Strategic report

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CONNECTING TRENDS, INSIGHTS AND ACTIONS

Understanding the key market trends that affect our business means we are well positioned to seize opportunities.

TREND 1: ENERGY TRANSITION

Adoption of alternative fuel sources will generate price volatility, drive trading activity, and create new product opportunities.

Worldwide energy demand is expected to continue to rise, with a growing focus on clean and renewable energy. China – the world's largest energy user – appears to be accelerating the switch from coal to cleaner energy solutions. This supports the International Energy Agency's ('IEA')[1] view that there are now strong signals of a true shift away from fossil fuels.

The production of renewable energy technologies – such as solar panels, wind turbines, and electric vehicle ('EV') batteries – relies on the same commodities used to produce traditional power-generating solutions. This is set to drive competition in the commodity market and create imbalances in supply and demand, generating price volatility.

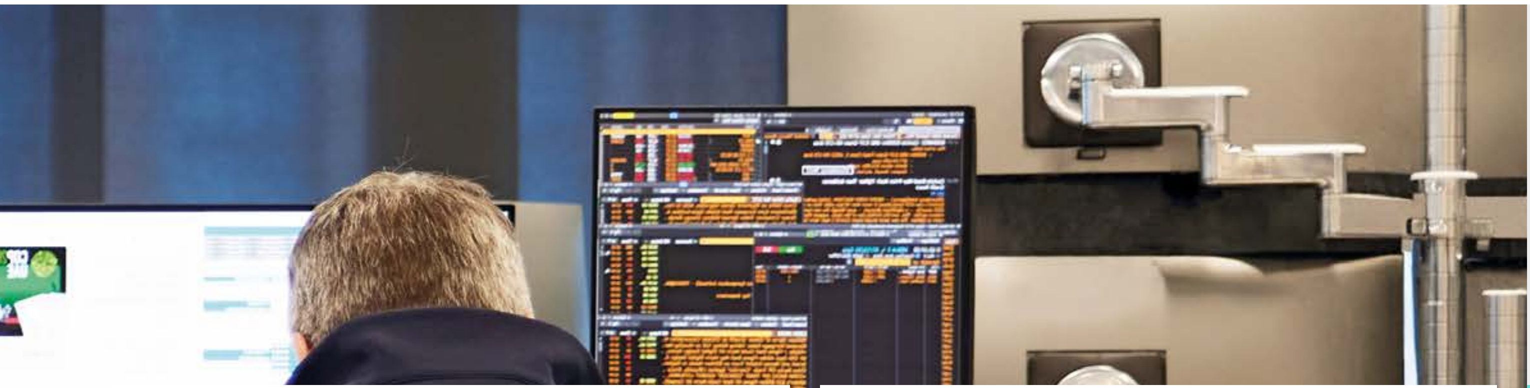
For example, by 2030, there may be critical shortages of dysprosium, a magnetic material used in most electric motors, and lithium, used in EV batteries. McKinsey suggests these shortages could account for 70% and 80% of total demand[2] by 2030, respectively.

What does it mean for TP ICAP?

The energy transition offers exciting opportunities for our Energy & Commodities ('E&C') division to develop new products and new markets that will further diversify, and grow, our revenues and client base. Price volatility is favourable for our business model.

E&C has established broking franchises in all three carbon credit products: voluntary carbon credits, mandated carbon credits (government and regulatory), and renewable energy credits. In 2023, we completed our first Brazilian carbon credit trade, launched Fusion screens in Norway for the green certificates, and expanded our Fusion capability in European voluntary carbon credits. In 2024, we will launch a new battery metals (cobalt and lithium) product desk. E&C is also working more closely with Parameta Solutions to monetise data generated through the energy transition.

1 International Energy Agency, World Energy Outlook 2023
2 McKinsey (How the energy transition could affect material supply chains | McKinsey)
3 Financial Times – European IPOs fall to lowest level since 2009 (ft.com)
4 Financial Times – https://www.ft.com/content/70024181-4f24-45b8-a47e-33233c
5 EY – Global IPO market: Investor appetite shifts from growth to value amid tighter liquidity | EY Ireland
6 Burton Taylor – Financial Market Data/Analysis Global Share & Segment Sizing 2023



TREND 2: REGULATION INFLUENCING LIQUIDITY

Regulatory change is creating structural shifts in trading conditions for key financial markets.

Market liquidity and trading activity continue to be impacted by policymakers around the world.

Brexit has caused the EU and UK financial regulators to pursue their own independent policies. The Financial Times (‘FT’)[3] has reported that “traders in Europe have increasingly turned to the US to find a counterparty” and that the market share of EU revenues is at its lowest since December 2020. This is a clear indication that liquidity has shifted away from Europe, driving strong market volumes into the US.

In equity markets, EU policymakers are attempting to stave off declining liquidity. The FT[4] reported that only 34 companies were taken public in H1 2023, the lowest level in Europe in 14 years. Conversely, EY[5] has reported a very strong appetite in the US, with a 159% increase in IPO proceeds to October 2023. EU regulators are reviewing capital market regulations related to primary issuances, trading execution, and improving business access to capital to bolster regional interest.

What does it mean for TP ICAP?

We are well diversified geographically with a global presence in 28 countries across multiple asset classes.

Our significant Americas presence equips us to benefit from any improved conditions in US markets, and to mitigate potential challenges in Europe.

Our Fusion digital platform allows clients to trade seamlessly across multiple products and markets, and to change trading strategies to reflect market movements, attracting greater market liquidity.

TREND 3: INCREASING IMPORTANCE OF MARKET DATA

OTC market data continues to play an integral role in increasingly complex financial markets.

The growth in electronic trading and automated trading tools has made data collection more efficient and effective, providing more accurate and richer insight.

Financial analysts Burton Taylor[6] report that demand for market data grew 4.7% in 2022, representing a five-year CAGR of approximately 6%. Demand can largely be attributed to the investment management industry, which accounted for approximately one-third of total market data spend of around USD12.5bn.

Technological advances, such as AI, will continue to drive efficiencies in data processing and analysis, presenting new data opportunities and demand for innovative solutions.

What does it mean for TP ICAP?

As the world’s largest inter-dealer broker, TP ICAP facilitates significant trading volumes. Our Parameta Solutions division aggregates these volumes to produce proprietary OTC data and analytics solutions.

Parameta Solutions provides our brokers and clients with access to a comprehensive suite of data to better inform clients’ trading decisions, and capital optimisation. The value of the data and analytics produced is demonstrated by the continued growth of the division, which outpaces the broader market data industry.

The continued development of TP ICAP’s Fusion platform, which covers multiple asset classes and geographies, will enhance the data available to Parameta Solutions. As additional derivative products are added to Fusion, more high-quality data will be generated, which can then be monetised.

OUR STRATEGIC PILLARS

Transformation.

Diversification.

Dynamic Capital Management.

Read more
Chief Executive Officer's review
Pages 6 to 11

TRANSFORMATION

Future-proofing our broking businesses with Fusion, our flagship digital platform.

Progress and Outlook

Fusion is transforming the way we add value by equipping our brokers to better serve clients across the full life cycle of a transaction.

The platform gives clients access to our aggregated global liquidity, across asset classes and our brands. This means clients execute more business with us, helping to underpin, and grow, our industry-leading market share.

Fusion also provides the real-time data, automated trade processing, and settlement solutions that help clients accelerate trade confirmation, reduce operational risk, and transact with confidence.

The platform also generates, and captures, unique high-quality data that empowers Parameta Solutions to deliver enriched data and analytics solutions.

In 2023, we continued to roll out Fusion in line with our plans. It is now live on 44% of in-scope Global Broking desks, and is on track to be completed by the end of 2025.

Simultaneously, we focused on client adoption of the platform. Measured by the number of unique logins, in Global Broking this was up 24% in Rates and 16% in FX.

Fusion also offers the necessary optionality to drive future growth. The platform is fully cloud enabled and engineered to easily integrate new functionality. This means that we can develop the platform, according to the changing needs of our clients, and developments in market infrastructure. For example, in April we purchased a minority stake in a UK fintech firm called ipushpull. ipushpull functionality is now embedded in Fusion, helping to streamline the delivery of live data, sourced from multiple channels, to our clients.

DIVERSIFICATION

New clients, new asset classes, greater non-broking revenue.

Progress and Outlook

In April 2023, Parameta Solutions became the first inter-dealer broker data provider to be accredited as a benchmark administrator by both the Financial Conduct Authority and the European Securities and Markets Authority. Following accreditation, the division launched several new products, such as an Interest Rate Swap Volatility Index (in partnership with Global Broking). and a LNG Pricing Index (in partnership with third-party specialist General Index). Further benchmark and indices products are well advanced.

Other Parameta Solutions product launches in 2023 addressed clients' needs across trading analytics, the Fundamental Review of the Trading Book ('FRTB'), and surveillance and monitoring. Parameta also advanced its distribution capabilities by beginning data sales directly through TP ICAP's Fusion platform, thereby increasing direct sales.

Liquidnet continued to strengthen its product capabilities for cash equities. In algorithmic trading, new initiatives included Surge Opportunity, which alerts users of sudden market movements. Programme trading revenue grew 26% in the year. Liquidnet also marked its entry into the listed derivatives market by launching a pre-trade analytics offering.

In E&C, 2023 saw TP ICAP complete its first OTC crypto asset derivative trade. Our partnership to build a digital assets marketplace with Flow Traders, Fidelity Digital Assets℠ and Zodia Custody is part of our strategy to diversify the business into non-traditional broking products and expand into the digital assets market.

As a proportion of total Group revenue, non-broking revenue has more than doubled in the last four years, increasing from 11% in 2019 to 23% in 2023.

DYNAMIC CAPITAL MANAGEMENT

Investing for organic growth, reducing debt, a clear dividend policy, and a focus on the return of surplus capital to shareholders, guides our strategy.

Progress and Outlook

In 2022, we announced the target of releasing £100m of cash by the end of 2023. We achieved this target in June 2023, six months ahead of schedule. This cash was used to pay down debt and other financing obligations to reduce our net finance costs and improve our leverage ratios.

In April 2023, we successfully refinanced £250m of senior unsecured bonds – due in January 2024 – and extended the maturity to April 2030. The order book was 200% oversubscribed within just an hour of opening, with significant investor demand and momentum continuing throughout the process. At the close, the issuance was more than five times oversubscribed.

In August 2023 we announced a £30m share buyback programme, which completed in January 2024. A second £30m share buyback programme was announced on 12 March 2024.

We remain committed to our dividend policy to pay out 50% of adjusted post-tax earnings. A final dividend of 10.0 pence, up 27%, will be paid on 24 May 2024 to eligible shareholders.

The Group remains well positioned in balancing our commitment to investing in organic growth opportunities, such as Fusion and Liquidnet Credit, managing our financing and debt obligations, as well as our dividend policy.

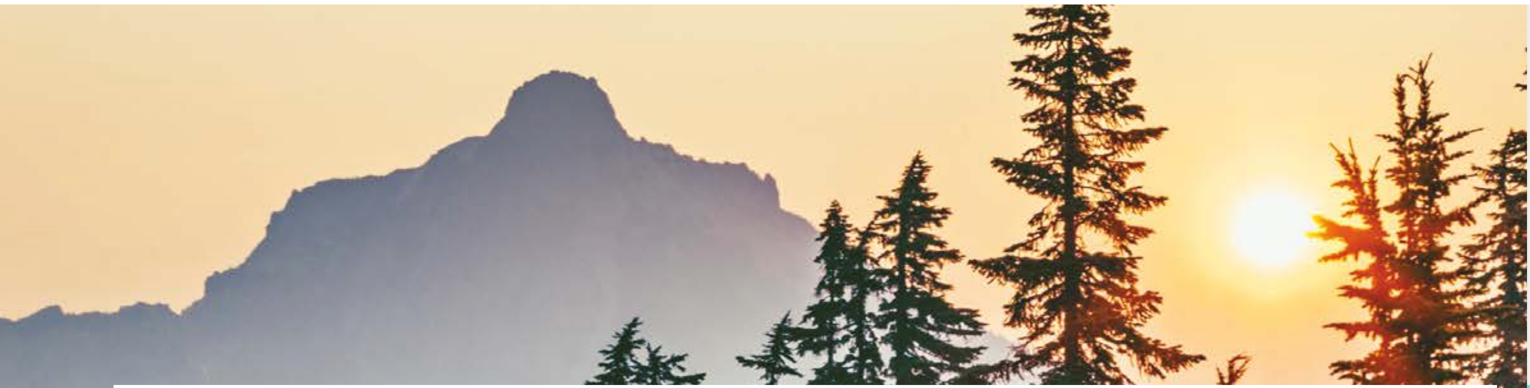
As we continue to manage our capital dynamically and free up cash, we will assess opportunities to return any surplus capital to shareholders.

OUR APPROACH TO SUSTAINABILITY

Our purpose is to provide clients with access to global financial, energy, and commodities markets, improving price discovery, liquidity, and distribution of data, through responsible and innovative solutions.

We deliver our purpose through the products and services that we offer. As a world-leading provider of market infrastructure and data-led solutions, we play a central role in enabling the efficient functioning of wholesale markets, which is essential to economic stability and growth.

We seek to manage our business responsibly to deliver long-term value creation for our stakeholders. This includes building a strong culture that reflects, and promotes, employee diversity and inclusion, fosters good conduct, and enhances risk management.



OUR STRATEGY

Our sustainability strategy aims to address the sustainability challenges and opportunities that are relevant for the Group. It is formed of three priorities:

Strategic priority	Objectives	Our progress
1. ESG Reporting and Performance Management Effective measurement, and reporting, of our ESG performance enables us to identify, assess, and manage our economic, environmental and social impacts.	Data and disclosure Review and improve our ESG-related measurement capabilities to ensure they are fit for purpose and enable the Group to continually improve its ESG delivery.	> Completed a detailed qualitative and quantitative climate scenario analysis to improve our understanding of relevant climate-related risks and opportunities. > See pages 64 to 75 > Enhanced the effectiveness of our environmental data governance and controls. > See page 28 > Migrated to a software-based solution to collect and report our Scope 1, 2 and 3 emissions data. > See page 28 > Improved our CDP score from C to B-. > See page 28 > Improved our MSCI ESG Rating from BBB to A. > See page 28
	Carbon neutrality of operational Scope 1 and 2 emissions Meet our target to be carbon neutral across both Scope 1 and 2 emissions by the end of 2026.	> Our Scope 1 and 2 emissions reduced by 20%, from 2022. > See page 20 > Reported, for the first time, a market-based Scope 2 footprint to reflect the use of renewable energy in our operations. > See page 75
2. Supporting our clients As the world moves from carbon-intensive practices to more sustainable alternatives, we believe the best way we can support this shift is through delivering on our purpose and accompanying our clients on their transition journeys.	Innovative solutions Leverage our core strengths – delivering liquidity and data solutions – to help market participants advance their sustainability goals.	> Parameta Solutions launched its global Liquefied Natural Gas ('LNG') pricing service, in partnership with General Index. LNG is a transition fuel under the EU's sustainable finance taxonomy. > See page 21
	Responsible solutions Advance liquidity and data solutions through a developed governance framework.	> Mandatory ESG scoring approval process for new business initiatives. We screened four initiatives for ESG impacts. > See page 21
3. Community impact We are committed to making a positive economic and social impact on the communities in which we operate around the world. This includes creating a workplace where our employees can thrive.	Positive impact Make a positive economic contribution through the provision of our services, and social impact through colleague fundraising, volunteering, and corporate philanthropy.	> Celebrated ICAP Charity Day's 31st year, raising £5.2m globally. Since 1993, ICAP Charity Day has raised over £165m for good causes. > See pages 26 and 27 > Launched a successful volunteer programme with our UK charity partner, National Numeracy. > See page 25
	Diversity and inclusion A workplace that is inclusive and positive, with meaningful opportunities for our employees to flourish.	> Launched our new Diversity strategy, which aims to drive progress across five strategic pillars. > See pages 22 and 23

ENVIRONMENT

We acknowledge our responsibility to help protect the environment and support the transition to a low-carbon economy. We seek to do so in two main ways:

1. Managing our impacts

Minimise the environmental impact of our operations, especially greenhouse gas ('GHG') emissions. Our target is to be carbon neutral across both Scope 1 and Scope 2 emissions by the end of 2026.

2. Accompanying our clients

Apply our capabilities – connecting clients to liquidity and data solutions – to help our clients advance their transition journeys and meet their sustainability objectives.

Managing our impacts

To deliver our Scope 1 and 2 emissions target, we are focused on two objectives:

1) Organic reductions in Scope 1 and 2 GHG emissions

We are targeting organic reductions in our Scope 1 and 2 emissions, which derive from our leased office premises and data centres, through a programme which began in 2021. A considerable proportion of the emissions savings from the office consolidation plan have been delivered. We expect the principal generator of future savings to come from the continuing consolidation of our data centres, and migration from on premises data centres to the cloud. These savings may be significant – up to potentially a further 15-20% reduction in Scope 1 and 2 emissions over the next two years. The savings will be split between energy efficiencies arising from migrating to the cloud, and emissions being reclassified from Scope 1 and 2 to Scope 3. We will continue to work towards reducing our Scope 1 and 2 emissions as far as possible, before purchasing certified carbon credits to offset any residual emissions.

2) Increasing our use of renewable energy

We lease our office and data centre space. This means we are not in direct control of our utility providers, or energy tariffs. Nevertheless, we are working with our landlords, and other third-party suppliers, to increase the amount of renewable energy that we use.

For the first time, we are reporting a market-based Scope 2 footprint (see page 75), which includes the renewable energy used in our operations. This year, 10% of our total purchased electricity came from renewable sources. In the UK, more than half of the electricity we use is renewable. We will continue to work closely with our landlords and third-party suppliers to increase this percentage over time.

2023 GHG emissions performance

Our total Scope 1 and 2 GHG emissions were 7,624 tCO_2e, a reduction of 20% compared to last year, and 37% compared to our 2021 baseline. This performance was driven by a decrease in fugitive emissions, and the consolidation of several on-premises data centres during the year. A full breakdown of our 2023 GHG emissions is on page 75 of this report.

Waste generation and water consumption

We strive to operate our business in a responsible way, including our consumption of natural resources. We work closely with our office landlords to understand and manage our water use, and to ensure waste is disposed of appropriately. The water and waste data we collect across our office estate varies in availability. As a result, we do not have a complete view of our water consumption, and waste generation and disposal, across our organisation.

We worked with an environmental consultancy to calculate the waste generated by our operations. Our approach used a combination of estimates and actual data from our landlords. In 2023, we generated 6,700 tonnes of waste, which was disposed of across a number of channels, including recycling and waste-to-energy initiatives.

Accompanying our clients

Emissions credits trading is playing an important role in the energy transition. It is an area we are focused on growing. This year, our Energy & Commodities ('E&C') division brokered 1.78 billion CO_2 metric tonne equivalents of emissions credits, and 53 million metric tonnes of voluntary emissions credits.

We are adding new products on a regular basis. This year, Parameta Solutions announced the launch of its global Liquefied Natural Gas ('LNG') pricing index, in partnership with General Index ('GX'), and our E&C division. With GX acting as the independent, regulated benchmark administrator, the indices will be available, for use, for example, for price discovery purposes.

In addition, we engaged KPMG to undertake a strategic review of our E&C division, and the market, as it relates to the energy transition. The objective of the review was to identify potential future growth opportunities. The expected growth in battery metals, to support the electrification of transport, is an exciting opportunity. To capitalise on this, we are launching a Battery Metals desk, having recruited one of the leading brokers in this sector to lead it. In addition, the review identified the opportunity associated with data. Our E&C division is therefore working more closely with Parameta Solutions to monetise more data being generated through the energy transition. Fusion is integral to this accelerated collaboration.

Incorporating ESG factors into new business initiative approvals

We have embedded ESG considerations into the evaluation, and approval process, for new business initiatives. They are reviewed and scored through the Change Management Framework ('CMF') process.

The ESG questions in our scoring approach focus on emissions, gender representation, and asset class. The outcome is an ESG score that is considered as part of the overall approval process. Our Director of Sustainability is responsible for overseeing and applying the ESG scoring framework. During the year, four new business initiatives were deemed to be relevant for ESG scoring. None posed a significant ESG risk, or opportunity, for the business.

SOCIAL

Our people

Attracting, developing, and retaining a talented, engaged group of colleagues is central to our success. We work to develop an inclusive and positive culture, creating meaningful opportunities for our employees to flourish.

Our corporate values

Our Triple-A Values:

Culture and engagement

Our annual employee engagement survey ran in June, with a 68% participation rate and an overall engagement score of 67% (2022: 67%). The results show that our employees understand our strategy, and the role they play in delivering it. Our engagement action plan is focused on making our processes more efficient and continuing to explore new ways to recognise our people's achievements.

Employee-led networks, regular town halls, and global pulse surveys also provided colleagues with opportunities to voice their views. This engagement provides senior leaders with valuable insights to inform decision-making.

Diversity and inclusion

Earlier this year, we launched a new Diversity and Inclusion ('D&I') strategy focused on five priorities:

> Embedding inclusive leadership;
> Bringing inclusion to life;
> Improving systems and structures;
> Accelerating progress; and
> Raising our external profile.

