

Taskforce on Climate Related Financial Disclosures Disclosure – Financial Year 2023

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 2023, summarised on pages 29 and 30.

We believe that these disclosures are fully consistent with the TCFD recommendations. We still do not measure or report downstream scope 3 emissions associated with the use of our products but note that doing so is still not covered by 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 remains a strategic priority 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 4 thematic areas are supported by 11 recommended disclosures. IG Group recognises the importance of adopting the TCFD recommendations and reporting climate-related information using this framework to ensure high quality information is available in the public domain.

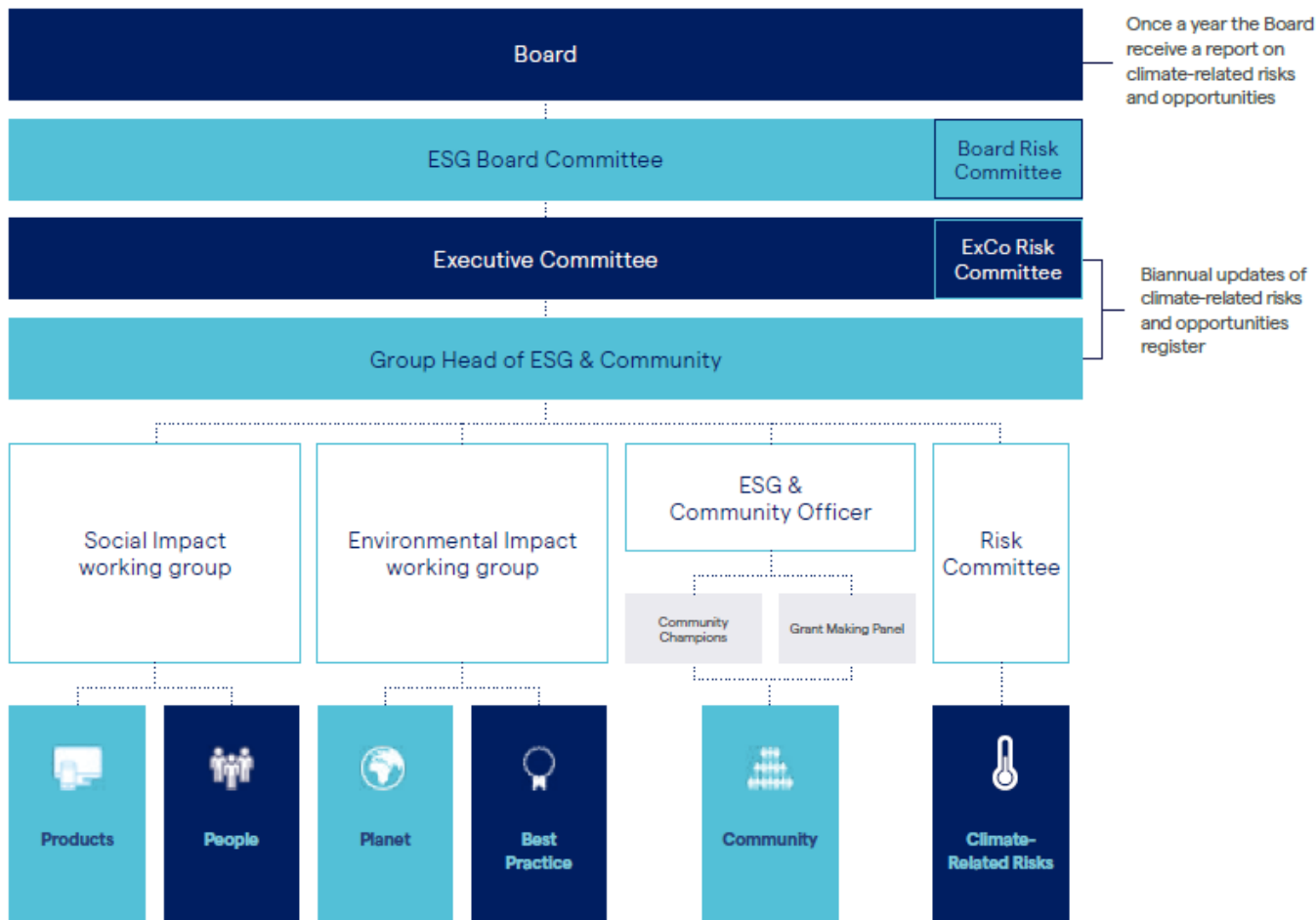
Governance

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 climate related risk at IG Group.

