category	**Year ended 31 May 2022 tCO_2e**	Year ended 31 May 2021 tCO_2e
Scope 1	Operation of facilities	**0.00**	437.18
Scope 1	Combustion	**287.86**	168.36
Scope 1		**287.86**	605.54
Scope 2	Purchased energy	**2,394.18**	2,320.83
Scope 2		**2,394.18**	2,320.83
Scope 1 and 2 emissions		**2,682.05**	2,926.37
Employees		**2,393.00**	2,034.50
Intensity ratio	Scope 1 and 2 emissions	**1.12**	1.44
Relevant change		**-22.1%**	
Global energy use		**10,272,137 kWh**	8,635,343 kWh
UK energy use		**7,888,644 kWh**	7,211,827 kWh
Overseas energy use		**2,383,493 kWh**	1,423,516 kWh
Scope 3	Business travel	**83.51**	15.36
	Employee commuting	**297.28**	1.51
	Fuel and energy-related activities	**860.33**	566.31
	Purchased goods and services	**20,297.48**	17,892.12
	Waste generated in operations	**116.50**	57.34
	Homeworking	**931.89**	704.72
Scope 3		**22,586.98**	19,237.36
Grand total	All three scopes (including homeworking)	**25,269.03**	22,163.73
Employees		**2,393.00**	2,034.50
Performance indicator	All three scopes (including homeworking)	**10.56**	10.89
Relevant change		**-3.07%**	