Our Accord Employee Networks play an important role in making the Group a diverse and inclusive workplace by bringing the voices of our colleagues to life. Run by colleagues, for colleagues, the networks connect and support them on a variety of topics including gender, health and wellbeing, LGBTQ+, multicultural, and veterans.

We run an annual calendar of awareness raising activities to mark the events that are important to colleagues. For example, our Multicultural Network in London hosted its annual 'Insight Day' event for Black and Asian students from the Cardiff Metropolitan University. In Asia Pacific, we joined forced with the charity Tender to host a session for parents and carers of young people, as part of our programme of activity marking Mental Health Awareness month. Our London Women's Network hosted an event with the charity Refuge, to learn more about their Tech Abuse Service, which received funding through ICAP Charity Day. The Pride Network in London held a celebration event showcasing LGBT+ talent. We also work intersectionally. Our Americas networks joined forces to host an event at the New York Stock Exchange focused on the importance of diversity within the broking community.

We do not currently collect disability data from our colleagues, beyond discussions for adjustments. However, we plan to begin collecting this information from 2024. We are also launching a Disability employee network in 2024. We work hard to continue to employ people who acquire a disability, either through role adjustments or change of roles. This year, we signed up to the Working with Cancer Pledge, reinforcing our commitment to ensuring those managing a disability or long-term medical condition, or caring for someone who is, can focus on their journey without worrying about work.

Our targets and performance

In 2021, we set a target to increase the female representation of our non-broking employee base from 34% to 38% by the end of 2025. At the end of 2023, female representation within this group is 35%.

This year, we set a new target to increase ethnic minority representation in our senior management population from 13.3% to 15% by the end of 2027. This target has been established following the Parker Review recommendations.

We are introducing career framework guides for all parts of the organisation, with clear and transparent competencies to support development conversations and career mapping. Within our new talent process, we are also introducing talent mapping and boards, within which we have embedded diversity monitoring into this process to mitigate bias.

Progress this year

- Developed a self-ID data capture system, which will launch in early 2024. This will enable us to better understand colleague representation and identify areas where there are barriers to colleagues thriving, as well as where our work is having a positive impact.
- Launched region-specific plans to focus on the relevant actions to advance the D&I strategy execution for each location and business unit.
- Began to raise our profile as an employer of choice. In November, we sponsored a category at the European Diversity Awards.
- Established a Global Inclusion Council ('GIC'), which meets quarterly to oversee our progress against priorities. Chaired by Philip Price, the senior sponsor and Group General Counsel, the GIC comprises senior leaders from across our business divisions and support functions.
- Piloted an inclusion objective for all Senior Leaders. This will expand to all staff in 2024.

Human Rights and Modern Slavery

We support the UN Guiding Principles for Human Rights. We are committed to taking steps to combat the risk of any form of modern slavery occurring in our business or supply chain.

More online
Read our Modern Slavery statement on our website:

https://tpicap.com/tpicap/responsibility/our-commitments/modern-slavery-and-human-trafficking-statement

Developing Diverse Leaders of Tomorrow

We have partnered with McKinsey's Connected Leadership programme to help accelerate the career progression of Black, Asian and Hispanic colleagues. The programme provides skills development and networking opportunities to relevant employees, to support their progress and realise their potential. The programme aims to support our target to increase ethnic minority representation at senior manager level.

Employee diversity and inclusion

Gender representation by category

Category	Current reporting year (2023) Female		Male		Not disclosed		Comparison reporting year (2022)[1] Female		Male		Not disclosed	
Executive Management	3	(16%)	16	(84%)			4	(20%)	16	(80%)		
Non-executive Management	30	(26%)	86	(74%)			42	(26%)	122	(74%)		
Professionals	232	(24%)	747	(76%)			197	(21%)	717	(78%)	3	(1%)
All other employees	1,081	(26%)	3,092	(73%)	9	(1%)	1,045	(25%)	3,092	(75%)	12	(1%)

US-only employee racial/ethnic group[2]

Category	Current reporting year (2023) Asian	Black or African American	Hispanic or Latino	White	Other	Not disclosed	Comparison reporting year (2022)[1] Asian	Black or African American	Hispanic or Latino	White	Other	Not disclosed
Executive Management	1 (33%)			2 (67%)			1 (33%)			2 (67%)		
Non-executive Management	1 (4%)			24 (92%)	1 (4%)		3 (8%)		1 (3%)	30 (81%)	1 (3%)	2 (5%)
Professionals	31 (10%)	8 (3%)	10 (4%)	195 (65%)	4 (1%)	50 (17%)	30 (10%)	10 (3%)	10 (3%)	201 (70%)	4 (1%)	38 (13%)
All other employees	107 (9%)	40 (3%)	102 (8%)	755 (61%)	19 (2%)	215 (17%)	121 (9%)	37 (3%)	94 (7%)	769 (61%)	22 (2%)	231 (18%)

Employee turnover and new hires

	Current reporting year (2023) Female		Male		Not disclosed		Comparison reporting year (2022)[1] Female		Male		Not disclosed	
Turnover by gender	260	(28%)	648	(71%)	7	(1%)	318	(29%)	750	(68%)	42	(3%)
New hires by gender	320	(33%)	656	(66%)	8	(1%)	329	(33%)	637	(64%)	29	(3%)

	Current reporting year (2023) <30	30-50	50+	Not disclosed	Comparison reporting year (2022)[1] <30	30-50	50+	Not disclosed
Turnover by age group	275 (30%)	455 (50%)	170 (18%)	15 (2%)	286 (26%)	573 (51%)	207 (19%)	44 (4%)
New hires by age group	468 (48%)	395 (40%)	107 (11%)	14 (1%)	410 (41%)	450 (45%)	98 (10%)	37 (4%)

	Current reporting year (2023) APAC		EMEA		Americas		Comparison reporting year (2022) APAC		EMEA		Americas	
Turnover by region	219	(24%)	421	(46%)	275	(30%)	269	(24%)	548	(50%)	293	(26%)
New hires by region	259	(26%)	492	(50%)	233	(24%)	247	(25%)	523	(52%)	225	(23%)

Share of employment contracts

Employee contract by gender

	Current reporting year (2023) Female		Male		Not disclosed		Comparison reporting year (2022)[1] Female		Male		Non disclosed	
Permanent	1,304	(25%)	3,874	(74%)	9	(1%)	1,248	(24%)	3,890	(75%)	13	(1%)
Temporary	42	(39%)	67	(61%)			40	(40%)	57	(58%)	2	(2%)

Employment type by gender

	Current reporting year (2023) Female		Male		Not disclosed		Comparison reporting year (2022)[1] Female		Male		Not disclosed	
Full-time	1,299	(22%)	3,909	(74%)	9	(1%)	1,237	(24%)	3,917	(75%)	15	(1%)
Part-time	47	(59%)	32	(41%)			51	(63%)	30	(37%)		

Employee contract by region

	Current reporting year (2023) APAC		EMEA		Americas		Comparison reporting year (2022)[1] APAC		EMEA		Americas	
Permanent	1,131	(22%)	2,505	(48%)	1,551	(30%)	1,103	(21%)	2,463	(48%)	1,585	(31%)
Temporary	31	(28%)	64	(59%)	14	(13%)	19	(19%)	58	(59%)	22	(22%)

> Employee data includes permanent, temporary, and fixed-term contract ('FTC') employees of the Group and its subsidiaries. It excludes contingent workers that may need to access a TP ICAP location or system for a specific purpose on a short-term basis.
> The data represents headcount and not full-time equivalent ('FTE').

1 This year we have added a new reporting category 'not disclosed' to improve the transparency of our reporting. This required a restatement of 2022 headcount data for comparability.
2 We collect ethnicity/racial demographic data for US-based employees to meet the reporting requirements set out by the US Equal Employment Opportunities Commission.

Our external communities

Economic impact

We operate in 28 countries with more than 60 offices. The Group generated £2.2 billion revenue in 2023 and paid £646 million to tax authorities (2022: £542 million). This comprised corporation tax, premises taxes, employer's social security payments, income taxes, withholding tax, social security paid on behalf of employees in the UK and the US (the main jurisdictions in which we operate), and VAT/sales taxes borne and collected. The Group also makes tax payments to the authorities in other tax jurisdictions in which it operates.

As our people are our main resource, we paid £1.4 billion in annual compensation and benefits. General and administrative expenses paid to our supply chain amounted to £511 million. Taken together, the direct and indirect economic impact generated by the Group are significant. We also play a critical role in helping the global capital markets function well. This enables our clients to serve their clients effectively, whether that is to help start or build a business, buy a property, or invest in a pension.

Social impact

Through ICAP Charity Day (see pages 26 and 27), employee volunteer initiatives and Group-wide social mobility partnerships, we work to make a positive social impact.

Championing social mobility with National Numeracy

Numeracy is one of life's crucial building blocks, and an important driver of social mobility. Since 2018, we have had a significant partnership with the UK charity National Numeracy. We funded the development of a range of tools, and resources, to help people develop their numeracy skills.

This year, we launched a volunteer programme with National Numeracy to recruit and train numeracy champions to deliver number-focused assemblies and classroom sessions in primary schools. The sessions aim to inspire young people, and to demonstrate how maths and numbers are used in the real world. Since the programme launched in September, seven volunteers have visited eight UK primary schools, delivering sessions to around 1,360 young people.

In addition, throughout the year we supported the sixth annual National Numeracy Day, and the fourth annual Number Confidence Week, of which we are a founding partner.

National Numeracy Day

More than 800,000 people took part in the 2023 National Numeracy Day campaign – the biggest response so far, and an 80% increase from last year. This number included over 100,000 people taking part in the National Numeracy Challenge, a free online tool which offers over 300 everyday maths questions, tutorials, and multimedia resources to help adults improve their numeracy skills.

Number Confidence Week

The fourth annual Number Confidence Week, held in November, reached more people than ever before. This year's campaign was themed around how number confidence can play a key role in social mobility. More than 50,000 people engaged with the National Numeracy Challenge and free online number confidence resources were downloaded more than 2,000 times.

National Numeracy Leadership Council

We are a founding member of the National Numeracy Leadership Council, where we are represented by Philip Price, Executive Director and Group General Counsel. The Council works with businesses and organisations across the UK to address numeracy challenges and work in partnership to implement solutions.

More online
Read the National Numeracy Day and Number Confidence Week impact reports here:

https://www.nationalnumeracy.org.uk/news/our-impact-number-confidence-week-2023

Inspiring young people

Michael Ball, a Settlements Operations Manager, delivered a numeracy assembly to Holy Child Primary School in Belfast, Northern Ireland. Michael said: "Maths was never really my strong point at school, but I am now in a job where I work with numbers every day and really enjoy it. I had a brilliant time working with the young people, and they seemed to enjoy it too." Kathleen Lavery, numeracy co-ordinator at the school added: "Michael showed a real love of maths and an understanding of the struggles some children might have. The children were engaged, and interacted with the session well." Following the feedback from Holy Child Primary School, Michael was named National Numeracy's volunteer of the month.

In addition, throughout the year we supported the sixth annual National Numeracy Day, and the fourth annual Number Confidence Week, of which we are a founding partner.

CHARITY DAY 2023

ICAP Charity Day

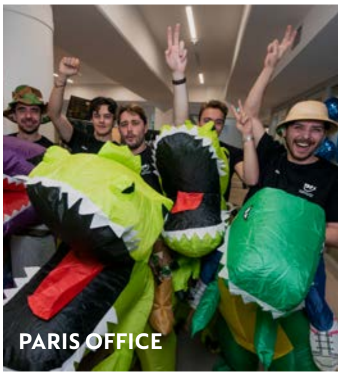
On Thursday 7 December, ICAP held its 31st annual global Charity Day.

Since 1993, ICAP Charity Day has raised money for charities around the world, with 100% of one day's revenue being donated to a variety of causes.

This year, the day began with a video message from His Royal Highness the Prince of Wales, in his role as patron of The Passage, one of our UK-based charity partners. As ever, stars from film, TV, music and sport joined our brokers to close deals with clients. The event raised £5.2 million, which will benefit around 100 different charitable organisations worldwide. This brings the total amount raised to more than £165 million since the first ICAP Charity Day.

KEVIN BACON
Supporting SixDegrees

£5.2m
raised globally



PARIS OFFICE

SHANOLA HAPTON
Supporting Art of Elysium

BANGKOK OFFICE

JEREMY RENNER
Supporting RennerVation Foundation


ALEX LAM
Supporting Hong Kong Cancer Fund


GILLIAN ANDERSON
Supporting The Felix Project


CEREBRAL PALSY ALLIANCE
Australia


JAIME WINSTONE & RAY WINSTONE
Supporting Prostate Cancer UK

Supported around 100 charities worldwide


JOAN COLLINS
Supporting The Prince's Trust & Shooting Star Children's Hospice

HONG KONG OFFICE


SOLS FOUNDATION
Malaysia

£165m since the first ICAP Charity Day in 1993


PENNY LANCASTER & ROD STEWART
Supporting The Prince's Trust


ALZHEIMER'S RESEARCH UK

GOVERNANCE

ESG reporting and performance management
Effective measurement, and reporting, of our ESG performance enables us to identify, assess, and actively manage our economic, environmental, and social impacts. This year, we:

- Completed a detailed qualitative and quantitative climate scenario analysis, to improve our understanding of the relevant climate-related risks and opportunities. See pages 64 to 75 for further detail.
- Reviewed the governance in place to support the collection and reporting of environment data – specifically our Scope 1, 2 and 3 emissions.
- Implemented a data governance manual that establishes the roles and responsibilities of those involved with producing these data sets.
- Moved to a software-based solution for calculating and reporting our carbon emissions.

MSCI Rating
The Group was awarded an 'A' rating by MSCI, one of the world's leading ESG ratings agencies. This marks a significant improvement from the previous BBB score. The rating reflects the steps we have taken to improve the quality of our ESG reporting and overall delivery.

CDP Disclosure
We completed the CDP Climate Change Questionnaire to secure authoritative external benchmarking. A CDP score provides a snapshot of a company's disclosure and environmental performance. In 2023, CDP awarded TP ICAP a 'B-' score, an improvement from 'C' in 2022. The increase in score reflects the improvements we have made to our climate change governance and risk management processes.

ESG Governance
Board-level oversight and engagement
Tracy Clarke is the Non-executive Director responsible for ESG engagement. Tracy works closely with the Group's management team to ensure the Board has oversight of our business strategy from an ESG perspective. For more details, see the Governance Report from page 76 onwards. Our governance arrangements under the TCFD framework are set out on pages 64 to 75.

Senior management
Each of our three Executive Directors – the Group CEO, Group General Counsel, and Group CFO – had ESG-related objectives as part of their 2023 Strategic Objectives, as agreed by the Remuneration Committee. These were assessed as part of annual performance reviews. See the scorecard in the remuneration section on pages 120 to 122 for details.

The Group General Counsel has responsibility for leading the delivery of the Group's overall ESG programme and updating the Board on ESG matters. The Group CFO has responsibility for delivering the Group's climate change reporting, supported on a day-to-day basis by the Group Director for Corporate Affairs.

Business ethics
We are committed to the highest standards of integrity from all colleagues. The standards of behaviour are set out in our **Code of Conduct**. This is complemented by a range of policies and resources, including the TP ICAP Employee Handbook, Regional Compliance manuals, Malus and Clawback Policy, Whistleblowing Policy, and Supplier Code of Conduct.

Our **Whistleblowing Policy** and procedures ensure that any concerns are handled fairly and effectively. They encourage and expect employees to speak out if they have legitimate concerns about wrongdoings. The policy sets out how to raise a concern and how reports are investigated. It also provides assurances relating to confidentiality. Our whistleblowing hotline is independently managed and available 24/7. It is open to colleagues, suppliers and other third parties. The Audit Committee oversees the operation and effectiveness of the Group's whistleblowing system and controls. See the Audit Committee report on page 104 for more detail.

All colleagues completed a programme of **mandatory training** to enhance professional integrity and safeguard against breaches. Modules include Preventing Market Abuse, Anti-Bribery & Corruption, Anti-Money Laundering, and Cyber Security. The training was tailored to reflect both role and region. In total, the average number of training hours per employee in 2023 was 6.2, up from 4.8 in 2022. Colleagues are also required to attest they have read and understood their relevant region's Compliance Manual and the Group Code of Conduct. Completion is tracked and contributes to colleagues' annual performance review process.

To help maintain a strong **conduct culture**, our leaders communicate regularly on the importance of good behaviours. In addition, the firm's Triple A Values emphasise the importance of Accountability in the workplace. This focuses on building trust by being accountable to ourselves, our colleagues, our clients, and broader stakeholders.

This year, we launched a new **Supplier Code of Conduct**, which sets out the minimum standards of business conduct we expect from our suppliers. The Code covers topics including workforce and human rights, health and safety, diversity, and environmental sustainability.

More online
Read our Supplier Code of Conduct on our website:
https://tpicap.com/tpicap/responsibility/our-commitments/procurement-and-modern-slavery

Systemic risk management

We manage our risk profile through our Enterprise Risk Management Framework ('ERMF') and deliver the risk management strategy through a range of actions. They include clear communication of risk-related expectations and responsibilities from senior leadership, and remuneration structures that drive the right behaviours. For more details, please see pages 72 and 73 of the TCFD section and pages 106 to 109 of the Risk Committee report.

Promoting transparent and efficient capital markets

We sit at the centre of the world's financial, energy and commodity markets. We play a central role in connecting clients to liquidity and data solutions. This enables wholesale markets to function effectively and efficiently, notably in times of market stress. In 2023, there were no recorded halts because of any public release of information and there were no pauses related to volatility.

Managing business continuity and technology risks

Our Business Continuity Management focuses on ensuring the safety of our staff and systems, minimising business disruption, and managing crises effectively.

Our crisis management teams are organised on a global and regional level. All events are escalated in accordance with the Group's Event Rating and Escalation Scale, as stated in the Group's Enterprise Risk Management Framework. Global and Regional Change Advisory Boards have oversight of technology updates. IT incidents are tracked and managed based on the severity of the incident against an application and IT Services tiering scale.

This year we experienced no IT, Business Continuity, data, or cyber security breaches that caused significant market disruption or had a material adverse effect on our business.

Tax and other social payments

The Group has published a Group Tax Strategy, available on our website. This strategy explains that we are committed to complying with tax laws in a responsible manner and to open and constructive relationships with tax authorities wherever we operate. The Group's tax risk appetite is low.

Political contributions

Nil. It is the Company's policy not to make cash contributions to any political party. However, within the normal activities of the Group, there may be occasions when an activity might fall within the broader definition of 'political expenditure'. Therefore, the Company has sought to obtain shareholder authority to make limited donations at each AGM.

More online
Read our Group Tax Strategy published on our website:
https://tpicap.com/tpicap/responsibility/our-commitments/group-tax-strategy

DELIVERING SUSTAINABLE OUTCOMES

OUR DRIVERS

Our Purpose
To provide clients with access to global financial, energy, and commodities markets, improving price discovery, liquidity, and distribution of data, through responsible and innovative solutions.

Our Vision
To be the world's most trusted, and innovative, liquidity and data solutions specialist.

Our Mission
Through our people and technology, we connect clients to superior liquidity and data solutions.

OUR ASSETS

Our Resources

Scale
World's largest inter-dealer broker, energy and commodities broker, and provider of OTC market data. Global footprint, with operations across 28 countries. Coverage across all major asset classes and products

Brands
Five trusted brands: Tullett Prebon, ICAP, PVM, Liquidnet, Parameta Solutions

Client Base
Enduring relationships with world-leading institutions, spanning buy-side and sell-side

Low-risk Operating Model
No proprietary trading/market-making: brokers act solely as intermediaries between client transactions

Technology & Innovation
Client-led investment in innovative technology: Fusion connects clients across every major asset class, across the full life cycle of a trade

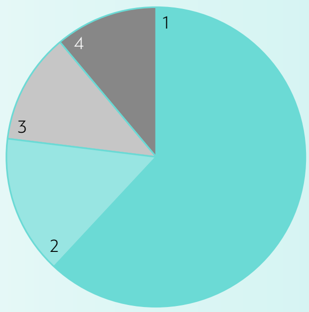
People & Culture
Talented global workforce, with a purpose-driven culture, led by our Triple-A values: Accountability, Authenticity, Adaptability

Cash & Capital
Highly cash generative with a clear capital allocation framework: investment, reducing debt, defined dividend policy, and shareholder return of surplus capital, as appropriate

WHAT WE DO

Our Operations
We generate revenue by providing broking and agency execution services (92% of Group revenue), and by selling data-led solutions (8% of Group revenue).

We carry out broking and agency execution according to three models: Name Passing[1], Matched Principle[2], and Executing Broker[3]. The majority of our revenue (c.60%) is denominated in US Dollars.



1 USD	62%
2 EUR	15%
3 GBP	12%
4 Other	11%

Read more
Financial and operating review
Page 34

Our Market
Understanding the key market trends that affect our business means we are well positioned to seize opportunities.