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 63 of the Group’s Annual Report and Accounts FY23 and repeated again below for ease of reference). The Board delegates to the ESG Committee the oversight of our environmental strategy and elements of the ‘Planet’ pillar. Oversight of climate-related risks and opportunities is delegated to the Board Risk Committee and this responsibility was added to that Committee’s Terms of Reference in FY23. To help them fulfil this responsibility, each year the Board Risk Committee will receive a report prepared in collaboration between our Risk Committee, the ESG & Community function and our external environmental consultants.

Our Carbon-literacy training programme has now been running for three years and has been delivered to the entire Board and Executive Committee. We first introduced this training in FY21, and it has been annually updated and delivered to ensure that the climate agenda and our approach to managing environmental impacts remains a focus.

ESG Governance Structure



Strategy

In FY22, we made a commitment to the Science Based Targets initiative, and determining an approved pathway to net zero is a strategic priority by 2024. The progress towards defining this pathway is improving our financial resilience in the face of the changing climate. In FY23, we focused on three key areas in order to work towards this milestone:

Learn: A key priority to IG Group is to improve our understanding of our impact on the environment. During FY23, we have increased our use of renewable electricity used in our offices across the world. This was achieved through dialogues with our landlords in key locations, in order to learn about the sources of electricity that we purchase through our lease agreements and moving to tariffs using renewable electricity. As a result, 100% of the electricity used in our Poland office and 90% of the electricity purchased in our India office are from renewable sources. These offices join our UK locations which have been operating on renewable-only tariffs for several years, meaning that approximately 67% of our total workforce operated using energy from only renewable sources.

Secondly, in relation to our Scope 3 emissions, we began productive dialogue with eight key suppliers. These were selected because they are amongst our most significant spends, and because they represent a good cross section of our key services- such as business travel, cloud services and client relationship management services. The eight companies were sent a supply chain questionnaire and were assessed across six different categories: management, human rights, safety and diversity, net zero, natural resources, environmental transparency and product stewardship. The responses that we received have helped us advance our thinking in relation to our pathway to net zero. In addition to this, the questionnaire enabled us for the first time to apply supplier-specific factors in our Scope 3 emissions reporting.

Reduce: IG Group's pathway to net zero will be a comprehensive plan to reduce our emissions. Year-on-year emissions per employee have reduced for the third year running, a relative reduction of 3.37% from FY22 to FY23. This has been achieved because our headcount has increased more than our emissions.

Offset: In FY23, we have maintained our carbon neutral status, off-setting emissions from Scope 1, 2 and upstream Scope 3 in line with PAS 2060. All offsets are verified by either the Gold Standard or UN Clean Development Mechanism.





Case Study: SayTrees Environmental Conservation Project

IG Group and SayTrees have entered a new, 2-year partnership linked to our Brighter Future Fund. Over 40 IG employees from India as well as some Global Service Centres representatives, experienced the challenging conditions of agriculture in India. All together we managed to plant around 100 saplings. Thanks to our cooperation, the Foundation will plant a new forest of 5,000 trees on the edge of Bangalore.

SayTrees is a group of experts in the field of sapling selection, soil testing, and organic gardening. SayTrees experts will take care of these saplings for a period of two years. Throughout this time the forest becomes self-sustainable and continues to grow as an ecosystem.



saytrees

Risk Management

During FY23, we have continued to work with Energise, our environmental consultant, in order to assess the climate related risks and opportunities that are applicable to our business. Energise have worked with us to maintain a risk register, that is updated biannually. Furthermore, they have advised on appropriate governance of these risks.