Read more
Market trends
Page 14

OUR STRATEGY

Our Priorities

We are transforming our Group to future-proof our core broking proposition through technology. We are also diversifying through new clients, new asset classes, and greater non-broking revenue.

Read more
Our strategy
Page 16

TRANSFORMATION

DIVERSIFICATION

DYNAMIC CAPITAL MANAGEMENT

Risk Management

Effective risk management is essential to the financial strength and resilience of the Group and for delivering its business strategy.

Read more
Principal risks and uncertainties
Page 55

Sustainability

Our approach to managing our business responsibly, including building a diverse and inclusive culture, to deliver long-term value for our stakeholders.

Read more
Our approach to sustainability
Page 18

1 Where the Group identifies and introduces buyers and sellers who then complete the transaction between themselves at mutually acceptable terms.
2 Where the Group is the counterparty to both the buyer and seller of a matching trade (we hedge every client trade with an equal transaction), and maintain client anonymity.
3 Where the Group executes transactions on certain regulated exchanges in respect of client buy or sell orders, and then 'gives-up' the trade to the relevant client.

THE OUTCOMES AND IMPACT

Our Stakeholders

Our stakeholders are integral to the success of the Company, and we are committed to creating sustainable value and mutually beneficial outcomes.

Read more
Stakeholder engagement
Page 46

Clients
Through our people and technology, provide superior liquidity and unique data solutions.

Example: Fusion rollout, 44% of in-scope desks now live.

People
Attracting, nurturing, retaining and rewarding employees by making TP ICAP a great place to work.

Example: Employee engagement score of 67% (2021: 60%).

Investors
Long-term value creation and sustainable returns.

Example: £30m buyback completed; Second £30m buyback announced; Final dividend up 27%.

Regulators
Strong governance and oversight; building trust through regular, open dialogue.

Example: Constructive dialogue on the Group's regulatory capital position during ICARA review.

Suppliers
Working with suppliers to build sustained partnerships.

Example: Understanding ESG credentials through supplier engagement.

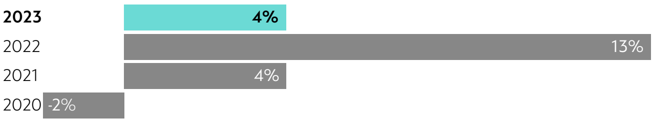
Communities
Making a positive impact through colleague fundraising and volunteering.

Example: £5.2m raised for 2023 ICAP Charity Day.

KEY PERFORMANCE INDICATORS

Our KPIs are Alternative Performance Measures as defined by European Securities and Markets Authority ('ESMA'). We provide these to offer additional insights into the Group's financial results.

Revenue growth
Reported (%)



KPI definition
Revenue growth is defined as the annual growth of total reported revenues. Group revenues are shown on page 35.

Comment
Our core revenue growth is driven by transactional volumes that reflect wider market conditions. The Group delivered a good financial performance, against a backdrop of macro and geopolitical-driven volatility. Group revenues increased 4% year-on-year on a reported basis (+3% on a constant currency basis).

Contribution[1]
Reported (£m)

KPI definition
Contribution is calculated as revenue less broker compensation and other front office costs. It also includes the revenue of Parameta Solutions less direct costs.

Comment
Contribution is another measure of business profitability, captured at the divisional level. It provides an indication of business division financials before management support costs. Group contribution improved by 7% increasing from £795m in 2022 to £848m in 2023.

Adjusted operating profit (EBIT) margin[2]
Reported (%)

KPI definition
Adjusted operating profit margin is calculated by dividing adjusted operating profit by revenue for the period. A reconciliation of adjusted operating profit to statutory operating profit is shown on page 160.

Comment
Adjusted operating profit margin is a measure of business profitability and is principally driven by revenue, broker and support staff compensation and other administrative expenses. The adjusted operating profit margin for 2023 increased by 0.7 percentage points relative to 2022.

Adjusted earnings per share (‘EPS’)
Reported (p)

KPI definition
Adjusted earnings per share is calculated by dividing the adjusted profit after tax by the basic weighted average number of shares in issue. See adjusted EPS section on page 207.

Comment
Over the long term, growth in shareholder value and returns are linked to growth in adjusted EPS, which measures the adjusted profitability of the Group after tax and interest costs.

1 Prior year numbers have been restated to reflect a £32m reclassification of technology costs from front office costs to management & support costs, to better reflect the nature of these costs. The reclassification impacts Liquidnet, Global Broking and Group only.
2 Refer to page 40 of the Operating and Financial Review for comparison of performance with 2023 targets.

FINANCIAL AND OPERATING REVIEW

"We delivered a strong financial performance, higher revenues from diversified sources and continued cost discipline in a tough environment."

All percentage movements quoted in the analysis of financial results that follows are in reported currency, unless otherwise stated. Reported currency refers to prior year comparatives translated using prior year foreign exchange rates.

Introduction

The Group delivered a good financial performance: revenue increased 4% to £2,191m (3% ahead in constant currency), building on the 13% growth in 2022.

In line with our expectations, following a strong performance in 2022, revenue in our largest division, Global Broking, was unchanged. Energy & Commodities delivered record revenue growth of 18%, benefitting from improved market conditions. This included double-digit growth across all the key asset classes (Oil, Power and Gas).

Liquidnet revenue (excluding Credit, now reported as part of our Credit asset class in Global Broking) declined marginally. Cash Equities revenue was 8% down, but outperformed the activity in large block market volumes – Liquidnet's key market segment. We grew our market share in the US and EMEA regions, underlining the strength of our franchise. Cash Equities revenue increased by 9% in the fourth quarter, and this positive momentum has continued so far in 2024.

Parameta Solutions, a world leader in the provision of OTC data and analytics, grew its revenue by 8% and continues to benefit from the delivery of multi-channel distribution and diversification of its client base.

Our focus on cost management (annualised Liquidnet integration cost synergies of £43m), and broker productivity (average revenue per broker +10%), increased our Group contribution margin to 38.7% (2022: 37.6%). We delivered a record adjusted EBIT of £300m (2022: £275m), up 9%, with EBIT margin increasing to 13.7% from 13.0%, despite a £11m foreign currency loss arising from the retranslation of the Group's monetary assets and liabilities (2022: £14m gain).

The Group incurred significant items of £153m post-tax in reported earnings (2022: £91m) with the year-on-year increase driven by the £76m (net of tax) in 2023 impairment of goodwill and acquired intangibles assets in Liquidnet. The impairment reflects the particularly challenging equity markets seen over the last two years, as well as an increase in the discount rate. Significant items excluding the impairment and income and costs associated with legal and regulatory matters, were lower than our previous guidance of £85m (pre-tax). Group's reported EBIT was £128m (2022: £163m).

At our Capital Markets Day in 2020, we set out our strategy to transform, grow, and diversify the Group. At the same time, we set out a range of 2023 targets which we adjusted last year to principally reflect the challenging market conditions for Liquidnet Equities, and the impact of the pandemic. We have exceeded the updated guidance for most of these targets.

Dynamic capital management is an important strategic priority for us. We freed up our targeted £100m of cash, which is being used to reduce Group debt. Our leverage ratio[1] is now 1.9 times, and is expected to reduce further, when we report our half year 2024 results in August. We delivered strong cash generation, with a cash conversion ratio of 124% (2022: 156%). We announced a second share buyback programme of £30m, following the completion of the initial £30m programme in January 2024. Finally, in line with our dividend policy, the Board is recommending a final 2023 dividend of 10.0 pence per share, representing a full year 2023 dividend of 14.8 pence per share, up 19.4%.

1. Total debt (excluding finance lease liabilities) dividend by adjusted EBITDA as defined by Rating Agency.

Robin Stewart
Executive Director and Chief Financial Officer
12 March 2024

Key financial and performance metrics

	2023 £m	2022 Reported[2] £m	2022 Constant Currency[2] £m	Reported change	Constant Currency Change
Revenue	**2,191**	2,115	2,119	4%	3%
Reported					
– EBIT	**128**	163	165	(21%)	(22%)
– EBIT margin	**5.8%**	7.7%	7.8%	(1.9%)	(2.0%)
Adjusted					
– Contribution	**848**	795	797	7%	6%
– Contribution margin	**38.7%**	37.6%	37.6%	1.1%	1.1%
– EBITDA	**373**	357	359	4%	4%
– EBIT	**300**	275	277	9%	8%
– EBIT margin	**13.7%**	13.0%	13.1%	0.7%	0.6%
Average					
– Broker headcount[1]	**2,556**	2,680	2,680	(5%)	(5%)
– Revenue per broker[1] (£'000)	**716**	652	653	10%	10%
– Contribution per broker[1] (£'000)	**268**	230	230	17%	17%
Period end					
– Broker headcount[1]	**2,523**	2,613	2,613	(3%)	(3%)
– Total headcount	**5,179**	5,161	5,161	–	–

1 Revenue per broker and contribution per broker are calculated as external revenue and contribution of Global Broking, Energy & Commodities and Liquidnet (excluding the Acquired Liquidnet platform) divided by the average broker headcount for the year. 2022 broker headcount restated to include Liquidnet Credit platform to reflect the Credit platform merger with Global Broking.

2 Prior year numbers have been restated to reflect £32m reclassification of technology costs from front office costs to management & support costs to better reflect the nature and management of these costs.

Income statement

Whilst not a substitute for IFRS, management believe adjusted figures provide relevant information to better understand the underlying business performance. These adjusted measures, and other alternative performance measures ('APMs'), are also used by management for planning and to measure the Group's performance.

2023	Adjusted £m	Significant items £m	Reported £m
Revenue	**2,191**	–	**2,191**
Employment, compensation and benefits	(1,354)	(6)	(1,360)
General and administrative expenses	(478)	(33)	(511)
Depreciation and impairment of PPE and ROUA	(45)	(11)	(56)
Amortisation and impairment of intangible assets	(28)	(130)	(158)
Operating expenses	**(1,905)**	**(180)**	**(2,085)**
Other operating income	14	8	22
EBIT	**300**	**(172)**	**128**
Net finance expense	(29)	(3)	(32)
Profit before tax	**271**	**(175)**	**96**
Tax	(67)	27	(40)
Share of net profit of associates and joint ventures	25	(5)	20
Non-controlling interests	(2)	–	(2)
Attributable Earnings	**227**	**(153)**	**74**
Basic average number of shares (millions)	777.7		777.7
Basic EPS (pence per share)	29.2p		9.5p
Diluted average number of shares (millions)	794.2		794.2
Diluted EPS (pence per share)	28.6p		9.3p

2022	Adjusted £m	Significant items £m	Reported £m
Revenue	**2,115**	–	**2,115**
Employment, compensation and benefits	(1,296)	(24)	(1,320)
General and administrative expenses	(474)	(32)	(506)
Depreciation and impairment of PPE and ROUA	(49)	(9)	(58)
Amortisation and impairment of intangible assets	(33)	(65)	(98)
Operating expenses	**(1,852)**	**(130)**	**(1,982)**
Other operating income	12	18	30
EBIT	**275**	**(112)**	**163**
Net finance expense	(49)	(1)	(50)
Profit before tax	**226**	**(113)**	**113**
Tax	(58)	22	(36)
Share of net profit of associates and joint ventures	29	–	29
Non-controlling interests	(3)	–	(3)
Attributable Earnings	**194**	**(91)**	**103**
Basic average number of shares (millions)	779.1		779.1
Basic EPS (pence per share)	24.9p		13.2p
Diluted average number of shares (millions)	790.6		790.6
Diluted EPS (pence per share)	24.5p		13.0p

All percentage movements quoted in the analysis of financial results that follows are in constant currency, unless otherwise stated. Constant currency refers to prior year comparatives being retranslated at current year foreign exchange rates to support comparison on an underlying basis.

Revenue by division

Total Group revenue in 2023 of £2,191m was 3% higher than the prior year (+4% in reported currency). Global Broking revenue was broadly in line, with the performance underpinned by another strong year for Rates and growth in FX and Money Markets. Energy & Commodities revenue increased by 18% supported by improved market activity across Oil, Power and Gas. Supply disruptions caused by the war in Ukraine receded and European gas prices returned to more normal levels, leading to an increase in trading activity. In Liquidnet revenue was down 1% due to challenging equity market conditions, particularly during H1 2023. However, an improvement in equity markets in Q4 saw Cash Equities revenue rise 13%, providing good momentum for 2024. The rest of the Liquidnet division delivered strong growth (+12%), driven by the Relative Value desks. Parameta Solutions revenue was up 8% as it continued to benefit from growing demand for high quality financial markets data. Growth accelerated to 11% in H2 2023.

By Business Division	2023 £m	2022 (restated reported currency) £m	2022 (restated constant currency) £m	Reported currency change	Constant currency change
Rates	566	567	567	–	–
FX & Money Markets	312	302	302	3%	3%
Equities	237	246	246	(4%)	(4%)
Credit[2]	121	125	125	(3%)	(3%)
Inter-division revenue[1]	22	22	22	–	–
Global Broking[3]	**1,258**	**1,262**	**1,262**	–	–
Energy & Commodities	455	384	386	18%	18%
Inter-division revenue[1]	3	3	3	–	–
Energy & Commodities	**458**	**387**	**389**	**18%**	**18%**
Liquidnet[2]	**315**	**316**	**318**	–	**(1%)**
Data & Analytics	185	175	175	6%	6%
Inter – division revenue[1]	4	–	–	n/a	n/a
Parameta Solutions[3]	**189**	**175**	**175**	**8%**	**8%**
Inter-division eliminations[1]	(29)	(25)	(25)	(16%)	(16%)
Total Revenue	**2,191**	**2,115**	**2,119**	**4%**	**3%**

1 Inter-division revenue has been recognised in Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Parameta Solutions division. The Global Broking and Energy & Commodities inter-division revenue and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.
2 Liquidnet Credit revenue of £11m is now reported as part of Global Broking. 2023 disclosures are on this basis, with 2022 results restated, to ensure a like-for-like comparison year-on-year. £9m of Credit revenue in 2022 has been reclassified from Liquidnet to Global Broking.
3 Parameta Solutions desks transferred into Global Broking reflecting the change in focus of business activities. 2022 Revenue for Global Broking increased by £2m, Parameta Solutions reduced by £2m.

Operating expenses

The table below sets out operating expenses, divided principally between front office costs and management and support costs. Front office costs tend to have a large variable component and are directly linked to the output of our brokers. The largest element of this is broker compensation as well as other front office costs, which include travel and entertainment, telecommunications and information services, clearing and settlement fees as well as other direct costs. The remaining cost base represents the management and support costs of the Group.

	2023 £m	2022 (restated[1] reported currency) £m	2022 (restated[1] constant currency) £m	Reported Currency Change	Constant Currency Change
Front office costs					
– Global Broking	761	798	799	(5%)	(5%)
– Energy & Commodities	304	263	264	16%	15%
– Liquidnet	207	197	197	5%	5%
– Parameta Solutions	71	62	62	15%	15%
Total front office costs[2]	**1,343**	**1,320**	**1,322**	**2%**	**2%**
Management and support costs					
– Employment costs	319	297	297	7%	7%
– Technology and related costs	93	93	93	–	–
– Premises and related costs	29	28	28	4%	4%
– Depreciation and amortisation	73	82	82	(11%)	(11%)
– Other administrative costs	37	46	46	(20%)	(20%)
Total management and support costs	**551**	**546**	**546**	**1%**	**1%**
– FX (gains)/losses	11	(14)	(14)	n/a	n/a
Total management & support costs (incl. FX losses/(gains)	**562**	**532**	**532**	**6%**	**6%**
Total adjusted operating costs	**1,905**	**1,852**	**1,854**	**3%**	**3%**
Significant items	180	130	128	38%	41%
Total operating expenses	**2,085**	**1,982**	**1,982**	**5%**	**5%**

1 Prior year numbers have been restated to reflect £32m reclassification of technology costs from front office costs to management & support costs to better reflect the nature of these costs. The reclassification impacts Liquidnet, Global Broking and the Group.
2 Includes all front office costs, including broker compensation, sales commission, travel and entertainment, telecommunications, information services, clearing and settlement fees as well as other direct costs.

Total front office costs of £1,343m increased by 2% on reported and constant currency basis compared with 2022, in line with increase in revenue. In 2022 there was a £21m P&L charge, net of recoveries relating to Russian exposures. Excluding this charge, the front office costs increased by 3%, Total management & support costs (excluding FX (gains)/losses) of £551m remained broadly in line compared with the previous period. The FX impact from the retranslation of monetary assets and liabilities reversed from a £14m gain in 2022, to an £11m loss in 2023. We maintained tight cost discipline and the impact of ongoing inflationary pressures and continuing investment in Liquidnet Credit was largely offset by the delivery of further cost savings, which has strengthened our operating leverage. We have now delivered £43m of annualised Liquidnet integration cost synergies, exceeding our target of £30m.

Total operating expenses of £2,085m, increased by 5% compared with 2022. During 2023, we incurred total strategic IT investment spend amounting to £26m (2022: £22m) comprising £7m of operating expenses and £19m of capital expenditure. (2022: £8m operating expenses and £14m capital expenditure).

Capital and liquidity management

Capital management

The Group achieved its target of freeing up c.£100m of cash, six months ahead of schedule. It is being used to reduce Group debt, thereby reducing our future net finance costs, and increasing our investment grade headroom.

In April 2023, we issued £250m Sterling Notes maturing in 2030 under the Group's Euro Medium Term Note ('EMTN') programme. The proceeds were used to repay £210m of the outstanding Sterling Notes, in 2023 and the balance at maturity, in January 2024.

Free cash flow generation was strong at £281m (2022: £302m), representing a 124% cash conversion (free cash flow divided by adjusted attributable earnings).

We announced a share buyback programme of up to £30m in August 2023 which was executed during the second half of 2023 and completed in the first week of January 2024. We have announced a second buyback of £30m. The Board remains committed to identifying and returning any potential surplus capital to shareholders, subject to the ongoing assessment of our balance sheet and investment requirements.

Liquidity management

The Group extended the £350m syndicated Revolving Credit Facility ('RCF') for a further year to May 2026. In January 2024 the Yen10bn RCF with a Japanese strategic partner has also been extended to February 2026.

Significant items

Items that distort comparisons due to their size, nature or frequency, are excluded in order to provide additional understanding, comparability and predictability of the underlying trends of the business, to arrive at adjusted operating and profit measures.

Significant items are categorised as below:

Restructuring and related costs

Restructuring and related costs arise from initiatives to reduce the ongoing cost base and improve efficiency to enable the delivery of our strategic priorities. These initiatives are significant in size and nature to warrant exclusion from adjusted measures. Costs for other smaller scale restructuring are retained within both reported and adjusted results.

Disposals, acquisitions and investments in new businesses

Costs, and any related income, related to disposals, acquisitions and investments in new business are transaction dependent and can vary significantly year-on-year, depending on the size and complexity of each transaction. Amortisation of purchased and developed software is contained in both the reported and adjusted results as these are considered to be core to supporting the operations of the business.

Impairment

The Group conducts its goodwill and intangible asset impairment test annually in September, or more frequently if indicators of impairment exist. Impairment assessments are performed by comparing the carrying amount of a cash generating unit ('CGU'), to its recoverable amount. Judgement is involved in estimating the future cash flows of the cash-generating units and the rates used to discount these cash flows.

Legal and regulatory matters

Costs, and recoveries, related to certain legal and regulatory cases are treated as significant items due to their size and nature. Management considers these cases separately due to the judgements and estimation involved, the costs and recoveries of which could vary significantly year-on-year.

The table below shows the significant items in 2023 vs 2022, of which around 85% of the total 2023 costs are non-cash.

	2023 Gross Expense £m	2023 Tax Relief £m	2023 Net Amount £m	2022 Gross Expense £m	2022 Tax Relief £m	2022 Net Amount £m
Restructuring & related costs						
– Property rationalisation[1]	15	(3)	12	16	(3)	13
– Liquidnet integration	9	(2)	7	9	(1)	8
– Group cost saving programme	–	–	–	21	(3)	18
– Business restructuring[2]	2	–	2	2	–	2
– Remeasurement of employee group income protection ('GIP') provision	–	–	–	(7)	1	(6)
Subtotal	**26**	**(5)**	**21**	**41**	**(6)**	**35**
Disposals, acquisitions and investment in new business						
– Amortisation of intangible assets arising on consolidation	44	(11)	33	45	(10)	35
– Liquidnet acquisition related[3]	10	(2)	8	(15)	(6)	(21)
– Foreign exchange losses	(2)	1	(1)	5	–	5
– Adjustment to deferred consideration[4]	(3)	–	(3)	8	–	8
– Strategic project costs	–	–	–	3	–	3
Subtotal	**49**	**(12)**	**37**	**46**	**(16)**	**30**
Impairment[5]						
– Liquidnet goodwill	47	–	47	–	–	–
– Liquidnet customer relationships	39	(10)	29	20	–	20
Subtotal	**86**	**(10)**	**76**	**20**	–	**20**
Legal & regulatory matters[6] – Subtotal	**11**	**–**	**11**	**5**	**–**	**5**
Total pre-financing cost	**172**	**(27)**	**145**	**112**	**(22)**	**90**
– Financing interest expense on Vendor Loan Notes, amortisation of discount on deferred consideration and GIP provision	3	–	3	1	–	1
Total post-financing cost	**175**	**(27)**	**148**	**113**	**(22)**	**91**
Associate impairment[7]	5	–	5	–	–	–
Total	**180**	**(27)**	**153**	**113**	**(22)**	**91**

1 £12m Property rationalisation costs include costs relating to exiting Liquidnet's Hong Kong and New York office.
2 £2m of Business restructuring costs include the ongoing work to simplify the Group's legal entity structure and free up capital.
3 £8m of Liquidnet acquisition related costs relating to settling commercial and regulatory matters arising from the Liquidnet acquisition.
4 £(3)m adjustment to deferred consideration includes the reduction of deferred consideration on the Liquidnet earnout in the light of lower performance in the equities business.
5 £76m recognised impairment of the carrying values of goodwill and acquired customer relationships in Liquidnet as a result of prolonged adverse changes in equity market conditions, and an increase in the discount rate that is applied to cash flow projections.
6 £11m Legal & regulatory matters includes costs related to proceedings issued by the Frankfurt and Cologne Prosecutors, civil claims relating to 'cum-ex', the defence of LIBOR actions and settlement, costs related to the Company bringing a warranty claim against NEX Group and costs related to ongoing regulatory investigations.
7 £5m relates to the impairment of the Group's carrying value of an associate company on disposal – Corretaje e Informacion Monetaria Y de Divisas SA ('CIMD').

Net finance expense

The adjusted net finance expense of £29m (reported net finance expense £32m), is comprised of £46m interest expense and £14m of net interest on finance leases, offset by £31m interest income. The net finance expense is £20m lower compared with £49m in 2022. This is mainly due to:

> £26m increase in interest income following concerted effort to maximise the interest rate yield on increasing cash balances;
> £7m increase in interest expense from 2030 Sterling Notes refinanced at higher rate (7.875%) compared with the 2024 Sterling Notes repaid (5.25%); and
> £1m decrease in net financing leasing costs.

Tax

The effective rate of tax on adjusted profit before tax is 24.7% (2022: 25.7%). The effective rate of tax on reported profit before tax is 41.7% (2022: 31.9%).

Basic EPS

The average number of shares used for the 2023 Basic EPS calculation is 777.7m (2022: 779.1m). This reflects the 788.7m shares in issue as at 31 December 2022, less the 8.8m shares held in trust as at 31 December 2022, adjusted for the time-apportioned movements in shares during 2023. Time-apportioned movements during the year were an increase of 0.5m in respect of own shares held in trust and a decrease of 2.7m in respect of treasury shares acquired through the share buyback.

The TP ICAP plc Employee Benefit Trust has waived its rights to dividends.

The reported Basic EPS for 2023 was 9.5p (2022: 13.2p) and adjusted Basic EPS for 2023 was 29.2p (2022: 24.9p).

Dividend

The Board is recommending a final dividend for 2023 of 10.0p, which, when added to the interim dividend of 4.8p, results in a total dividend for the year of 14.8p, an increase of 19% from the previous year. This aligns to the Group's dividend policy which targets a dividend cover of approximately two times on adjusted post-tax earnings. The dividend distribution during the year is typically based on a pay-out range of 30-40% of H1 adjusted post-tax earnings with the balance paid in the final dividend. The final dividend will be paid on 24 May 2024 to shareholders on the register at close of business on 12 April 2024. The ex-dividend date will be 11 April 2024.

The Company offers a Dividend Reinvestment Plan ('DRIP'), where dividends can be reinvested in further TP ICAP Group plc shares. The DRIP election cut-off date will be 02 May 2024.

Targets for 2023 and Guidance for 2024

At the Capital Markets Day ('CMD') in December 2020 we set out financial targets for the end of 2023 and subsequently updated guidance to reflect the impact of the pandemic and the challenging equity market conditions for the Liquidnet platform. As we often highlight, it is difficult to predict future levels of market activity, given the highly uncertain macro and geopolitical outlook.

We have met most of our guidance.

	Total Group	GB[1]	E&C	PS	LN[1]
Contribution Margin					
Latest guidance		39% to 40%	33% to 35%	>50%	c.30%
2023 Reported		**39.8%**	**33.6%**	**49.2%**	**22.4%**
Adjusted EBIT Margin					
Latest guidance	c.14%	17% to 19%	13% to 15%	>45%	
2023 Reported	**13.7%**	**17.8%**	**15.5%**	**40.7%**	
Cash Conversion					
Latest guidance	c.80%				
2023 Reported	**124%**				

1 For comparison with 2023 latest guidance, Liquidnet Credit is excluded from Global Broking, to ensure a like-for-like basis. The contribution margin also excludes the 2023 reclassification of technology costs (£6m) from front office costs into management & support costs for Global Broking and (£26m) for Liquidnet.

Our guidance for 2024 is as follows:

> Significant items in 2024 are expected to be c.£65m (pre-tax), excluding potential income and costs associated with legal and regulatory matters;
> Group net finance expense of c.£25m;
> Management & support costs (excluding FX gains or losses) are expected to grow in line with inflation; and
> Dividend cover of c.2 times adjusted post-tax earnings.

Performance by Primary Operating Segment (divisional basis)

The Group presents below the results of its business by Primary Operating Segment with a focus on revenue and APMs used to measure and assess performance.

2023	GB[3,4] £m	E&C £m	LN[4] £m	PS[3] £m	Corp/ Elim £m	Total £m
Revenue:						
– External	1,236	455	315	185	–	2,191
– Inter-division[1]	22	3	–	4	(29)	–
	1,258	**458**	**315**	**189**	**(29)**	**2,191**
Total front office costs:						
– External	(761)	(304)	(207)	(71)	–	(1,343)
– Inter-division[1]	(4)	–	–	(25)	29	–
	(765)	**(304)**	**(207)**	**(96)**	**29**	**(1,343)**
Contribution	**493**	**154**	**108**	**93**	–	**848**
Contribution margin	*39.2%*	*33.6%*	*34.3%*	*49.2%*	–	*38.7%*
Net management and support costs:						
– Management and support costs	(259)	(75)	(87)	(14)	(54)	(489)
– Other operating income	3	1	–	–	10	14
Adjusted EBITDA	**237**	**80**	**21**	**79**	**(44)**	**373**
Adjusted EBITDA margin	*18.8%*	*17.5%*	*6.7%*	*41.8%*	*n/a*	*17.0%*
– Depreciation and amortisation	(31)	(9)	(11)	(2)	(20)	(73)
Adjusted EBIT	**206**	**71**	**10**	**77**	**(64)**	**300**
Adjusted EBIT margin	*16.4%*	*15.5%*	*3.2%*	*40.7%*	*n/a*	*13.7%*
Average broker headcount	1,815	599	142			2,556
Average sales headcount	–	–	107			107
Revenue per broker (£'000)[2]	681	759	972			716
Contribution per broker (£'000)[2]	272	257	262			268

2022 (reported currency)	GB[3,4,5] £m	E&C £m	LN[4,5] £m	PS[3] £m	Corp/ Elim £m	Total[5] £m
Revenue:						
– External	1,240	384	316	175	–	2,115
– Inter-division[1]	22	3	–	–	(25)	–
	1,262	**387**	**316**	**175**	**(25)**	**2,115**
Total front office costs:						
– External	(798)	(263)	(197)	(62)	–	(1,320)
– Inter-division[1]	–	–	–	(25)	25	–
	(798)	**(263)**	**(197)**	**(87)**	**25**	**(1,320)**
Contribution	**464**	**124**	**119**	**88**	–	**795**
Contribution margin	*36.8%*	*32.0%*	*37.7%*	*50.3%*	–	*37.6%*
Net management and support costs:						
– Management and support costs	(242)	(65)	(93)	(7)	(43)	(450)
– Other operating income	2	–	–	–	10	12
Adjusted EBITDA[3]	**224**	**59**	**26**	**81**	**(33)**	**357**
Adjusted EBITDA margin	*17.7%*	*15.2%*	*8.2%*	*46.3%*	*n/a*	*16.9%*
– Depreciation and amortisation	(36)	(10)	(25)	(2)	(9)	(82)
Adjusted EBIT[3]	**188**	**49**	**1**	**79**	**(42)**	**275**
Adjusted EBIT margin	*14.9%*	*12.7%*	*0.3%*	*45.1%*	*n/a*	*13.0%*
Average broker headcount	1,908	632	139			2,680
Average sales headcount	–	–	119			119
Revenue per broker (£'000)[2]	650	607	894			652
Contribution per broker (£'000)[2]	243	196	200			230

2022 (constant currency)	GB[3,4,5] £m	E&C £m	LN[4,5] £m	PS[3] £m	Corp/ Elim £m	Total[5] £m
Revenue:						
– External	1,240	386	318	175	–	2,119
– Inter-division[1]	22	3	–	–	(25)	–
	1,262	**389**	**318**	**175**	**(25)**	**2,119**
Total front office costs:						
– External	(799)	(264)	(197)	(62)	–	(1,322)
– Inter-division[1]	–	–	–	(25)	25	–
	(799)	**(264)**	**(197)**	**(87)**	**25**	**(1,322)**
Contribution	**463**	**125**	**121**	**88**	–	**797**
Contribution margin	*36.7%*	*32.1%*	*38.1%*	*50.3%*	–	*37.6%*
Net management and support costs:						
– Management and support costs	(240)	(66)	(94)	(7)	(43)	(450)
– Other operating income	2	–	–	–	10	12
Adjusted EBITDA	**225**	**59**	**27**	**81**	**(33)**	**359**
Adjusted EBITDA margin	*17.8%*	*15.2%*	*8.5%*	*46.3%*	*n/a*	*16.9%*
– Depreciation and amortisation	(35)	(10)	(25)	(2)	(10)	(82)
Adjusted EBIT	**190**	**49**	**2**	**79**	**(43)**	**277**
Adjusted EBIT margin	*15.1%*	*12.6%*	*0.6%*	*45.1%*	*n/a*	*13.1%*
Average broker headcount	1,908	632	139			2,680
Average sales headcount	–	–	119			119
Revenue per broker (£'000)[2]	650	610	895			653
Contribution per broker (£'000)	243	198	199			230

GB = Global Broking; E&C = Energy & Commodities; LN = Liquidnet; PS = Parameta Solutions; Corp/Elim = Corporate Centre, eliminations and other unallocated costs.

1 Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Parameta Solutions division. The Global Broking inter-division revenue and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.
2 Revenue per broker and contribution per broker are calculated as external revenue and contribution of Global Broking, Energy & Commodities and Liquidnet (excluding the acquired Liquidnet platform) divided by the average brokers for the year. The Group revenue and contribution per broker excludes revenue and contribution from Parameta Solutions and Liquidnet Division.
3 Parameta Solutions desks transferred into Global Broking reflecting the change in focus of business activities. 2022 Revenue for Global Broking increased by £2m, Parameta Solutions reduced by £2m. Front Office costs for Global Broking increased by £1m, Parameta Solutions reduced by £1m.
4 Liquidnet Credit is now reported as part of Global Broking. 2023 disclosures are on this basis, with 2022 results restated, to ensure a like-for-like comparison year-on-year. 2022 Revenue for Global Broking increased by £9m, Liquidnet reduced by £9m. Front Office costs for Global Broking increased by £17m, Liquidnet reduced by £17m.
5 Prior year numbers have been restated to reflect £32m reclassification of technology costs from front office costs to management & support costs to better reflect the nature of these costs. The reclassification impacts Liquidnet, Global Broking and the Group.

Global Broking[1]

Global Broking revenue of £1,258m (which represents 57% of total Group revenue) was broadly in line with the strong prior period that saw 7% increase compared with 2021 (in line in reported currency). Interest rates and market volatility remained high supporting macro trading activity in Rates and FX & Money Markets.

Revenue in Rates (comprising 45% of Global Broking revenue and 26% of total Group revenue) was in line with 2022, as market volatility remained high. FX & Money Markets revenue increased by 3% driven by strong growth in emerging markets, while we saw declines in Equities and Credit of 4% and 3% respectively. In 2023, Liquidnet Credit was merged with Global Broking to form a new, Group-wide, Credit offering. This new arrangement will enable us to leverage our deep sell-side relationships and deepen and accelerate connectivity as well as drive efficiencies through a shared support infrastructure. 2023 revenue from Liquidnet Credit was £11m (2022: £9m).

Revenue per broker increased by 5%, reflecting the delivery of the same year-on-year revenue with 5% fewer brokers. Contribution per broker increased by 12%, or by 7% when excluding the P&L charge related to Russian exposures in 2022.

Front office costs were 4% lower, due to the non-recurrence of the £20m P&L charge relating to Russian exposures in 2022 and lower average broker headcount. The contribution margin increased to 39.2% compared with 36.7% in the prior period.

Management and support costs (including depreciation and amortisation and net of other operating income) of £287m increased by 5% due to increased investment in the roll out of Fusion, our electronic platform. Adjusted EBIT was £206m, with a margin of 16.4% (2022: £190m, 15.1% in constant currency, £188m and 14.9% in reported currency).

Energy & Commodities ('E&C')

E&C revenue of £458m in 2023, representing 21% of total Group Revenue, was 18% higher, benefitting from buoyant market conditions. Double-digit growth was delivered across the key asset classes: Oil, Power and Gas. Trading volumes increased in European gas and power as the impact of the supply disruptions caused by the war in Ukraine were mitigated and prices returned to more normal levels. ICE oil market volumes were up 19% and gas market volumes up 16%, as the overall macro environment led to price volatility and increased trading.

Revenue per broker increased by 24% and contribution per broker increased by 30%.

Front office costs which are variable with revenue, were 15% higher at £304m. Contribution margin increased to 33.6% (2022: 32.1%).

Management and support costs (including depreciation and amortisation and net of other operating income) of £83m increased by 9% due to higher direct management costs and the adjusted EBIT was £71m, up 45% on the prior year with a margin of 15.5% (2022: £49m, 12.6% in constant currency and 12.7% in reported currency).

Liquidnet[1]

Liquidnet's revenue of £315m, which represents 14% of total Group revenue was 1% lower in constant currency compared with 2022 (in line with reported) with strong performance in the Relative Value businesses offset by continued challenges in Equities.

Liquidnet Equities continued to experience challenging market conditions particularly in the first half of 2023. We took further action on our cost base and have now delivered £43m of annualised integration synergies (vs our £30m target), and strengthened our operational leverage significantly. In the US, block market volumes by the top five Agency Alternative Trading System ('ATS') venues were down 13% compared with 2022 however, Liquidnet's market share increased from 23.2% to 24.0%. In Europe, 5x Large in Scale transactions ('LIS') volumes were down 15% in 2023 compared with 2022. In this challenging environment, Liquidnet's market share increased in 2023 to 35.9% compared with 34.3% in Q4 2022. Liquidnet showed an improving growth trajectory in the second half of 2023 as investor expectations for a reduction in global interest rates brought about a higher allocation of funds flow into Equities, and an increase in institutional block activity as a result. Cash equities revenue grew 13% in the fourth quarter of 2023.

The Relative Value businesses performed well as a result of the US regional banking crisis in Q1 2023, and rising interest rates throughout the year.

Front office costs of £207m were 5% higher. This resulted in a contribution margin of 34.3% (2022: 38.1%).

Management and support costs (including depreciation and amortisation and net of other operating income) of £98m reduced by 18% mainly from cost management actions and the adjusted EBIT increased to £10m, at 3.2% margin (2022: £2m, 0.6% in constant currency and £1m, 0.3% in reported currency).

Parameta Solutions[2]

Revenue of £189m, which represents 9% of total Group revenue, was 8% higher compared with 2022. Revenue in the second half was 11% higher compared with the prior period, providing positive momentum for the year ahead. Subscription-based recurring revenue represents over 96% of total revenue.

Parameta Solutions continues to benefit from the successful delivery of its strategy focussed on product development, multi-channel distribution and further diversification of its client base. Thirty new clients were onboarded in 2023, 80% of which were non-sell-side clients including buy-side, corporates, professionals' services and energy & commodities firms. In addition, we launched two benchmark indices focused on interest rate swap volatility and the global Liquefied Natural Gas market.

Management and support costs (including depreciation and amortisation and net of other operating income) of £16m increased by £7m from 2022 and the adjusted EBIT was £77m, with a margin of 40.7% (2022: £79m, 45.1% in reported & constant currency).

1 Liquidnet Credit is now reported as part of Global Broking. 2023 disclosures are on this basis, with 2022 results restated, to ensure a like-for-like comparison year-on-year. £9m of Credit revenue in 2022 have been reclassified from Liquidnet to Global Broking.

2 Parameta Solutions desks transferred into Global Broking reflecting the change in focus of business activities. 2022 Revenue for Global Broking increased by £2m, Parameta Solutions reduced by £2m. Front Office costs for Global Broking increased by £1m, Parameta Solutions reduced by £1m.

Cash flow

The table below shows the changes in cash and debt for the year ending 31 December 2023 and 31 December 2022.

£m	2023 £m	2022 £m
EBIT reported	**128**	**163**
Depreciation, amortisation and other non-cash items	226	178
Disposal of property, plant and equipment	–	12
Movement in working capital		
– changes in net Matched Principal balances	(20)	27
– change in other working capital balances	104	62
Income taxes paid		
– periodic tax paid	(57)	(51)
– accelerated tax paid	(32)	–
Net interest and loan facility fees paid	(33)	(48)
Capital expenditure	(55)	(53)
Dividends received from associates and joint ventures	22	15
Dividends paid to non-controlling interests	(2)	(3)
Free cash flow	**281**	**302**
Receipt UK pension surplus, net of pension tax payment	30	–
Purchase of financial assets	(19)	(50)
Net other investing activities	7	(9)
Dividend paid to TP ICAP shareholders	(99)	(78)
Share buyback	(29)	–
Net borrowings	39	(47)
Payment of lease liabilities	(29)	(29)
Other financing activities	(10)	(6)
Total other investing and financing activities	**(110)**	**(219)**
Change in cash	**171**	**83**
Foreign exchange movements	(40)	38
Cash at the beginning of the year	888	767
Cash at the end of the year	**1,019**	**888**

The Group's net cash balance of £1,019m, increased by £131m in the year.

Free cash flow is presented to show a more sustainable view of cash generation and to enable the conversion of adjusted earnings into cash to be better understood. This measure reflects the cash and working capital efficiency of the Group's operations, and aligns tax with underlying items and interest received with the operations of the group.

Free cash flow of £281m (2022: £302m) represents 124% conversion of adjusted attributable earnings into cash (2022: 156%). This includes temporary cash outflow of £20m on changes in Matched Principal balances (2022: £27m inflow) that arose on delayed settlement of trades and accelerated tax paid of £32m (2022: £nil) from the UK tax relief, that is expected to reverse in 2024 and 2025. Adjusting for these 2 items gives a free cash flow of £333m (2022: £275m) and a conversion of adjusted attributable earnings into cash of 147% (2022: 142%) caused principally by the cash inflow on working capital of £104m (2022: £62m) from a significant improvement in collection of trade receivables.

Total other investing and financing activities includes the net receipt of UK pension surplus being, the gross amount of £46m less the 35% tax levied of £16m, following the wind-up of the defined benefit pension schemes, a £29m outflow from the £30m share buyback programme announced in August 2023, a £99m outflow from increased dividend paid in 2023 and a £39m net cash inflow from the refinancing of the 2024 Sterling Notes.

The strengthening of GBP, particularly against the USD, resulted in a foreign exchange loss of £40m (2022: gain of £38m).

Debt finance

The composition of the Group's outstanding debt is summarised below.

	At 31 December 2023 £m	At 31 December 2022 £m
5.25% £247m Sterling Notes January 2024[1]	37	253
5.25% £250m Sterling Notes May 2026[1]	250	250
2.625% £250m Sterling Notes November 2028[1]	249	248
7.875% £250m Sterling Notes April 2030[1]	251	–
Subtotal	**787**	**751**
Loan from related party (RCF with Totan)[2]	–	–
Revolving credit facility drawn – banks[2]	–	–
3.2% Liquidnet Vendor Loan Notes	40	43
Overdrafts	10	–
Debt (used as part of net (funds)/debt)	**837**	**794**
Lease liabilities	251	279
Total debt	**1,088**	**1,073**

1 Sterling Notes are reported at their par value net of discount and unamortised issue costs and including interest accrued at the reporting date.
2 £350m committed revolving facility ('RCF') and Yen10bn committed facility with The Tokyo Tanshi Co., Ltd were undrawn as at 31 December 2023.

The Group's gross debt, excluding lease liabilities, temporarily increased to £837m compared with 31 December 2022. In April 2023, the Group issued a £250m Sterling Note maturing in April 2030, the proceeds of which were used to repay £210m of the January 2024 Sterling Notes. The residual proceeds of the new issue are held as cash and the remaining £37m of the outstanding 2024 Notes were repaid at maturity in January 2024.

The Group's £350m main bank revolving credit facility, maturing in May 2026 and Yen10bn Totan facility, maturing in February 2026 were undrawn as at 31 December.