Climate Related Risks

We group climate related risks into two categories: physical and transition risks.



These risks 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). When considering these scenarios, they are related to the short term (<5 years), medium term (5-15 years) and long term (15+ years). In respect of the three scenarios that we consider in respect of this risk assessment, these can be summarised as follows:

Table 1: Climate Related Scenarios, based on assumptions of action taken to respond to the current climate risk.

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.

The impact of rising energy costs along with risks of damage to our servers and IT infrastructure from extreme weather events are currently considered to be the highest climate risks. Although these risks are currently deemed to be immaterial in relation to the wider business risks in the short term, we are

monitoring these closely to determine the appropriate controls with regards to any future impacts on our business strategy in the medium and long term.

We have defined the level of risk of each climate related risk, based on the three scenarios for short, medium and long term (Table 2). Included is also IG Group’s current response to each climate related risk.

Considering these risks beyond the short term, it is anticipated that there will be a medium level of risk towards some areas in the medium term (5-15 years), and a high level of risk for some areas in the long term (>15 years) depending on the scenario. These medium and long term risks are being monitored closely, however as it is deemed that they are not a high priority action currently, they do not present a material risk in the short term.

Table 2: Climate Related Risk Rating and Responses FY23

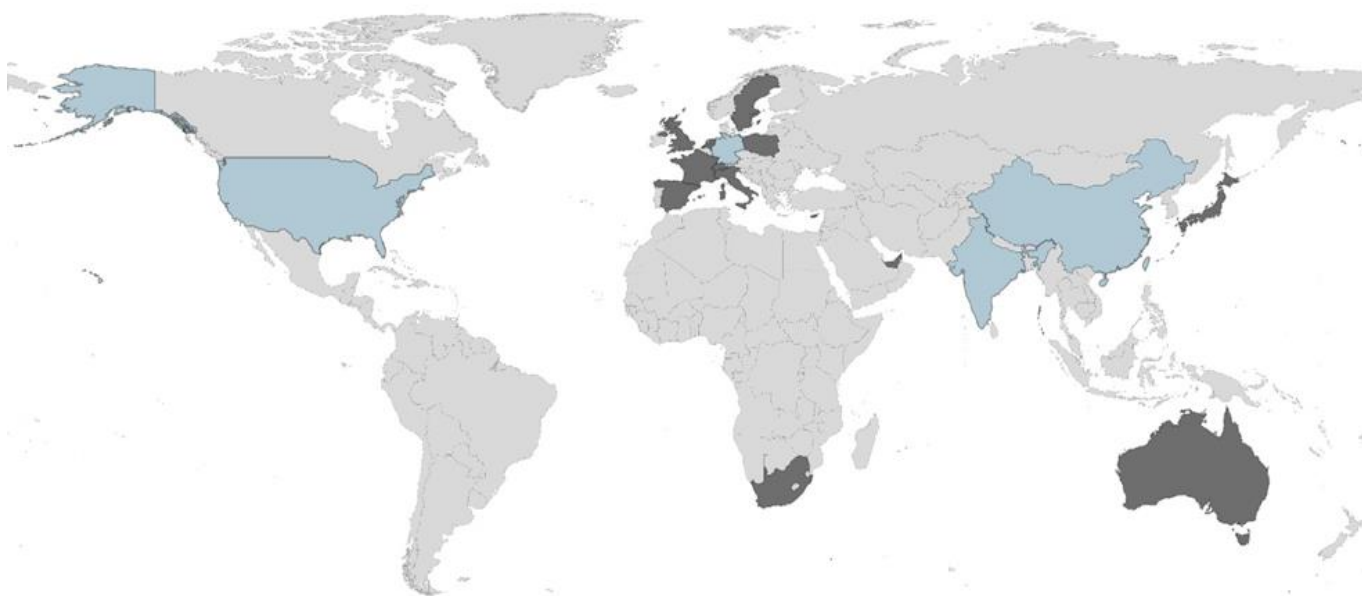
KEY

Level of Risk	
●	Low
●	Medium
●	High

Type	Area	Climate Related Risk	Company-specific Risk	Scenario	Priority Action			Response
					Short Term	Medium Term	Long Term	
Transition	Fuel taxes and policy	Regulation, standards or incentives directed at fuel products, mainly relating to fossil fuels.	Increasing energy and fuel costs. Multiple market forces, not least the conflict in Ukraine, have caused a significant and prolonged increase in fuel costs. Risk to building energy costs, travel costs and supply chain costs as supplier pass on their increased costs.	Early	●	●	●	Awareness of key emissions sources and reduction options.
				Late	●	●	●	Remote working policies embedded and expected 50% working from home following Covid-19 restrictions.
				BAU	●	●	●	