Exchange rates

The income statements and balance sheets of the Group's businesses whose functional currencies are not GBP are translated into GBP at average and period end exchange rates respectively. The most significant exchange rates for the Group are the USD and the Euro. The Group's current policy is not to enter into formal hedges of income statement or balance sheet translation exposures. Average and Period End exchange rates used in the preparation of the financial statements are shown below.

Foreign exchange translation has had a mixed impact on the Group's P&L in 2023. The average USD:GBP rate for the year is unchanged compared with 2022 and hence had a minimal impact to the Group's revenue and costs. Approximately 60% of revenue and 40% of costs are in USD. The overall strengthening of GBP over the 12-month period has generated a significant foreign exchange loss of £11m at the end of the year compared with a £14m gain in 2022, on the retranslation of monetary assets and liabilities at the year end.

Average	2023	2022
US Dollar	**$1.24**	$1.24
Euro	**€1.15**	€1.18

Period End	2023	2022
US Dollar	**$1.27**	$1.19
Euro	**€1.15**	€1.16

Pensions

The defined benefit pension scheme (the Scheme) in the UK completed wind-up in H2 2023. Following the settlement of the Scheme's liabilities, the Trustee distributed the cash surplus in the Scheme to the Group of £30m, representing £46m of remaining Scheme assets less applicable taxes at 35% amounting to £16m.

Regulatory capital

Group level regulation falls under the Jersey Financial Services Commission. The FCA is the lead regulator of the Group's EMEA businesses, which are sub-consolidated under a UK holding Company, for which the consolidated capital adequacy requirements under the Investment Firms Prudential Regime ('IFPR') apply. This sub-group maintains an appropriate excess of financial resources.

Many of the Group's broking entities are regulated on a 'solo' basis and are obliged to meet the regulatory capital requirements imposed by the local regulator of the jurisdiction in which they operate. The Group maintains an appropriate excess of financial resources in such entities.

Climate change considerations

This year, we have completed a detailed qualitative, and quantitative, climate scenario analysis to deepen our understanding of how climate-related issues could affect the Group and its finances. The analysis concludes that the Group is not expected to be materially financially impacted by climate change over the timeframes and climate scenarios considered. We are committed to the ongoing assessment and management of climate risks and opportunities. As part of this work, we incorporate climate change considerations into our financial planning processes to monitor the impacts of climate-related issues on our financial performance and position.

DELIVERING VALUE FOR OUR STAKEHOLDERS

The Board is committed to actively engaging with its stakeholders to ensure their interests are considered in Board discussions and decision.

Details of how the Board has engaged with its key stakeholders and considered their interests in Board discussions and decision-making, can be found on this page. Our stakeholders are an essential part of our business model, and additional detail on how our stakeholders are involved in delivering sustainable outcomes is on pages 30 and 31.

Our stakeholders

The Nominations & Governance Committee reviewed and considered TP ICAP's stakeholders during the year and determined that the Company's key stakeholder groups remain employees, shareholders, clients, regulators and suppliers. The Board tailors its engagement approach for each key stakeholder group to foster effective and mutually beneficial relationships and maintain a reputation for high standards of business conduct and governance. Further details on these and the main methods we use to engage with them are set out on pages 48 to 53.

In addition, communities and climate-related matters are considered key areas of importance by the Board. Tracy Clarke, the Non-executive Director for ESG Engagement, helps ensure that the Board is having the right conversations and considers the environmental and societal impact of its decisions alongside other key stakeholders. Read more on this, and our wider approach to sustainability, in the Sustainability chapter from page 18.

Our stakeholders are integral to the success of the Company, and we are committed to creating sustainable value and shared outcomes.

Consequences of decisions in the long-term

The Board recognises the importance of considering the likely consequences of its decisions in the long-term, and has demonstrated this as part of its deliberation of the Group's strategy and business model as set out on pages 16 and 17 and 30 and 31. The Board held regular strategic sessions during 2023, including a full day session in May, to consider the long-term strategic direction of the Group. As a part of these strategic discussions, the Board considered the market and industry trends, and the potential impacts on stakeholders. The Board's key strategic priorities and areas are summarised on pages 30 and 31 and detailed throughout this stakeholder engagement section.

Impact on our communities

The Board recognises the Group's responsibility to be a good corporate citizen, which contributes positively to the communities in which we operate and the wider environment. We have multiple initiatives in place to support these aims. Read more on our communities in the Sustainability chapter from page 18.

UK Companies Act 2006 requirements

TP ICAP Group plc is a Jersey registered company, and therefore its Directors are not subject to UK Companies Act 2006 requirements. This includes section 172(1) and sections 414CA and 414CB of the UK Companies Act 2006.

Section 172(1) statement (including principal decisions and engagement with stakeholders)

The Board of Directors confirms that during the year ended 31 December 2023 it has acted in a way that it believes promotes the long-term success of the Company for the benefit of its members as a whole, recognising that a broad range of stakeholders are material to the long-term success of the business, whilst having due regard to the matters set out in section 172(1) of the UK Companies Act 2006.

Details of how this has been achieved and the ways in which the Board has engaged with our identified stakeholders, the outcomes of this engagement, and the consideration of stakeholder interests in strategic decisions promoting the long-term sustainable success of the Company, are set out on pages 48 to 53 and integrated throughout the Governance report. A similar statement will be reported in the statutory accounts for each of our active UK subsidiaries subject to UK Companies Act 2006 requirements for the year ended 31 December 2023.

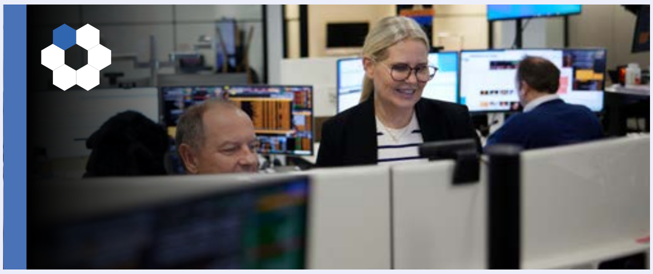
Sections 414CA and 414CB requirements

Similarly, on this basis, we have not included a Non-Financial and Sustainability Information ('NFSI') Statement, or a response to the Climate-related Financial Disclosures ('CRFD'), in this Annual Report and Accounts. As a UK-listed Company, we respond to the FCA Listing Rule LR 9.8.6R(8) on climate-related disclosure on pages 64 to 75 of this report.

Need to act fairly between shareholders

The support of our shareholders underpins the Group achieving long-term success and attaining our goals and objectives. We are therefore committed to proactive engagement with our shareholders. The Board is mindful that it is important to act fairly between shareholders and consider a variety of needs, and that shareholders are increasingly interested in the mechanics of decision-making not just the decision itself. TP ICAP is therefore committed to providing shareholders with reliable, timely and transparent information.

EMPLOYEES



67%
Employee engagement score in 2023

Why?

Our employees are crucial to maintaining the ongoing success and progression of the Group. The Board recognises that operational excellence and market success can only be achieved through a strong and dedicated workforce, underpinned by an effective corporate culture. It is therefore committed to ensuring that the opinions and concerns of employees are heard, respected, and valued, and that employees are given the resources to develop and grow as people and professionals. We are committed to TP ICAP being a place where all employees can build careers, belong and succeed, and where people are engaged and would recommend TP ICAP as a place to work.

How?

- We continued to work hard in 2023 to boost employee engagement, ensure employees feel heard and that their feedback creates action by the Group.
- We engage with our employees and receive feedback through our Workforce Engagement Programme, town hall meetings, employee surveys, appraisals, exit surveys, Group-wide communications, and the TP ICAP Accord initiative, which covers our employee networks across the Group.
- We launched the Group's new 'Triple-A' corporate values of Accountability, Adaptability and Authenticity in 2022. These values are integral to the long-term success of the business. The Directors are committed to promoting a culture which embodies the highest possible standards. Reviewing and discussing the output of the 2023 culture survey was a key focus for senior management, who agreed a number of actions to address the points raised.
- We continue to review and update our employee policies to offer an attractive working environment for our employees. This includes the continuation of agile working, which allows certain roles to have the option of working from home. This helps TP ICAP remain competitive in attracting and retaining talent, whilst also providing employees with more flexibility.
- We are focused on developing our employees and offer access to learning opportunities. The Group continues to run virtual training events globally covering a wide range of business skills, hosted by expert training partners. Moving to virtual sessions has broadened the reach and connected colleagues to initiatives with which they may not normally interact. We also introduced our management and leadership development programmes across the Group with in-person training across all three regions for our management cadre.
- We operate share plans offering eligible employees the opportunity to become shareholders, either by taking part in tax efficient saving schemes (country dependent), or as part of our remuneration strategy, to increase share ownership and to align our employees interests with that of the wider Group.
- The Board regularly receives people updates from the CEO, and Group Head of Human Resources, at the Board, and Nominations & Governance Committee. Other matters considered in their decision-making included progress on conduct and culture initiatives, progress against D&I targets, and other employee compensation considerations.

Highlights

- Three Non-Executives Directors (Mark Hemsley, Michael Heaney, and Amy Yip) are appointed as Workforce Engagement Directors for the EMEA, Americas, and Asia Pacific Regions respectively. They meet with colleagues in their respective regions and work with management to gain insight into the views of employees, including insights from the Workforce Engagement Programme. Their responsibilities include championing the employee voice in the Boardroom, providing insight into region-specific issues for employees, and strengthening the link between the Board and employees.
- During 2023 we enhanced how we engage with employees on the financial performance of the Company, introducing video interviews with the CEO and key division heads, developing a programme of Group, regional, and divisional all-employee town halls and sending emails following the release of the Company's full-year and half-year results.
- Direct engagement with employees during the year included meeting colleagues from the business through office visits and as a part of Board presentations. The Board ran one of its meetings in our New York office to give the Board the opportunity to engage directly with many of our employees and to hear from them about the issues that matter to them.
- Following employee feedback we reviewed our benefits offering across the Group to provide a more consistent offering with greater focus on the areas that truly mattered to employees and their families, including physical and mental wellbeing.
- TP ICAP Accord networks ran a full schedule of meetings in 2023 in relation to the businesses and wellness and mental health, raising awareness of the networks and providing direct engagement and educational opportunities to the employees. In Q4 2023 we ran an external event at the New York Stock Exchange hosting a panel discussion, and in London we sponsored an award at the European Diversity Awards.
- We increased our focus on early careers to attract the next generation into TP ICAP and ran a successful intern programme globally in the summer of 2023. In our Belfast office, the Early Careers Programme continued to provide a focused programme to support the first five years of an employee's career, creating opportunities for progression, promotion and pay awards.
- Feedback and insights from the engagement mechanisms were regularly discussed at Board and were considered as part of the Board and its Committees' decision-making.

Key priorities for 2024

- Monitor and review the effectiveness of the employee engagement mechanisms across the Group.
- Enhance Board oversight of the corporate culture to ensure that the views of employees are integrated into the work and decision-making of the Board and the strategy of the business, while supporting our employees' wellbeing.
- Continuing to improve communication with employees with a view to increase collaboration between the Board and senior management.

SHAREHOLDERS

20.5%
2023 total shareholder returns

Why?

Shareholders promote the sustainable long-term growth and success of the Group, from which they ultimately benefit as members. Regular engagement with shareholders is key to ensuring that the Group's policies, practices, and strategic direction continue to meet the expectations of the shareholders. It also provides shareholders with a platform to raise their aspirations for Group, particularly in relation to ESG, climate-related activities, and Director remuneration.

How?

> The Board maintained its focus on ESG matters and TP ICAP's sustainability strategy (including TCFD reporting), taking into account engagement during the year from shareholders on ESG-related topics.
> The Board Chair, Group CEO, and Group CFO collectively met with shareholders representing at least 52% of the Company's issued share capital during the year, including six of the Company's top ten shareholders.
> In total, management and/or Investor Relations held over 70 investor meetings during the year. These took place over a range of mediums: management attended three investor conferences and presented at six sales desk briefings.
> Management, including divisional CEOs, also held an investor dinner, which included a mix of large and small holders, as well as non-holders. Overall, engagement was constructive, with investors keen to understand the impact of market conditions on the business and progress on our strategic priorities.

Highlights

> All resolutions recommended by the Board for approval at the 2023 AGM were approved, with 88% or more of votes cast for each proposal.
> During 2023 shareholders generated attractive returns on their investment, through share price appreciation, as well as a 2023 interim dividend of 4.8p per share and a final dividend for 2023 of 10.0p per share.
> We announced a well-received £30m share buyback at the interim results in August 2023, which was completed in January 2024.
> In terms of Total Shareholder Return ('TSR'), TP ICAP outperformed the UK mid-cap market in 2023, measured against the FTSE 250. TP ICAP's TSR was 20.5%, outperforming the 6.4% TSR of the FTSE 250.

Key priorities for 2024

> Continue to engage with our shareholders regularly, utilising technology as appropriate to maximise the engagement. The Board considers that engagement with, and participation from, our shareholders is of key importance to the success of the business and in achieving our aim of creating long-term and sustainable shareholder value. Engagement in 2024 will include the Director's Remuneration Policy ahead of its presentation to the 2025 AGM for approval.
> Explore further opportunities to free up more cash and pay down more debt, and/or return additional capital to shareholders.
> Our primary performance focus is to seek to manage our business responsibly to remain well placed to deliver long-term value creation for our shareholders.

CLIENTS

Why?

Clients are fundamental to our business and represent our most significant business relationships. The Executive Directors and management undertake frequent client engagement. This feedback is considered as part of the Group's strategy setting and long-term decision-making.

Our clients include banks, hedge funds, asset managers, corporates, trading houses and market makers. We serve these clients through our stable of market-leading brands. We cover every major asset class and offer a range of trade protocols, from voice, to hybrid, to pure electronic.

How?

> Our relationships and engagement with our clients are fundamental to the success of the business. Regular and effective dialogue with our clients enables the Board to understand their needs and how satisfied they are with us as a supplier and business partner.

> The Board is updated regularly on client engagement by the Group Chief Executive Officer ('CEO') as part of his Board presentation, and through cyclical presentations from the businesses, functions and regions.

> During the year, the CEO and senior executives attended meetings with major clients engaging on the most important drivers of our clients' businesses and provided feedback to the Board on these meetings. Regular discussions with our largest clients ensure we stay aligned with their evolving priorities and needs.

> The Client Relationship Management ('CRM') team provide holistic coverage of the Group's most important clients, both at strategic and tactical levels, to broaden and institutionalise relationships and identify opportunities for TP ICAP to serve our clients more comprehensively. Client reports and accounts receivable analyses are periodically included in the Board agenda.

> We operate an initiative leveraging existing client relationships and a combined approach from our businesses and CRM, pricing and accounts receivable teams to provide improved senior level commercial engagement with our largest clients.

> The Group also takes a proactive approach when communicating with our clients on important matters such as our key business change and market structure updates.

Highlights

> Over 500 senior and strategic client meetings took place across EMEA, the Americas and APAC during 2023, with as many as possible happening in-person. We are continuing this momentum for 2024 with client's senior key decision-makers.

> Representatives from key clients in our Global Broking and Liquidnet divisions attended the Board strategy day in May 2023 to provide first hand valuable insight to the Board.

> The Board's considerations of the output from client engagement and dialogue throughout the year has helped the Board to stay informed about clients' concerns, understand significant changes in their businesses, predict future trends and re-align the Group's longer-term strategy accordingly. This has been valuable insight for the Board's broader decision-making process.

> We have continued to support several of our largest clients in improving their surveillance processes, including providing trader access, controls, governance, and the status of legal documents.

> This year a particular focus was paid to accounts receivable and the rollout of Fusion technology across our Global Broking and Energy & Commodities divisions, and client adoption of Fusion.

> Having an understanding of the impact of external economic factors on our clients was also a key consideration for the Board in their decision-making, which enabled the Board to readjust its immediate strategy and provide effective oversight of operational performance.

> During 2023 TP ICAP continued to demonstrate that our offering to clients was market-leading across the Group.

Key priorities for 2024

> Continue providing a market-leading offering to our clients whilst simultaneously adapting to their evolving priorities.

> To be the provider of choice, delivering on our product, service and performance goals.

> Continue supporting our clients in achieving their sustainability aims and improving their processes, such as surveillance.

REGULATORS

Why?

The Group has operations across the globe and the products and services offered by the firm, and certain companies, are subject to the requirements of several different regulators. Our products and services are regulated by various global regulators including the Autorité des marchés financiers ('AMF'), Commodity Futures Trading Commission ('CFTC'), De Nederlandsche Bank ('DNB'), European Securities and Markets Authority ('ESMA'), Financial Conduct Authority ('FCA'), Hong Kong Monetary Authority ('HKMA'), Jersey Financial Services Commission ('JFSC'), Monetary Authority of Singapore ('MAS') and National Futures Association ('NFA').

The Group has open and collaborative communication with all regional regulators; it understands that effective communication with the regulators and full compliance with regulation amounts to real and tangible benefits for the Group.

How?

> We are committed to promoting integrity and high standards of business conduct across the employee workforce.
> As an inter-dealer broker, the Group recognises that it is has a particular obligation to identify and prevent market abuse by its employees and other wider stakeholders. The Board drives the corporate culture of the Group by determining the values of the business and leading through positive example. It also ensures that the policies and processes in place promote high standards of business conduct throughout the Group.
> We engage with regulators and other key government agencies, including the FCA and AMF, through sector consultation and round table exercises to better understand their priorities and needs and to ensure we embody good governance and oversight across the Group.
> The Board and its Committees are kept informed of upcoming relevant regulatory changes through updates presented by the Group General Counsel, and Group Company Secretary.
> In addition to engagement with regulators, we share our experience and expertise through engagement with various trade bodies to help raise standards and approaches across the sector and respond to relevant government consultations, including the 2023 consultation on the UK Corporate Governance Code.

Highlights

> The Board and its Committees regularly take the views of our lead regulators into consideration during deliberations on the Group's risk and internal control framework, culture and conduct initiatives, as well as in the future design of pay and compensation structures, including share plans.
> Feedback from regulators during the year was a key consideration in Board discussions and decision-making around how TP ICAP continues to provide a comprehensive suite of services and products to European clients post-Brexit.
> During the year the Remuneration Committee also considered the engagement with the FCA and revised governance arrangements in relation to the Group's ongoing compliance with the Investment Firms Prudential Regime, as it applies to MiFID investment firms capturing certain TP ICAP subsidiaries.
> We continuously build on engagement within the Group on regulatory matters, for example through compulsory annual training on the Senior Managers and Certification Regime.

Key priorities for 2024

> Continue meeting our legal and regulatory obligations across all jurisdictions in which the Group operates.
> Strengthen our relationship and maintain open and active dialogue with our regulators and other key government agencies.

SUPPLIERS & BUSINESS PARTNERS

Why?
Our suppliers and business partners are vital in ensuring that the Group continues to operate effectively on a day-to-day basis. They provide business critical infrastructure services and certain outsourced operations across a wide spectrum of sectors including IT, telecommunications, market data and clearing and settlements. We foster strong sustainable partnerships with our suppliers and business partners based upon principles of integrity and best business practice, particularly with suppliers who provide business critical infrastructure services to the Group.

How?
> The Board considers that engagement with our key infrastructure suppliers is important for monitoring the Group's performance, managing risk and driving value.
> To ensure oversight, the Board receives periodic updates from the Group Chief Operating Officer, and Head of Procurement on the status of supplier engagement and, at times, on specific large value contract negotiations or renewals.
> This includes a status update on supply chain, sustainability and ESG (including climate-related), expenditure information, issues and risks, and any strategic initiatives in progress.
> The Board has considered the risk of modern slavery in our supply chain, annually reviewing and approving the Modern Slavery and Human Trafficking Statement.
> The Board also periodically receives updates on UK Payment Practices reporting.

Highlights
> We have continued to engage with our suppliers, particularly in light of the ongoing global macro uncertainty, to help them identify risks and create a plan to ensure that they can meet our demand.
> This engagement has assisted us and our suppliers in maintaining business as usual as much as possible during the COVID-19 pandemic, through the development of the Russia and Ukraine situation, and ongoing geopolitical events.
> During the year the Board and its Committees received metrics on suppliers through presentations from the Head of Procurement, and on sustainability and ESG reporting, which were considered as a part of the Board's broader decision-making.
> We adopted and communicated a new Supplier Code of Conduct, to better promote a sustainable business strategy and high standards of business conduct and engage our vendors on key ESG issues and disclosures, including their emissions reporting.
> We have expanded our supplier engagement on environmental issues to gain a better understanding of a larger proportion of our supplier base's credentials.
> We have also continued to focus on consolidating and engaging with our supplier base to better monitor performance, manage risk, and drive value. This has included changing to a risk-based approach on how we monitor our supplier's in relation to modern slavery.

Key priorities for 2024
> Continue to build and sustain long-lasting mutually beneficial relationships throughout our supply chain.
> Expand our engagement to pursue a better quality ESG-related reporting with the entirety of our supply chain.

COMMUNITIES

Why?

The Board is cognisant of the Group's responsibility to make a positive contribution to local communities and understand how ESG issues, including climate change, are relevant to the business. It is committed to striving to operate in a sustainable and responsible way, while delivering value for stakeholders.

How?

> We seek to make a positive impact through colleague fundraising (such as ICAP Charity Day), employee volunteering, and Group-wide social mobility partnerships.
> The Board actively encourages, supports and monitors progress on these initiatives that it believes will have a positive impact on local communities.
> During 2023, the Board continued to focus on the Group's overarching sustainability strategy.
> The Group has made commitments that contribute to moving towards an environmentally-sustainable future. The Board has deliberated on how to meet best practice among the FTSE 350 companies on sustainability issues. The Group sustainability strategy is outlined on page 19.
> We believe that a strong ESG performance is a critical factor in helping us achieve sustainable growth. We are committed to operating responsibly and integrating ESG considerations into our day-to-day decision-making to mitigate risks and create shared value for all our partners including our employees, shareholders, clients, suppliers, and communities.
> The Board holds oversight responsibility, drives progress and is regularly updated on sustainability and ESG (including climate-related) matters throughout the year.
> As a part of the updates, the Board discusses and monitors progress made against the actions and targets set and challenges the Executive team accordingly.

Highlights

> MSCI ESG rating improved from BBB to A.
> CDP Climate Change Score improved from C to B-.
> We partnered with the charity National Numeracy for the sixth consecutive year, aiming to empower people from all backgrounds to build their numeracy skills and confidence. The initiative is championed by our Group General Counsel and Executive Director, and aims to increase awareness and engagement from the financial services industry.
> Management championed and participated in the 31st ICAP Charity Day, which raised £5.2m for good causes globally.
> Sustainability and ESG matters were discussed at the majority of scheduled Board and Audit Committee meetings during 2023. More detail on our approach can be found in our Sustainability chapter from page 18, Governance report on pages 76 to 133 and in the Audit Committee report on pages 100 to 105.
> The Board and Remuneration Committee agreed that, similar to 2022, the Executive Directors' 2023 objectives would include ESG-related objectives to demonstrate the Group's commitment, and ensure alignment with our shareholder's responsible investing priorities. More detail can be found in the Directors' Remuneration Report on pages 110 to 129.
> Continued to focus on expanding the Group's climate-related financial disclosure, and improving greenhouse gas ('GHG') data quality. See pages 73 and 132 respectively.

Key priorities for 2024

> Further enhance our ESG reporting and performance management.
> Continue to support our clients on their transition journeys to a low-carbon economy.

Viability statement and going concern

Viability statement

The Board of Directors has assessed the prospects for, and viability of, the Group over a three-year period to the end of December 2026.

We believe that a three-year time horizon remains the most appropriate timeframe over which the Directors should assess the long-term viability of the Group. This is on the basis that it has a sufficient degree of certainty in the context of the current position of the Group and the assessment of its principal risks, and it matches the business planning cycle. This time horizon is broadly in-line with the weighted average maturity of our debt facilities comprised of revolving credit facilities and corporate bond portfolios.

The assessment has been made taking into account the following:

> The Assessment of the Group's Principal Risks, including those that would threaten the Group's business model, future performance, solvency and liquidity. These risks are also discussed in the risk management report on pages 55 to 63;
> The Group Internal Audit Opinion that contains an assessment of the effectiveness of the Group's risk management and internal control systems;
> The Going Concern Review that assesses whether the Group has access to sufficient liquidity to meet all of its external obligations and operate its business, for a period of at least 12 months from the date of the Annual Report;
> The Group Review of Capital and Liquidity Adequacy ('GRCLA') that assesses the capital and liquidity position of the Group on a consolidated basis, in both base and stressed conditions;
> The Review of Internal Capital Adequacy and Risk Assessment ('ICARA') process undertaken by the UK regulated entities; and
> The assessment of the Group's external credit rating by Fitch Ratings.

The Directors consider that they have undertaken a robust assessment of the prospects of the Group and its principal risks over a three-year period, and, on the basis of that assessment, have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over at least the period of assessment.

In arriving at this conclusion, the Directors have made the following assumptions:

> The Group maintains access to liquidity through the Group's £350m Bank revolving credit facility and ¥10bn (c.£56m) Totan revolving credit facility (see Note 26 on page 177);
> The Group does not experience any material change in its capital or liquidity requirements;
> The Group takes appropriate actions to maintain continuity of operations in the EU following the UK's departure from the EU and to mitigate the potential adverse effects arising from Brexit, including the potential fragmentation of liquidity and consequential reduction in trading volumes;
> The Group is not materially impacted from litigation and regulatory investigations in a negative way; and
> The 5.25% £250m Sterling Notes maturing in May 2026 will be repaid from a combination of existing cash resources, credit facilities and/or new bond issuance under the Group's existing EMTN programme.

Going concern

The Group has sufficient financial resources both in the regions and at the corporate centre to meet the Group's ongoing obligations.

The Directors have assessed the outlook of the Group for at least 12 months from date of approval of the financial statements by considering medium-term projections as well as stress tests and mitigation plans. The stress tests include material revenue reductions, significant one-off losses, losing the Group's investment grade status resulting in increased finance costs and slow-down in collection of trade debtors. Under these tests we continue to have sufficient liquidity and are compliant with all covenants after taking mitigating actions such as reducing costs, suspending dividends and delaying investments.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Annual Report and Accounts continue to be prepared on the going concern basis.

Principal risks and uncertainties

Risk Management

Effective risk management is essential to the financial strength and resilience of the Group and for delivering its business strategy. This section provides a summary of how risk is managed by the Group through its Enterprise Risk Management Framework ('ERMF') and describes the Group's principal risks.

Enterprise Risk Management Framework

The purpose of the ERMF is to enable the Group to understand the risks to which it is exposed and to manage these risks in line with its stated risk appetite. The ERMF achieves this objective through a number of mutually reinforcing components, which include the operation of a robust risk management and governance structure based on the three lines-of-defence model, the fostering of an appropriate risk management culture and a range of risk management processes to enable the Group to identify, assess and manage its risks effectively.

Organisational Structure

The ERMF is operated through a three lines of defence ('3LOD') model whereby risk management, risk oversight and risk assurance roles are undertaken by separate and independent functions, with all 3LOD overseen by the Group's governance committee structure (including Risk, Audit and Remuneration Committees).

The Board has overall responsibility for the management of risk within the Group which includes:

> Defining the nature and extent of the risks it is willing to take in achieving its business objectives through formal risk appetite statements;
> Ensuring that the Group has an appropriate and effective risk management and internal control framework; and
> Monitoring the Group's risk profile against the Group's defined risk appetite.

The Group's risk governance structure oversees the implementation and operation of the ERMF across the Group and primarily comprises the following committees:

> Board Risk Committee;
> Group Risk and Compliance Committee; and
> Regional Risk and Compliance Committees in EMEA, Americas and Asia Pacific.

First line of defence

Risk management within the business

The first line of defence comprises the management of the business units and support functions.

The first line of defence has primary responsibility for ensuring that the business operates within risk appetite on a day-to-day basis.

Second line of defence

Risk oversight and challenge

The second line of defence comprises the Compliance and Risk functions, which are separate from operational management. The Compliance function is responsible for overseeing the Group's compliance with regulatory requirements in all of the jurisdictions in which the Group operates.

The Risk function is responsible for overseeing and challenging the business, support and control functions in their identification, assessment and management of the risks to which they are exposed, and for assisting the Board (and its various Committees) in discharging its overall risk oversight responsibilities.

Third line of defence

Independent assurance

Internal Audit provides independent assurance on the design and operational effectiveness of the Group's risk management framework.

A. Risk Culture

The Group recognises that in order for the ERMF to be operated effectively, it must be underpinned by an appropriate risk culture.

The Group seeks to foster the desired risk management values and behaviours through a number of components including the setting of an appropriate 'tone-from-the-top', ensuring clear risk management accountabilities for all employees, the provision of risk training, consideration of risk-related behaviours in the performance management process, and by ensuring that staff are able to raise risk management concerns through the Group's Whistleblowing framework.

Strategic report

B. Risk Strategy

The Board adopts an annual Risk Strategy which identifies the core risk management objectives and focus areas that must be addressed for the Group to deliver its Business Strategy.

The Risk Strategy constitutes the guiding principles by which all of the Group's risk management activity is undertaken.

C. Risk Identification

The Group reviews its risk profile on an ongoing basis to ensure that it identifies all material risks arising from the day-to-day operation of its business and the implementation of its business strategy, as well as any emerging risks facing the Group. These risks are recorded in the Group's Risk Register, with each risk allocated to a designated senior manager Risk Lead who has overall responsibility for ensuring it is managed effectively.

A formal review of the Group's risk profile is undertaken on a quarterly basis as part of the Group's Risk Committee review cycle. In addition, the Group seeks to identify changes to the risk profile on a dynamic basis through the various risk management processes and structures operated under the ERMF. This includes assessing the risk profile of new business initiatives and analysing risk events.

D. Risk Appetite

The Board articulate the overall level of risk the Group is willing to accept for the various risks it faces within its Risk Appetite Statements.

The Risk Appetite Statements set the parameters within which the Group must manage its risk profile, and so provides the context for all of the Group's risk management activity. This includes defining the Group's overall loss tolerance and its targeted level of prudential adequacy.

The Risk Appetite Statements are cascaded and operationalised throughout the Group through a framework of risk appetite implementation metrics which provide the operational parameters the business must operate within on a day-to-day basis.

E. Systems and Controls

Definition of Requirements

The Group maintains Risk Management Standards ('RMS') which articulate the key systems and controls which must be implemented to manage each of its material risks within risk appetite. This includes the minimum requirements in relation to policies, controls and training.

Implementation

The Group assesses adherence to these requirements through an annual control and policy attestation process that provides its management and governance forums with a comprehensive assessment of the status of the Group's risk management environment.

F. Issue Management Process

The Group operates a formal issue management process across the 3LOD to address any issues which could materially impact the Group's risk profile. The issue management process includes a formal risk acceptance process where it is not practical or desirable to address an issue at the point identified.

All actions and deferrals are subject to a formal approval process which is calibrated to reflect the severity of the issue.

G. Risk Event Management Process

The Group has a defined process for the escalation, notification and logging of all risk events to ensure that they can be addressed and analysed appropriately. This includes the conducting of detailed root-cause analysis for significant events.

H. Risk Assessment and Monitoring

The Group assesses and monitors its risk profile on an ongoing basis to ensure that it is operating within risk appetite and to identify any remedial action required to maintain or return the Group to within risk appetite.

This monitoring is undertaken through:

> An annual Risk Self-Assessment process;
> The quarterly Risk Committee review process; and
> Ongoing operational monitoring by the 1LOD and 2LOD.

Any breach of risk appetite parameters or other significant issue identified through the monitoring activity must be escalated to the appropriate level of management and governance.

I. Risk Assurance

Internal Audit, Risk and Compliance undertake independent and targeted reviews of selected areas of the Group's business and operations to provide Management and Governance Committees with additional insights and assurance in relation to specific aspects of the Group's risk profile, and highlight areas requiring remediation.

The scope of the assurance activity is approved by the Group's Risk and Audit Committees.

J. Prudential Assessments
The Group periodically assesses its capital and liquidity adequacy by reference to the targeted confidence level adopted in the Risk Appetite Statements (and applicable regulatory requirements).

The Group assesses its stressed risk profile through a formal stress testing programme which covers all material risk types. This programme includes reverse stress testing which aims to assist the Group to identify and mitigate potential causes of business failure.

Risk Strategy
The Board is responsible for setting the Group's Risk Strategy which identifies the core risk management objectives that must be met for the Group to deliver its Business Strategy and, as such, provides the overarching context for all of the Group's risk management activity. The Group has defined the following risk objectives within its current Risk Strategy:

Category	Risk objective
Financial position	To maintain a robust financial position in both normal and stressed conditions, to be achieved by maintaining profitability, ensuring capital and liquidity resources are sustained at levels that reflect the Group's risk profile, and maintaining access to capital markets.
Operational effectiveness and resilience	To ensure that operational processes and infrastructure operate effectively and with an appropriate degree of resilience.
Regulatory standing	To maintain good standing with all its regulators and to ensure reasonable and proportionate compliance with all applicable laws and regulations to which the Group is subject.
Reputation	To maintain the Group's reputation as an unbiased intermediary in the financial markets, with market integrity being at the heart of its business.
Business strategy	To adopt and execute a well-defined business plan which ensures the continued viability and growth of the Group's business, and to ensure that the Group does not undertake any activity which could undermine its ability to meet its strategic goals.

Principal risks
The Board has conducted a robust assessment of the principal risks facing the Group, defined for the purposes of this Annual Report as those risks that could cause material harm to: the Group's clients; the markets it operates in; and the Group's business model, future performance, solvency, liquidity or reputation.

The Board has considered a wide range of information as part of this assessment, including reports provided by the Group Risk function and senior management, as well as the key findings from the Group's various risk identification and assessment processes described below.

The Group records all its identified risks within its Risk Register and periodically assesses the risk profile of each risk against the target residual risk profile defined in the Group's risk appetite framework.

The Group formally reviews and assesses its risk profile on a quarterly basis as part of the Group's Risk Committee governance cycle. In addition to the formal reviews noted above, the Group monitors its risk profile against risk appetite on an ongoing basis as part of its day-to-day business management and will update its risk framework outside of the formal review and assessment cycle where required to reflect any material changes to risk profile. This includes any changes to risk profile identified through the Group's change management framework.

The Group also undertakes stress testing and scenario analyses to model its potential risk exposure at the more extreme 'stressed loss' levels of severity. The Group also conducts reverse stress tests to identify those risk scenarios that could threaten the viability of the Group and to evaluate its ability to withstand or recover from such scenarios.

Finally, the Group also reviews its emerging risk profile as part of the risk identification and assessment process. An emerging risk, for these purposes, is defined as any new type of risk that may pose a material threat to the Group in the future, and which the Group should monitor so that it is in a position to actively manage the risk if, and when, it becomes a more immediate threat to the Group. Each emerging risk is recorded in the Group's Emerging Risk Register, along with an assessment of its potential impact and an estimate of the timeframe within which it is likely to materialise.

The Board has considered the findings of all of the above assessment types in identifying its principal risks which are set out in the table overleaf. The table includes an assessment of the impact of each risk by reference to the potential impact that each risk could have on the Group's business model, future performance, solvency, liquidity or reputation. It should be noted that the stated impact for each risk is: (a) the potential impact in stressed conditions, net of any risk mitigation adopted by the Group, as opposed to the 'expected' impact at higher levels of probability; and (b) is assessed over the medium term (defined as a three-year period).

Rating	Risk Impact
1	A risk that could fundamentally threaten the Group's business model, future performance, solvency, liquidity or reputation
2	A risk that could significantly impact the Group's business model, future performance, solvency, liquidity or reputation
3	A risk that could materially impact the Group's business model, future performance, solvency, liquidity or reputation

❶ STRATEGIC AND BUSINESS RISK

Risk	Impact rating	Impact Description	Mitigation	Key risk indicator	Change in risk exposure since 2022
Adverse change to regulatory framework The risk of a fundamental change to the regulatory framework which has a material adverse impact on the Group's business model and/or undermines the Group's ability to deliver its strategy.	1	> Reduction in broking activity > Reduced earnings and profitability > Increases in regulatory capital requirements	> Horizon scanning for regulatory developments. > Involvement in consultation and rule setting processes.	> Status of regulatory change initiatives	No change
Deterioration in the commercial environment The risk that due to adverse macroeconomic conditions or geopolitical developments, market activity is suppressed leading to reduced trading volumes. The Group's business continued to operate in challenging geopolitical conditions.	1	> Reduction in broking activity > Pressure on brokerage rates > Reduced earnings and profitability > Goodwill write-off	> Defined business strategy that seeks to maintain client, geographical and product diversification. > Stress test process (which includes reverse stress tests) to assess the Group's ability to absorb significant reductions in business performance and any changes to business model or risk mitigations required.	> Trade volumes > Revenues by region > Operating profit > Stress test results	Increase
Failure to respond to client demand or competitor activity The risk that the Group fails to respond to evolving customer requirements, including the demand for enhanced electronic broking solutions for certain asset classes. This includes the failure to implement the Group's strategy in relation to Fusion, Parameta Solutions and Liquidnet	2	> Loss of market share > Pressure on brokerage rates > Reduced earnings and profitability > Goodwill write-off	> Defined business strategy that seeks to maintain client, geographical and product diversification, and that seeks to anticipate and respond to its clients' evolving requirements. > Proactive engagement with clients through customer relationship management process. > Periodic horizon-scanning and competitor analysis to identify any required change to strategic objectives or implementation plan.	> Performance against strategy implementation plans > Market share percentage > Results of client engagement surveys	No change

1 STRATEGIC AND BUSINESS RISK

Risk	Impact rating	Impact Description	Mitigation	Key risk indicator	Change in risk exposure since 2022
Failure to address climate risk The risk that the Group: > Fails to respond to structural changes to the market arising from physical or transition risk drivers; > Fails to address any long-term impact on the Group's infrastructure, third-party infrastructure or key vendors arising from physical or transition risk impacts; and > Incurs reputational damage due to a failure to meet stakeholder expectations in relation to climate risk management, leading to key stakeholders (such as investors, clients or suppliers) being unwilling to deal with the Group.	3	> Loss of market share > Damage to reputation > Increased volatility in share price > Reduced ability to access capital markets	> Consideration of climate risk drivers in financial planning and risk assessments.	> Trade volumes > Revenues > Operating profit > Performance against financial targets	No change

2 OPERATIONAL RISK

Risk	Impact rating	Impact Description	Mitigation	Key risk indicator	Change in risk exposure since 2022
Cyber Security and data protection The risk that the Group fails to adequately protect itself against cyber-attack or to adequately secure the data it holds, resulting in potential financial loss (including through cyber-enabled fraud), a loss of operability, or the potential loss of critical business or client data. The threat of cybercrime is elevated compared to 2022 following cyber security events impacting the Group in 2023, namely ICBC outage, ION outage and BCD data breach.	1	> Loss of revenue > Theft of assets > Payment of damages/ compensation > Remediation costs > Regulatory sanctions > Damage to reputation	> Ongoing monitoring and assessment of the cyber-threat landscape. > Appropriate framework of systems and controls to prevent, identify and contain cyber threats. > Regular testing of the Group's cyber security utilising specialist third parties.	> Cyber Security events/losses > Results of vulnerability testing > Actual or attempted security breaches > Data loss events	Increase
Infrastructure The Group is heavily reliant on the effective and resilient operation of a range of infrastructure components, including: > A complex IT architecture; > A range of office locations; and > Key third-party suppliers and market infrastructure providers. A failure of the Group's infrastructure could result in a material loss of business. This includes the potential impact of physical and transition climate risk drivers on the Group's key infrastructure.	2	> Financial loss > Damage to the Group's reputation as a reliable market intermediary	> Framework of systems and controls to minimise the risk of operational failure. > Incident and Crisis Management Framework. > Business continuity plans and capability.	> System outages > Stress test results	No change
Legal, Compliance and Conduct risk The Group operates in a highly regulated environment and is subject to the legal and regulatory frameworks of numerous jurisdictions. Failure to comply with applicable legal and regulatory requirements could result in enforcement action being taken against the Group, including the incurring of significant fines.	2	> Regulatory and legal enforcement action including censure, fines or loss of operating licence > Severe damage to reputation	> Independent Compliance function to oversee compliance with regulatory obligations. > Compliance monitoring and surveillance activity. > Compliance training programme to ensure that staff are aware of the regulatory requirements. > Adoption of compliance culture to engender high standards of employee conduct. > Conduct Management and Governance Framework to address employee misconduct.	> Internal Compliance policy breaches > Employee conduct metrics > Regulatory breaches	No change

② OPERATIONAL RISK

Risk	Impact rating	Impact Description	Mitigation	Key risk indicator	Change in risk exposure since 2022
Broking process The Group is exposed to operational risk at every stage of the broking process, from the execution and arrangement of transactions (with the associated risk of loss arising through closing out error positions or compensating clients) through to the clearing, settlement and invoicing of transactions.	3	> Financial loss > Damage to the Group's reputation as a reliable market intermediary	> On-desk supervision of broking activity. > Issuing of trade recaps and confirmations. > Order and position limits on electronic order books. > Ongoing monitoring to identify potential error trades, and any clearing or settlement issues.	> Risk events > Settlement issues > Margin calls	No change
Human capital The Group operates in a highly competitive recruitment market, heightened by the industry's increased flexible working expectations, and is exposed to the risk of losing key front office, support or control staff who are essential to the effective operation of the business.	3	> Increased staff turnover impacting the Group's ability to operate a profitable and resilient business	> Fixed-term front office contracts with staggered renewal dates. > Performance management process linked to remuneration. > Flexible working arrangements.	> Staff turnover rates > Loss of key personnel	No change

③ FINANCIAL RISK

Risk	Impact rating	Impact Description	Mitigation	Key risk indicator	Change in risk exposure since 2022
Liquidity risk The Group is exposed to potential margin calls from clearing houses and correspondent clearers. The Group also faces liquidity risk through its requirement to fund matched principal trades which fail to settle on settlement date. Liquidity risk is elevated compared to 2022 following the move to self-clearing of US government bonds in response to the ICBC outage.	2	> Reduction in the Group's liquidity resources which could, in extreme cases, impact the Group's cash-flow	> Margin call and trade funding profile monitored against defined limits. > Group maintains liquidity resources in each operating centre to provide immediate access to funds. > Committed £350m revolving credit facility ('RCF'). > Diversification of funding sources. > Overdraft facilities provided by primary settlement institutions.	> Margin call profile > Settlement fail – funding requirements > Unplanned intra-Group funding calls > RCF draw-down	Increase
Counterparty credit risk The risk that the Group incurs loss as a result of a counterparty default, whether due to insolvency, sanctions or for any other reason. Counterparty exposure principally arises in relation to outstanding brokerage receivables, cash balances or any unsettled matched principal trades (with the associated replacement cost exposure) held against a counterparty.	2	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity	> Counterparty exposures managed against credit thresholds that are calibrated to reflect counterparty creditworthiness. > Exposure monitoring and reporting by independent credit risk function.	> Portfolio exposure > Client exposure > Aged debt	No change
FX exposure The risk that the Group suffers loss as a result of a movement in FX rates, whether through transaction risk or translation risk.	3	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity	> Ongoing monitoring of Group's FX positions.	> FX translation exposure > FX transaction exposure	No change

④ EMERGING RISKS

Risk	Impact rating	Impact Description	Mitigation	Key risk indicator	Change in risk exposure since 2022
Technology expertise The financial markets in which the Group operates will become increasingly based on complex technology and the use of sophisticated data and analytics (e.g. artificial intelligence). The Group's ability to retain its position as a leading market infrastructure provider will be dependent on its ability to develop and implement a technology strategy which keeps pace with technological enhancements and to attract the required data scientists and technology specialists in an increasingly competitive recruitment market.	2	> Reduction in broking activity > Reduced earnings and profitability	> Ongoing review of the Group's strategy in the context of broader market developments and assessment of the IT expertise and resourcing required to deliver it.	5-10 years	No change
Deglobalisation The risk that the global economy becomes increasingly fragmented (as per the UK's departure from the EU) resulting in increasing divergence in regulatory regimes, fragmentation of liquidity in the financial markets and potential supply chain disruption.	3	> Reduction in broking activity > Reduced earnings and profitability	> Ongoing horizon scanning to identify potential changes to the geopolitical landscape and associated changes to the regulatory frameworks governing financial markets.	< 5 years	No change

Task Force on Climate-related Financial Disclosures

Statement of Compliance

TP ICAP is committed to continued adoption of, and alignment with, the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). This year, we have carried out a detailed qualitative, and quantitative, climate scenario analysis to improve our understanding of the potential impacts of climate-related risks and opportunities on the Group. The analysis concludes that while climate change is relevant to TP ICAP, its impacts are not considered to be significant under the timeframes and climate scenarios used in the assessment. As such, this year the Group has sought to include details on the approach and analysis to evidence the conclusion, but otherwise is reporting proportionately against the TCFD recommendations and recommended disclosures.