Physical	Snow and Ice and Changes in rainfall	The effect of increased snow and ice, and changes in rainfall patterns, on a company’s operations.	Service and premises access risk from extreme weather events. Travel disruption and accessibility of premises. By 2030 IG Group’s highest risk sites are expected to be at the following flooding risk levels on a global scale from 1-12 (12 being highest risk) according to the WWF Water Risk Scenario Tool: Bengaluru-8, Frankfurt-7, Chicago-10, Hong Kong-11 and Shanghai-11.	Early	●	●	●	Remote working policies embedded and expected 50% working from home following Covid-19 restrictions.
				Late	●	●	●	In house technology and innovation ability to adapt to changing circumstances and opportunities.
				BAU	●	●	●	Business Continuity and Disaster Recovery plan. Risk register includes, physical asset damage, financial crime, culture and our people.
Physical	Increasing/ Extreme temperatures	The effect of increasing average temperatures, and the effect of extreme temperatures, high or low, on a company’s operations.	Impacts on physical assets from extreme weather events. Changes to building assets or requirements around management of these assets. Impacts of server downtime due to overheating becoming more regular By 2030 IG Group’s highest risk sites are expected to be at the following drought risk levels on a global scale from 1-12 (12 being highest risk) according to the WWF Water Risk Scenario Tool: Bengaluru-8, Frankfurt-3, Chicago-5, Hong Kong-4 and Shanghai-7.	Early	●	●	●	Remote working policies embedded and expected 50% working from home following Covid-19 restrictions.
				Late	●	●	●	In house technology and innovation ability to adapt to changing circumstances and opportunities.
				BAU	●	●	●	Business Continuity and Disaster Recovery plan. Risk register includes, physical asset damage, financial crime, culture and our people.

Risk by location (operations):

- Countries that IG Group operate in.
- Countries that IG Group operate in that are expected to be at drought or flood risk by 2030.



Japan

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

India

- By 2030, Bengaluru is expected to be at flood risk level 8 and drought risk level 8 according to the WWF Water Risk Scenario Tool.
- 7th most affected country on the Global Climate Risk Index

China

- By 2030, Hong Kong is expected to be at flood risk level 11 and drought risk level 4 according to the WWF Water Risk Scenario Tool.
- By 2030, Shanghai is expected to be at flood risk level 11 and drought risk level 7 according to the WWF Water Risk Scenario Tool.
- Top 50 ranking for most affected country on the Global Climate Risk Index

Australia

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

Germany

- By 2030, Frankfurt is expected to be at flood risk level 7 and drought risk level 3 according to the WWF Water Risk Scenario Tool.
- Top 50 ranking for most affected country on the Global Climate Risk Index

Dubai

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

USA

- By 2030, Chicago is expected to be at flood risk level 10 and drought risk level 5 according to the WWF Water Risk Scenario Tool.