In compliance with the Financial Conduct Authority ('FCA') Listing Rule LR 9.8.6R(8) on climate-related disclosure, we believe the information contained within this report to be consistent with the TCFD recommendations and recommended disclosures, considering aspects of Strategy, and Metrics and Targets, are subject to a materiality assessment. Specifically, we have not provided detail on how climate is considered in business decision-making and planning processes (Strategy C) or disclosed performance against TCFD's cross-industry climate-related categories (Metrics and Targets A). All relevant information is included in this Annual Report.

Disclosure index

Recommendation	Relevant information disclosed	Disclosure location
Governance a) Board oversight b) Management's role	> Responsibility for climate change identification, assessment, and management across the Group	65 and 66
	> Examples of discussions and decisions made relating to climate change	65 and 66
	> Description of how climate features in business processes as relevant, given the potential reputational implications of climate change	65 and 66
Strategy a) Climate-related risks and opportunities b) The impact of climate-related risks and opportunities c) The resilience of the organisation's strategy	> Overview of approach to climate scenario analysis	66
	> Identified climate risks and opportunities	68 and 69
	> Progress on climate transition planning and resilience response	71
	> Resilience assessment of potential financial impact across climate scenarios, including 1.5°C	71
Risk Management a) Identifying and assessing climate-related risks b) Managing climate-related risks c) Integration into overall risk management	> Process to identify, assess, and manage climate risks and opportunities	72 and 73
	> Overview of how climate is incorporated in Group-wide risk management framework	73
Metrics and Targets a) Climate metrics b) Greenhouse gas ('GHG') emissions c) Climate targets	> Overview of environmental metrics used as a proxy for climate risk exposure, given that no risks or opportunities are assessed as financially material for the Group	73
	> Climate commitments to drive the reduction in emissions over time	20, 74

Governance

The Board's oversight of climate-related risks and opportunities

Board responsibilities

The Board has overall responsibility for climate-related risks and opportunities. These responsibilities are set out in the Terms of Reference for the Board, and its Committees. In 2022, we established a Climate Change Planning Framework to ensure that the Board and its Committees could execute their climate change responsibilities. This year, the Board considered our response to climate change, and current and emerging climate-related regulation, as part of the framework.

Board oversight

Board-level	Climate change-related responsibilities	Number of meetings in 2023	Decisions and discussion
Board	Overall responsibility for climate-related risks and opportunities; oversight of the Group's response to climate change and associated commitments.	3 reviews, with a further 3 separate high-level updates	> Reviewed the Group's plan and approach to undertaking detailed qualitative and quantitative climate scenarios analysis. The findings of the external analysis – the identified risks and opportunities and their potential impacts – were presented to the Board. > Reviewed the progress made towards meeting the Group's climate-related reporting requirements. > Discussion on the Group's emissions reduction plan for Scope 1 and 2 greenhouse gas ('GHG') emissions, and progress towards our carbon neutral target. > Reviewed and approved the Group's 2023 TCFD disclosure.
Audit Committee	The Audit Committee's climate-related responsibilities focus on the Group's adherence to the UK regulations, emerging regulatory requirements in other jurisdictions, and the quality of our climate change data.	3	> Reviewed an update on the TCFD preparedness and deliverables plan for the Group. > Discussed an early estimate of the Group's 2023 Scope 1 and 2 emissions; approved the approach to emissions reduction. > Reviewed actions, and recommendations, to improve environmental data quality.
Risk Committee	The Risk Committee's climate-related responsibilities centre around reviewing climate-related risks and the Group's risk management framework on a regular basis. They focused on the climate-related risks and opportunities that have been identified, including the potential financial and strategic impact to the Group, as a result of the in-depth qualitative and quantitative climate scenario analysis work.	2	> Discussed the ESG work plan for the year, including actions to address climate-related reporting requirements. > Updated on the Group's mitigation plans for the 'Climate Risk Regulatory Compliance', included in the Group's risk taxonomy. > Reviewed an update on the outcome of the climate scenario analysis, including how the identified risks were integrated into the Group Enterprise Risk Management Framework ('ERMF') and risk taxonomy.

Management	Climate change-related responsibilities	Number of updates in 2023	Decisions and discussion
Executive Committee	The Committee's primary duty is to oversee, monitor and review the Group's climate change strategy and execution, including the embedding of the TCFD deliverables across the Company.	5	> Reviewed, discussed, and contributed to papers prepared for the Board and its sub-committees. > A summary of each ESG Forum meeting was discussed by the Executive Committee.
ESG Forum	Responsible for the Group's environment, social and governance impact. This includes overseeing climate-related risks and opportunities to support strategic decision-making; implementing policies, delivery, communications, and disclosures.	6	> Reviewed the Group's 2023 workplan, including climate scenario analysis and the Climate Change Planning Framework. > Received regular progress updates on climate scenario analysis. > Reviewed the Group's mid-year Scope 1 and 2 GHG emissions and progress towards the Group's carbon neutrality goal.
TCFD Working Group	Responsible for steering TCFD-related activity across the Group, and ensuring the Group's TCFD disclosure is compliant with the framework's recommendations.	6	> Agreed the Group's 2023 TCFD implementation plan, including the completion of detailed qualitative and quantitative climate scenario analysis. > Discussed periodic outcomes from the climate scenario analysis work, as the project progressed. > Ensured climate change considerations were included in the financial planning process, and discussed the potential impacts.

Climate change considerations are included in the annual budget process, which is overseen by the Board. Divisional Chief Financial Officers ('CFOs') report any climate-related financial impact to the Group CFO as part of the annual budget process. For the 2023 budget period, we judged there was no material climate change-related financial impact on our business. We expect the same to be the case for the 2024 budget period.

Management's role in assessing and managing climate-related risks and opportunities

The management team has a significant role in assessing and managing climate-related risks and opportunities. These responsibilities, and the related discussions and decisions are set out on the table on page 65. All parts of the organisation are aligned to the Company's response to climate change and are complying with the UK regulatory requirements.

ESG Governance Structure

TP ICAP Group plc Board

Has oversight on business strategy from an ESG perspective.

Group Executive Committee

Leads the delivery of the Group's overall ESG programme and updates the Board on ESG matters.

Group ESG Forum

Provides oversight and advice in relation to ESG strategy, policies, documentation, implementation, communications, and disclosures.

TCFD Working Group

Drives the actions needed to embed the TCFD framework within our business.

Strategy

The climate-related risks and opportunities identified over the short, medium, and long term

Our approach

Building on the high-level analysis completed in 2022, the Group conducted a detailed climate scenario analysis exercise to fully assess the climate-related risks and opportunities relevant to our business over the short, medium, and long term. We used a range of climate scenarios, operational geographies, business divisions and time horizons. Climate scenarios have inherent limitations; we have noted the relevant limitations where applicable below.

Our approach to materiality is centred around qualitative and quantitative factors. Our process to determine materiality considers both a) climate trends i.e. how physical and transitional climate issues will manifest in the future, and b) our own business perspective, i.e. how these issues could affect our Company across regions and business divisions. The materiality of the identified risks and opportunities were assessed by our TCFD Working Group as part of the climate scenario analysis process.

Process we adopted

An independent sustainability consultancy, SLR, supported us with this work. Building on last year's high-level assessment, we applied both qualitative and quantitative factors. We examined the potential climate-related risks and opportunities within all of our business divisions in greater detail. In particular, we reviewed the potential impact on our Energy & Commodities ('E&C') division; this is an area where climate-related risks and opportunities are more prevalent.

The qualitative element included desk-based research, interviews with staff, and workshops with the TCFD Working Group and additional senior executives. More than 35 internal stakeholders, including from each business division and support function, were included in this engagement. The outcome was a longlist of potential climate-related risks and opportunities, including the main ones identified in 2022. To consolidate the longlist, we screened for relevance against our defined timeframes and significance to the business. The risks and opportunities were collated into their TCFD-aligned typology groups: transition risks, physical risks, etc.

We held workshops with our TCFD Working Group, and other key stakeholders including senior executives, to assess the potential impacts of the climate risks and opportunities on our business. Through workshop discussion and input from SLR, we ranked these risks and opportunities, accounting for any instances where one of our main geographic locations or a business division could be specifically impacted.

We reviewed our priority risks and opportunities to understand their suitability for quantification. A subset of two risks and one opportunity were identified using a range of factors. These are explained further on page 70.

Scenarios used in our analysis

For transition risks, we used Paris-aligned (1.5°C), middle-of the road (2°C) and high-warming (2.6°C) scenarios. For physical risks, our analysis used middle-of-the-road (2°C+) and high (4°C+) warming scenarios. We understand the physical impacts from climate change are more likely to occur in these scenarios.

	Paris-aligned	Middle-of-the-road	High warming
Description	Ambitious early action increases risks associated with low carbon transition but limits the effects of global warming.	Delayed, or late and sudden action resulting in transition-related shocks to society alongside higher impacts from physical risks.	Limited action results in significant warming, and more severe impacts from physical risks.
Temperature	1.4-1.6°C	1.4-2.7°C	2.6-4°C+
Scenario source/ model	> Network for Greening the Financial System ('NGFS')'s Orderly Transition including Net Zero 2050 & Below 2°C > International Energy Agency ('IEA') Net-Zero 2050 ('NZE') > Intergovernmental Panel Climate Change ('IPCC')'s SSP1-2.6	> NGFS's Disorderly Transition including Delayed Transition & Divergent Net Zero > IEA Announced Pledges ('APS') > IPCC's SSP2-4.5	> NGFS's Hot House World scenario including Current Policies & Nationally Determined Contribution ('NDC')s > IEA Stated Policies ('STEPS') (2022 issue) > IPCC's SSP5-8.5

Timeframe

As a broking business, we need to remain agile and responsive to markets that are influenced by a range of unpredictable external factors. This affects our ability to plan to traditional long-term timeframes. The time periods we use in our planning processes are therefore in shorter time increments, and anchored in the near term in particular.

We operate according to a short-term timeframe of 0-3 years, the main element being a detailed one-year budget planning cycle. We also use a 0-3-year timeframe for assessing risks, as set out on page 57 of this report. This is the longest-term timeframe that we use in our business planning. It reflects our role as a broker whose activities are market driven.

The high-level climate scenario analysis undertaken in 2022 used short and medium-term timeframes of 0-3 and 3-5 years, respectively. The medium-term timeframe was defined specifically for climate scenario analysis; the business does not have a medium-term timeframe that could be used for this purpose. At that time, we committed to defining a long-term timeframe this year for our detailed climate scenario analysis. We have now defined the long-term timeframe as 5+ years to 2035. This enables us to consider the potential impacts of climate change over the longer term, while balancing inherent uncertainties within climate scenarios as they look further into the future. Our analysis focuses on five-year increments within this timeframe (i.e. 2025, 2030 and 2035) and the intermediate points within. This follows the same approach as the IEA scenarios used in the analysis, where data progresses in five-year steps. The short and medium-term timeframes remain unchanged from 2022.

For the physical risks assessment, i.e. those risks that could impact on physical assets, such as data centres, our long-term assessment timeframe extends to 2050. This timeframe differs to the long-term timeframe we use for transition risks, because there is more information available on physical climate data, and these potential impacts become more prevalent over time.

Qualitative climate scenario analysis

Our qualitative climate scenario analysis confirmed that our business is more predisposed to transition risks and opportunities than physical climate risks. This aligns with the outcome of last year's high-level assessment. Our exposure to physical risks from climate change is low. We lease our office and data centre estate, where the risks are principally owned and managed by landlords. Furthermore, as a broker, we do not lend money or make investments in property or other physical assets.

The assessment established whether any geographic or sectoral nuances existed between our identified risks and opportunities. All the identified risks and opportunities apply to the Group globally, following the global footprint of our operations and client base. The assessment noted some sectoral nuances, as expected, with our E&C business division being the most relevant. Within these asset classes, we looked closely at fossil fuels (including coal), renewables, and the metals and minerals relevant to the low-carbon transition.

Classification	Description of risk and impact	Climate scenario analysis	Plans to monitor and manage risk
Risks			
TCFD taxonomy: Transition market risk **Division:** Most relevant to E&C **Geography:** All regions	1. Limited penetration of new asset classes relevant to the low-carbon transition > To achieve global climate goals, an uptick in low-carbon markets is expected. There could also be an emergence of new solution providers. > There is a potential for new platforms around voluntary carbon trading, or circular and renewable solutions. > If we fail to respond in line with market shifts, we may experience a decrease in market share.	We are well-positioned to respond to new market developments due to strong client relationships, and the wealth of data it holds. Most likely to manifest in the medium-long term in transition scenarios, particularly if there is sudden policy action. Our potential exposure is most relevant to E&C which is brokering across these asset classes, but may affect other divisions that interact with these markets, such as Parameta Solutions.	> Maintain business agility to respond to client needs. > Monitor trends and engage with clients to understand changing interests in asset classes.
TCFD taxonomy: Transition market risk **Division:** Most relevant to E&C **Geography:** All regions	2. Uncertainty in low-carbon market developments > A low-carbon transition requires changes to the energy mix to achieve GHG emission reductions. It will also increase demands on minerals and metals to develop low-carbon technologies. > Insufficient and/or sudden implementation of policy can make it difficult to predict how demand across different energy and commodity asset classes might change. > Sunk costs or opportunity costs if the Group does not take advantage of new markets, or it overcommits to a particular market.	We are seeking opportunities for new environmental and low-carbon asset classes. Most likely to manifest under a delayed or sudden transition scenario in the medium-to-long term, where market signals are unclear. Any potential exposure is most relevant to E&C which is brokering across these asset classes.	> Continue engagement across key trading functions, particularly E&C, to stay up-to-date with market trends and speed of change.
TCFD taxonomy: Transition market risk **Division:** E&C only **Geography:** All regions	3. Fossil fuel market declines in low-carbon transition > As economies continue towards the energy transition, the prevalence of fossil fuels (e.g. coal, oil, gas) will be superseded by renewable alternatives. > As client demand for fossil fuel diminishes, the Group will see a reduction in associated revenues from these asset classes.	Whilst fossil fuel demand is expected to decline under ambitious and middle-of-the road transition scenarios, it is set to increase in the business-as-usual high warming scenario. Oil is recognised as a critical transition energy and as such this risk is only likely to manifest in the longer term. However, our E&C division has an established market presence across fossil fuels and alternatives, and is well positioned to align its resources with market demand. This risk is only relevant for our E&C division which brokers fossil fuels.	> Monitor climate policy announcements to track expected changes in market demand. > Seek new market opportunities in the low-carbon transition, to replace all the main energy sources declining in fossil fuel consumption.
TCFD taxonomy: Transition reputation risk **Division:** Group-wide **Geography:** All regions	4. Reputational risk from connection with fossil fuels > There is increasing expectation and scrutiny on organisations for the use of, or involvement with, fossil fuels. > If the Group does not keep apace of climate decarbonisation trends, brokerage of fossil fuels could lead to reputational harm. > Reputational backlash from investors may affect share price and access to capital.	We are aware of increasing scrutiny from wider stakeholders which may become more relevant in an ambitious climate transition scenario. This risk is mostly relevant for our E&C division which brokers fossil fuels, but the potential impact could be Group-wide.	> Support the low-carbon transition by seeking opportunities to develop low-carbon solutions and maintain a commitment to minimising GHG emissions. > Engage with clients to understand their decarbonisation plans over the long-term, to assist with our strategic planning.

Classification	Description of risk and impact	Climate scenario analysis	Plans to monitor and manage risk
Risks			
TCFD taxonomy: Transition policy risk **Division:** Group-wide **Geography:** All regions	5. Increase in climate disclosure requirements > Regulators and investors are demanding greater transparency on ESG and climate disclosures (e.g. transition plans, materiality etc.). > Responding to current and emerging reporting obligations requires resources to meet compliance requirements, or risks facing fines and further reputational damage.	The Group, and some of its subsidiaries, are already subject to a range of climate-related compliance obligations. New mandates are already emerging which we must respond to. It is possible that further requirements or higher expectations will emerge over time, especially in a low-carbon transition, that will require further resources.	> Continue to monitor climate-related legislation and applicability to the Group and its subsidiaries. > Respond to reporting obligations in a streamlined manner, identifying synergies across mandates to ensure compliant responses with efficient allocation of resources.
TCFD taxonomy: Physical acute risk **Division:** Group-wide **Geography:** All regions	6. Increase in extreme weather leading to damage to assets > Gradual changes to climate and extreme weather events are expected to increase in the future. > Costs to replace damaged equipment, or increased costs as a result of higher insurance premiums, if claims are made to replace damaged assets.	While the business has a global footprint, the Group has limited direct exposure to physical climate risks. We operate from a relatively small, leased, office portfolio. The Group has no material exposure to other physical assets (i.e. no vehicle fleet, no manufacturing facilities, etc.) This risk is most likely to manifest in the long term, under a higher warming scenario. Despite the minimal exposure to physical risks, the potential impacts could affect the Group across divisions and geographies.	> Embed climate-related risks into business continuity plans. > Ensure new data centre premises meet our current high-resilience standards.

Classification	Description of opportunity and impact	Climate scenario analysis	Plans to monitor and seize the opportunity
Opportunities			
TCFD taxonomy: Transition products opportunity **Division:** E&C only **Geography:** All regions	1. Increase in demand for brokerage of low-carbon commodities > The transition to a low emissions economy will require enormous investment in technologies supporting renewable energy infrastructure and battery storage, for example. > Higher demand for the commodities required for these technologies, or the energy sources themselves, may result in higher revenues if transaction volumes and values increase.	There is already demand for these commodities and other environmental asset classes. It is expected this will only grow in the medium to long term, and would be most significant in transition scenarios where demand for low-carbon solutions is higher. This opportunity is most relevant to E&C which brokers these commodities.	> Leverage existing client relationships to identify opportunities to broker low-carbon solutions. > Monitor trends and engage with clients to understand changing interests in asset classes.
TCFD taxonomy: Transition products opportunity **Division:** Parameta Solutions **Geography:** All regions	2. Increase in demand for data associated with low-carbon solutions > Low-carbon and environmental asset classes are expected to become more prominent in a low-carbon transition. > Demand for data on these asset classes will grow in importance in a similar way, alongside indices and benchmarks. > Higher demand for data, indices and benchmarks is expected to drive increased revenue for Parameta Solutions.	We are already responding to increased demand, e.g. our recently launched Global Liquefied Natural Gas ('LNG') Pricing Service. The increase in demand for this data is already apparent and is expected to increase over time. This is relevant to Parameta Solutions which is delivering data, analysis and indices.	> Proactively monitor market developments to expand position a major over-the-counter broker.

Quantitative climate scenario analysis

We reviewed our priority risks and opportunities to understand their suitability for quantification. A subset of two risks and one opportunity were identified using a range of factors, including feedback from SLR, internal data availability, and the ability of the relevant climate scenarios to support quantification. The climate impacts selected for quantification included:

> The potential changes to revenues derived from Energy and Commodities' brokerage as demand for the key asset classes (oil, power, coal, etc.) increases, or decreases, through the energy transition.
> The potential future costs associated with damage to assets from climate change events which could increase in severity, or frequency, in the future.

Change in demand (risk and opportunity)

The climate scenarios used in our analysis were sourced from the IEA, including ambitious (1.5°C), middle-of-the-road (2°C) and high warming (2.6°C+) climate scenarios. The IEA STEPS 2022 scenario (2.6°C+) is recognised as the 'business as usual' scenario, or the scenario closest to the world's current emissions trajectory. The potential changes in demand for different energy sources, and the commodities relevant to the low-carbon transition, vary between scenarios.

The asset classes included in the IEA scenarios broadly align with those brokered by E&C. The energy, metals and minerals included within the analysis are oil, power (electricity) and natural gas; these three asset classes represent the majority of E&C revenue. The analysis includes coal, which generates a very small portion of total E&C revenue. We also assessed the potential changes in demand for nickel, cobalt, steel, lithium and copper. We do not currently broker across all these asset classes, although the Group is set to launch a new battery metals desk in 2024. They have been included in the assessment to demonstrate how new markets might emerge over time, and under different climate scenarios.

We are asset light; we lease our office premises and do not own or operate a vehicle fleet. We are not an investment bank or a lender with a loan book. Our primary business is brokerage, where volatility is a key driver of revenue generation. As we have progressed through this process, it has become clear that modelling the effects of volatility – particularly volatility caused by climate change – is difficult to do reliably. Following SLR's advice, our modelling uses a revenue-to-demand change ratio of 1:1 to test the impact of the scenarios on this risk and opportunity. This assumes that as demand for a particular energy source or commodity changes, the revenue increases or decreases at an equal rate.

We have selected IEA scenarios based on their relevance to this risk and opportunity. The IEA clearly state that their scenarios are not predictions or forecasts, with each scenario built on a different set of underlying assumptions. SLR believe that we have taken the best possible approach to this analysis based on the data and tools available at this time.

To assess the potential financial impacts, we overlayed changes in demand by asset class with associated 2022 revenues, across the relevant climate scenarios and time horizons. Across all scenarios. total energy demand, and demand for energy and relevant commodities, is expected to change.

In an ambitious climate scenario (1.5°C) the changes to potential energy demand, and demand on each energy source, are at their most pronounced. While demand for fossil fuels decreases, there is significant growth in demand for power (electricity), and for the metals and minerals widely used in low-carbon technologies, such as lithium. Under a middle-of-the-road scenario (2°C), while demand trends move in the same direction as the ambitious scenario, the changes are less significant. In the business-as-usual scenario, demand for oil, gas, and power increases, with oil demand beginning to decline after 2030. However, by 2035, there is still a net increase in oil demand compared to 2022. The analysis also shows increased demand for metals and minerals.

The analysis concluded that the net impact on brokerage revenues is expected to increase modestly in each of the climate scenarios considered, indicating that the opportunity may be greater than the risk.

Physical Risks

In 2022, the Group carried out a risk exposure assessment to understand the potential physical climate-related risks to our office and data centre estate. Most of our sites have low overall exposure to physical climate hazards, even under a high emissions future. The 2023 qualitative climate scenario analysis also confirmed that our exposure to physical climate risks is low. Nevertheless, we included physical risk in our quantitative assessment to give a balanced analysis of the different types of climate-related impacts.

Data centres are a critical part of our operational infrastructure. Ensuring our data centres are resilient to risks, including those arising from climate change, is an important part of our business continuity plans. Our quantitative physical risk analysis looked at ten of our data centres across Asia Pacific, Europe, and the Americas. They are the Group's primary data centres in each region.

We used data from Climate Insights by CLIMsystems – a consultancy which is part of SLR and specialises in assessing the impacts of changes to climates. The Climate Insights tool provides access to the latest climate data showing potential future changes for a range of climate variables at asset-specific locations.

Our physical risk impact assessment modelled the potential impact of asset damage to our primary data centres, driven by a range of climate variables, categorised as follows:

> Water stress: monthly mean precipitation.
> Wildfire: Keetch-Byram Drought Index ('KBDI') fire risk.
> Heat stress: monthly mean temperature, monthly relative humidity, air heatwave delays, cooling degree days, maximum temperature days higher 35°C.
> Storms: heating degree days, extreme wind speed, extreme precipitation.
> Floods: mean sea level rise, extreme water level, riverine flood depth.

The analysis focused on the potential future change in climate variables based on global climate models ('GCMs') of the coupled model intercomparison project ('CMIP6') for the periods from 2024 to 2050 with a five-year step under the selected scenarios of SSP2-4.5 and SSP5-8.5. Climate data was provided to SLR/CLIMsystems, which was then correlated to our insured asset values, to provide an annual assessment of the potential value at risk ('VaR') experienced from repair costs for asset damage.

The Group has strong mitigants in place to protect its data centre assets from damage, or from financial losses arising from damage to assets. Taking these measures into account, the analysis concluded that the residual risk to the Group was negligible across all climate scenarios and time horizons.

The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning

The qualitative and quantitative analysis confirms that the Group is not expected to be significantly impacted by climate-related risks. The analysis indicated that we may stand to benefit from climate-related opportunities, given the potential for growth in asset classes relevant to the transition. But, given the range of permutations, and the various assumptions and estimates used in the analysis, we believe this assessment provides a potential sense of direction rather than any definitive, material, opportunity. Maintaining an agile approach across energy, commodity, and capital markets, is central to the resilience of our business. This positions the Group well to mitigate risk and capitalise on opportunities.

The output of the quantitative climate scenario analysis was used to assess the sensitivities on potential impacts to the financial forecasts used in goodwill impairment assessments, and the valuation of the relevant cash generating units ('CGUs'). The assessment concludes that in an ambitious climate scenario, aligning with 1.5°C warming, the potential impacts are not significant or deemed financially material.

Turning to our financial performance, the results of the qualitative and quantitative climate scenario analysis exercise did not indicate a material financial impact to the Group under any of the climate scenarios or timeframes used.

We recognise that climate-related risks are non-diversifiable risks, impacting businesses regardless of their size or sector, and that exposure could change and evolve over time. We are committed to the ongoing assessment of the potential impacts of climate-related risks and opportunities to our business, both through the Enterprise Risk Management Framework ('ERMF'), and with periodic quantitative analysis in line with stakeholder expectations.

We have used the results of the climate change assessments undertaken in the last two years to ensure that any relevant climate-related risks and opportunities are integrated into our ERMF and Risk Taxonomy, and are actively managed. Additionally, we have strengthened our understanding of the exposure of our largest suppliers to climate change (see page 74).

Prioritisation and transition plans

We prioritise our climate-related risks and opportunities through the system of working groups described on page 66 of this report. This year, we have developed our approach to the assessment of climate-related risks and opportunities through the detailed qualitative and quantitative climate scenario analysis, which included a thorough identification and prioritisation exercise (see page 66).

Our approach to transitioning to a low-carbon economy centres around our carbon neutral ambition, and the steps we are taking to reduce the GHG emissions from our operations. The Sustainability section of this report (pages 18 to 29) includes the first iteration of a transition plan. We note the new reporting framework issued by the UK Government's Transition Plan Taskforce, and we are working towards developing and publishing a detailed transition plan in due course.

The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

We use scenario analysis to inform our understanding of the resilience of our strategy in uncertain climate futures. On pages 66 to 71 we set out the approach we have taken to qualitative and quantitative scenario analysis this year, including the scenario sets used. The tables on page 68 and 69 include a description of our plans to monitor and manage each identified priority climate-related risk and opportunity.

We are not immune from risks stemming from climate change. We generate income through broking. It is key therefore that the Group correctly recognises which elements of the business will grow or decline as clients, the economy and governments adapt to the transition to a low-carbon economy. We keep this under review and will continue to return to it as part of our ongoing commitment to assessing and managing the impact of climate change on our business.

Risk Management

Processes for identifying and assessing climate-related risks

Climate-related risks are identified, assessed, and managed within the overall scope of our Group-wide Enterprise Risk Management Framework ('ERMF').

The ERMF risk assessment process includes:

> A review of the risks recorded in the Group's Risk Register;
> A review of the risk appetite framework and risk management requirements, as these relate to climate risks; and
> An assessment of the Group's current climate risk profile relative to risk appetite.

The Risk function used the output of the detailed qualitative and quantitative climate scenario analysis to inform the risk assessment process as laid out in the ERMF. The results of the analysis were used in risk assessment discussions with risk leads across the business, to understand whether the identified climate-related risks had any direct or indirect impacts to our existing risks. These discussions confirmed that applying climate-related risk considerations to our existing risks has not materially changed the assessment of their risk profile in the short and medium term. We do not foresee any probable climate change-related risk consideration crystallising in the next 12 months that will materially affect our business.

However, in line with the results of our detailed climate scenario analysis, the Group has identified climate-related risks that could lead to a change in risk profile over the longer term. These include potential transition risk impacts to the Group, and more specifically to the E&C division. We will keep these risks under close review. Climate-related risk remains part of the Group's risk taxonomy, which contains the Group's actively managed risks. This ensures the requisite level of visibility for management and governance, as well as external stakeholders.

The Board articulates the overall level of risk the Group is willing to accept for the various risks it faces within its Risk Appetite Statement, including climate-related risks. This includes defining the Group's overall loss tolerance and its targeted level of prudential adequacy. The Risk Appetite Statements are cascaded and operationalised throughout the Group via a framework of risk appetite implementation metrics.

Through the ERMF, the Group principally assesses its risk profile, through the above processes, over a timeframe of the next 12 months. It also seeks to identify any potential changes to its risk profile over the short and medium term. Given that our core business is broking and therefore market-led, the ERMF does not use a long-term timeframe for risk assessment purposes. However, outside of the ERMF, we defined a long-term timeframe of 5+ years, to 2035, to assess climate-related risks. This timeframe is used solely for climate scenario analysis purposes, and is not used in the ERMF.

In 2024, we will continue to identify, assess, and manage our climate risk profile through our ERMF. The Group will also continue to embed the Climate Change Planning Framework and integrate climate considerations into BAU management processes and systems.

Process for managing climate-related risks

We manage climate-related risks by incorporating them into our ERMF. This process includes:

> Logging how the risk has been recorded in the Group's Risk Register – i.e., by amending an existing risk type or defining a new risk;
> Detailing how the risk has been incorporated within the Group's Risk Appetite Framework;
> Outlining key mitigants or controls adopted to manage the risk; and
> Making a high-level assessment of the risk profile for each relevant risk.

Climate-related risks are reflected in the following risk definitions:

> Business Continuity and Crisis Management Risk includes the risk that the Group fails to address appropriately physical or transition climate risk impacts on the Group, or third-party infrastructure and business continuity providers.
> Credit Risk includes the risk that a counterparty defaults due to the direct or indirect impact of physical or transition climate risk.
> Strategy Design and Implementation Risk includes the risk that the Group:
  — Fails to respond effectively to the impact of physical or transition climate risk on client demand;
  — Fails to address any long-term loss of operability, due to the impact of physical or transition climate risk impacts on the Group, its employees, third-party infrastructure providers or other key suppliers which fundamentally undermines the Group's ability to operate its business models; or
  — Incurs reputational damage caused by a failure to meet stakeholder expectations in relation to ESG strategy and performance (including climate change), leading to key stakeholders being unwilling to deal with the Group (including investors, clients, suppliers and employees).

In addition, the ERMF also includes a specific climate-related risk entitled Climate Risk Regulatory Compliance. This is defined as the risk that the Group fails to comply with current or emerging climate-related regulatory requirements in any of the jurisdictions in which we operate, with potential sanctions for non-compliance including fines, public censure, and associated damage to the Group's reputation. We include "Failure to address climate risk" as a principal risk (see page 59), recognising the potential reputational implications that could result from not meeting stakeholder's expectations in this area.

As part of the ERMF, the Group operates a formal issue management process across the three lines of defence to manage any issues which could materially impact the Group's risk profile. The risk identification process involves identifying a designated senior manager as 'risk lead' for all material risks who has overall responsibility for overseeing the management of that risk across the Group. In determining the appropriate response, the Group will prioritise its remediation activity according to the potential impact of each relevant risk.

How climate-related risks are identified, assessed, managed, and integrated into the organisation's overall risk management

We manage climate-related risks within the scope of our overall existing ERMF. Please see page 55 for more details.

Metrics and Targets

The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process

We considered the TCFD's cross-industry climate-related metric categories to establish the relevant and proportionate metrics for our reporting. Due to the increased stakeholder interest in climate change, and in particular measurement and management of Scope 1, 2 and 3 emissions, we consider these metrics to be relevant for this disclosure. We also use E&C revenues by asset class as an internal metric for risk and opportunity monitoring. We will keep these metrics under review as we further develop our response to the identified risks and opportunities.

We follow the GHG Protocol in calculating and, where necessary, extrapolating our emissions. We report our corporate emissions under the operational control method. We therefore account for 100% of the GHG emissions where we have operational control. This includes the Group and its subsidiaries.

Building emissions and business travel data was collected as part of SECR compliance covering 1 January 2023 – 31 December 2023. This data covered building energy use, refrigerant use, business travel and waste.

Purchased Goods & Services emissions and global train travel emissions were calculated using the environmentally extended input-output ('EEI/O') table method based on emissions per GBP spend. We measure, and report, our emissions for Scope 1, 2 and five of the 15 Scope 3 GHG emission categories. We do not report on 10 out of the 15 Scope 3 GHG categories because they are either not material, or not relevant, to our business. The services we provide – for example, trade execution and advisory – do not generate their own emission streams. Therefore, emissions from Downstream and Upstream Distribution and Transportation, and Processing, Use or End-of-Life Treatment of Sold Products are not relevant. Our business does not operate on a franchise model, and, as a broker, we do not lend money or make investments. As a result, we do not disclose any emissions in either the Franchises or Investments Scope 3 sub-categories.

Scope 1, Scope 2, and Scope 3 GHG emissions

Our total emissions equalled 57,723 tCO_2e. This equates to a 1% reduction compared to the previous year. Notably, we reduced our Scope 1 and Scope 2 emissions by 20% year-on-year. 67% of our total emissions stem from Scope 3 Purchased Good & Services.

We took steps to improve our environment data collection and management processes. We migrated our environment data, including all aspects across Scopes 1, 2 and 3, waste and water consumption, to a software-based platform which enables us to track consumption and emissions at regular intervals. This new approach has improved our engagement with landlords and other service providers, and our ability to detect and rectify variances in consumption.

Other metrics

We have assessed our sensitivity to carbon pricing to understand the relevance and applicability of potential carbon costs directly and indirectly on the Group. This assessment considered the current and potential changes to carbon pricing mechanisms, and any potential impact on the Group. The Group is asset light and does not conduct emissions-intensive business operations. We are not subject to a carbon tax and given our small emission profile, and we do not expect to be subject to a tax in the future. Incremental increases in the cost of procured goods and services are also not expected to be material. Based on this assessment, we conclude that the Group is not sensitive to carbon pricing.

Performance-related metrics are included in the Company's remuneration approach for Executive Directors for the execution of key deliverables, regulatory or otherwise, in relation to climate change. Their bonus is determined 70% based on financial performance and 30% based on performance against a scorecard of non-financial objectives. The attainment of certain ESG targets is assessed as part of the non-financial element of the bonus.

Targets used to manage climate-related risks and opportunities, and performance against these targets

Scope 1 and 2 – Target and roadmap

To help meet the net zero ambition set by the UK government, our absolute emissions target is to be carbon neutral across both Scope 1 and Scope 2 emissions by the end of 2026.

On Scope 1 and 2, we continue to make progress with emissions reducing 20% in the year. This performance has been driven by our ongoing office and data centre consolidation programme, which is a core element of our emissions reduction strategy (see page 20 for further detail). Our focus between now and the end of 2026 is to a) continue with our office and data centre consolidation, and b) implement actions to promote energy efficiency, including working with our landlords.

Scope 3

Emissions from Purchased Goods & Services, or our supply chain, remain the most material element of our carbon footprint. We recognise the importance of deepening our understanding of the sources of these emissions, and working with our suppliers to reduce them.

Building on the progress made last year to incorporate actual emissions from our supply chain in our footprint, this year we have increased our supplier engagement from 30 to 50 of our largest suppliers by spend. This represents around 65% of our total supplier spend for 2023. The balance of our annual spend is spread across a long tail of smaller suppliers.

We have engaged these core suppliers by issuing questionnaires to gather their relevant data and action plans for addressing their emissions. 32% of the suppliers we contacted responded. Where actual emissions were provided, these were included within our Scope 3 Purchased Goods & Services reporting for 2023. The remaining emissions in this category were calculated using a spend-based methodology.

Our core suppliers are at different stages of their reporting journeys, and we have not engaged the entirety of our supply chain. We will continue to engage with them to, a) pursue a better-quality Scope 3 emissions footprint and, b) develop a deeper understanding of their plans to address their emissions. We note, however, that nine of our top ten suppliers have published commitments to be net zero by 2050. Against this backdrop, we have no plans to set a Scope 3 emissions reduction target at this time, and will continue to engage with our key suppliers about their net zero plans.

Carbon emissions

	Total		Global		AMER		APAC		EMEA	
	2023	2022[1]	**2023**	2022	**2023**	2022[1]	**2023**	2022	**2023**	2022[1]
Scope 1 t/CO_2e	**1,442**	2,026								
Of which from Fuel Consumption	**1,288**	1,535			**1,074**	1,215	–	–	**214**	320
Of which from Fugitive Emissions	**155**	492			**83**	–	–	–	**72**	492
Scope 2 (location-based) t/CO_2e – Purchased Electricity, Heat or Steam	**6,182**	7,512[1]			**3,176**	3,800	**1,922**	1,921	**1,085**	1,791
Scope 2 (market-based) t/CO_2e – Purchased Electricity, Heat or Steam	**5,998**	–			**3,147**	–	**1,935**	–	**916**	–
Scope 3 t/CO_2e	**50,099**	48,561								
Of which Purchased Goods & Services (incl. Capital Goods)	**38,583**	38,549	**38,583**	38,549	–	–	–	–	–	–
Of which Fuel & Energy	**2,258**	2,819			**1,278**	1,676	**578**	472	**388**	671
Of which Waste Disposal	**2,052[2]**	89			**1,190**	34	**523**	16	**340**	39
Of which Business Travel	**3,344**	2,146	**63**	–	**796**	639	**992**	557	**1,492**	950
Of which Employee Commuting	**3,876**	4,959			**1,518**	2,648	**1109**	1,188	**1,247**	1,123
Total t/CO_2e	**57,723**	58,099[1]	**38,646**	38,548.9	**9,115**	10,012	**5,124**	4,154	**4,838**	5,386

1 We have restated our 2022 Scope 1 and 2 emissions following the provision of better quality data for the reporting period after year end.
2 This year we have changed our methodology for calculating emissions from waste disposal. We have used data from the Global Real Estate and Sustainability Benchmark ('GRESB') for mid-offices to estimate emissions where actual data was not available. This approach aligns with current best practice.

An independent third party has calculated the above greenhouse gas emissions estimates to cover all material sources of emissions for which the Group is responsible. The methodology used was that of the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015)'. Responsibility for emissions sources was determined using the operational approach. All emission sources required under the 'Companies, Partnerships and Groups (Accounts and non-financial reporting) Regulations 2016' are included.

Energy consumption ('SECR')

	Current reporting year 1 January 2023–31 December 2023		Comparison reporting year 1 January 2022–31 December 2022[1]	
	UK	**Global (excluding UK)**	UK	Global (excluding UK)
Energy consumption used to calculate Scope 1 emissions (kWh)	**1,110,505**	**5,983,697**	1,625,960	6,781,895
Energy consumption used to calculate Scope 2 emissions (kWh)	**4,010,312**	**15,205,266**	7,035,901	15,957,151
Energy consumption used to calculate Scope 3 emissions (kWh)	**5,744,540**	**6,756,708**	2,614,954	5,969,685
Total energy consumption based on the above (kWh)	**10,865,358**	**27,945,671**	11,276,814	28,708,730
Intensity ratio: tCO_2e (gross Scope 1,2,+3) per employee	**2.06**		2.24	

1 We have restated our 2022 Scope 1 and 2 emissions following the provision of better quality data for the reporting period after year end.

The above table and supporting narrative on page 20 summarise the Streamlined Energy and Carbon Reporting ('SECR') disclosure in line with the requirements for a quoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The disclosure also extends beyond the scope of a quoted company and includes emissions and energy consumption from business travel via air and taxi (Scope 3).