The Global Climate Risk Index indicates the level of vulnerability and exposure to extreme events. It focuses on extreme weather events that countries should understand as warnings to support adequate preparation. It is ranked on a scale of 1-12, with 12 being the highest risk.

Climate Related Opportunities

We are committed to reducing our emissions and committing to a net-zero strategy by 2024. It is vital that we take advantage of the climate related opportunities when working to achieve our environmental objectives. Here are some examples that demonstrate where our employees, vendors and communities through the Brighter Future Fund are encouraged to take advantage of these opportunities:

- Embedded remote working policies.
- Productive dialogue with key suppliers to assess them across six different categories which included: net zero, natural resources, environmental transparency and product stewardship.
- Promoting and amplifying institutional 'choice' in climate action through our work with SayTrees and Glac-Up by engaging individuals in advancing climate change solutions (See Case Studies on Pages 4,10 & 12).



The opportunities are assessed using the same scenarios and time frames as we used for climate related risks in table 2 above.

There has been analysis into the opportunities available to take advantage of the climate related opportunities. This has focussed our current strategy around the following areas:

Table 3: Climate Related Opportunity Rating and Response.

KEY

Level of Opportunity

- Low
- Medium
- High

Type	Area	Climate Related Opportunity	Company-specific Opportunity	Scenario	Level of Opportunity			Response
					Short Term	Medium Term	Long Term	
Transition	Community impact	Changes to social order, culture and prosperity of communities as a result of physical climate or regulation change.	Expand Brighter Futures programme to the areas most in need as a result of climate change.	Early	●	●	●	Existing employee incentive schemes on community involvement e.g. 2 days leave for voluntary work. Committed 1% of post-tax profits to charitable causes each year from 2022 to 2025.
				Late	●	●	●	
				BAU	●	●	●	
Physical	Economic impact on the consumer	Changes to the availability and affordability of products and services as a result of physical climate or regulation change.	Changes in customer demand. Brand benefits of carbon neutrality/Net Zero/ SBT and changes in types of services demanded (move to cloud based/increase in investment clients).	Early	●	●	●	Strong brand reputation with customer loyalty. In house technology and innovation ability to adapt to changing circumstances and opportunities. Began a project to apply an ESG lens to products to assess their societal and environmental impacts, this analysis could provide the data required to provide a more ethical and sustainable product offering. Increasing focus in the US and restructured Governance structure to allow this, opportunities to expand the climate agenda here in time.
				Late	●	●	●	
				BAU	●	●	●	



Case Study: Collaboration with 'The Conservation Volunteers'.

Employees from IG Group's head office in London took worked with 'The Conservation Volunteers' (TCV) to create a green space in North London.

The Conservation Volunteers work to bring people together to create, protect and improve green spaces for nature and for people.



Case Study: Brightpool colleagues team up for Cyprus beach clean.

Executive management and staff committed their time by gearing up with gloves and rubbish bags to clean up a beach nearby the Brightpool headquarters.

The volunteers collected over 50 bags of rubbish from the beach and the sea.



Metrics and Targets

We assess climate-related risks and opportunities by looking at absolute and intensity-based energy and GHG emission metrics, using 'tCO₂e per employee' as our intensity metric. This is one of our key ESG metrics, and this is how we monitor our impact on the environment. Our tCO₂e per employee for FY23 was 9.45; a 3.37% reduction from FY22.

We have been reporting Scope 1 & 2 emissions since FY13 and we first reported our upstream scope 3 emissions in FY20. This year we have carefully reviewed the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and in particular, downstream Scope 3 emissions category 15. This sets out reporting obligations in relation to emissions associated with investment activity and with the provision of financial services.

Furthermore, we do not currently have any downstream Scope 3 emissions that fall into sub-categories that require reporting. There is not yet any established approach of guidance on how to attribute Scope 3 emissions to the financial instruments at the core of our business, as these are derivatives. This situation will be monitored closely and will include such emissions if and when they are incorporated into the protocol. As regards other downstream emissions, we do have some general corporate debt holdings where the use of proceeds is not identified – this applies to both our £300 million bond and our £350 million revolving credit facility. However, reporting of this sub-category is optional and our credit facility remains undrawn. As regards our share dealing products, this is an execution-only brokerage service, and as regards our Smart Portfolios, these are managed by a third party. We do not, therefore, manage any investments on behalf of our clients, provide investment or asset management services, provide corporate underwriting and issuance services, nor do we provide any financial advisory services.



Case Study: Commitment to aid Glac-Up with Alpine glacier preservation.

Glaciers are melting at an unprecedented rate due to changes in temperature resulting from emissions of CO2 and other climate-altering gases linked to human activity. They are a source of freshwater and play a role in river navigation, irrigation and power generation.

This partnership allows employees to learn more about the threat facing the Alps and the contribution they can make to their future survival.



Glac-Up intends to raise awareness on the melting of glaciers and support the covering of glaciers in the Alps with sheets of enormous white tarpaulin during the winter months, in order to slow their melting.

The IG Group has adopted 10,000 square metres of the Presena glacier in the Italian Alps, providing funding for this area to be covered in the special protective material for 2 years running.



Streamlined energy and carbon reporting

Our carbon footprint for FY23 has been prepared by an external consultant, Energise, and includes our scope 1, 2 and upstream scope 3 emissions across all our businesses in all locations. 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 1,124.00 tCO₂e or 0.422 tCO₂e per employee. Including Scope 3, IG Group's total carbon footprint for the year was 25,186.20 tCO₂e or 9.45tCO₂e per employee, which was a relative reduction of 3.37% from FY22. This has been achieved because our headcount has increased by a greater amount than our emissions. Furthermore, we have made improvements to our Scope 3 data collection process and have benefitted from adopting supplier-specific factors in relation to some of our most significant suppliers, rather than applying industry standard factors. This has not only made our footprint more accurate, but it has also reduced our Scope 3 emissions by 1,106.4 tCO₂e compared to the total had we used only industry standard factors.

This demonstrates the value of the robust and environmentally conscious vendor management processes and the importance of working with suppliers that have a progressive approach to managing their environmental impact. We intend to increase our use of supplier-specific factors in the future, and as a result this will continue to improve the accuracy of our emissions reporting.

Finally, there has been a change to the presentation of our data, we have moved away from a reporting on a location-based methodology to a market-based methodology. The market-based figure is 1,837.3 tCO₂e less than the equivalent location-based figure. This accounts for the renewable energy that is sourced in our UK, Poland and India offices, and so is a more accurate calculation. To support comparisons, this means that the figures in our table for FY22 are market-based figures, as opposed to the location-based figures that we reported last year.



GHG protocol scope	Sub-category	31 May 2023	31 May 2022
		tCO2 (market based)	tCO2 (market based)
Scope 1	Operation of facilities	521.90	0.00
Scope 1	Combustion	201.00	287.86
Scope 1		722.90	287.86
Scope 2	Purchased energy	401.10	832.70
Scope 2		401.10	832.70
Scope 1 and 2 emissions		1,124.00	1,120.56
Employees		2,665	2,424
Intensity Ratio		0.422	0.462
Relevant change		-8.66%	
Global energy use		10,206,432 kWh	10,272,137 kWh
UK energy use		9,027,165 kWh	7,888,644 kWh
Overseas energy use		1,179,267 kWh	2,383,493 kWh
Scope 3	Business travel	552.00	83.51
	Employee commuting (including homeworking)	547.50	1,229.17
	Fuel and energy-related activities	779.60	860.33
	Purchased goods and services	22,124.50	20,297.48
	Waste generated in operations	88.40	116.50
Scope 3		24,062.10	22,586.98
Grand total	All three scopes	25,186.20	23,707.54
Employees		2,665	2,424
Performance indicator	All three scopes	9.45	9.78
Relevant change		-3.37%	