MARKET DISCLOSURE

JUNE 2022

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INTRODUCTION

INDEPENDENT TRUSTEE COMPANY LIMITED (ITC) (part of ITC Group) is authorised under *the European Union (Markets in Financial Instruments) Regulations 2017* as an Investment Firm and is regulated by the Central Bank of Ireland. Accordingly. ITC has obligations to comply with the Capital Requirements Regulation and Directive (CRD) and the Investment Firm Directive (IFD).

This document is compiled in accordance with Part 6 of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27th November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

SCOPE OF APPLICATION

ITC is part of the ITC Group. However, the Capital Requirements Directive and the Investment Firm Directive, at time of publication, applies to ITC only for the reasons outlined:

- ITC Group is a holding company only, not a credit institution/investment firm.
- The majority of companies and activities within the Group are not subject to the Capital Requirements Regulation.
- ITC is not involved in cross border activities, underwriting or dealing on its own account.

RISK MANAGEMENT OBJECTIVES AND POLICIES

ITC's objective in terms of risk management is to preserve and grow its value through the means of an effective risk management framework. This includes building a strong risk awareness and internal control culture with clear lines of responsibility and internal reporting.

The framework designed for managing risk takes into account:

- Understanding of the organisation and its environment;
- Risk management policies;
- Integration into processes;
- Accountability;
- Resources;
- Establishing internal and external communication and reporting mechanisms.

Risk management is an integral part of ITC's corporate governance framework. It is the process whereby it methodically addresses the risks attaching to its activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities. The focus of good risk management is the identification, treatment and ongoing review of these risks. ITC has developed a risk management environment whereby senior management understand and are responsible for identifying, assessing and monitoring all material risks within individual business units. An appropriate framework has been put in place to facilitate the recording and reporting of risk to the Board and management. Our risk management process does not operate as an isolated activity, but rather has a holistic application with responsibility and accountability primarily with those closest to it. When designing the process, ITC have incorporated the empirical standards set by the International Standards Organisation and the Basel Committee on Banking Supervision.

The risk register is the method by which all risks identified are recorded. It serves to give a comprehensive and common understanding of the risks and a reporting mechanism to the Board and Management Team. It is maintained by the Head of Risk and is reviewed by the Board, Risk Committee and senior management regularly. This allows a full and frank discussion of each of the risks identified, agreement of assessment and treatment. It brings together different areas of expertise for analysing risks, ensures that different views are appropriately considered in evaluating risks and secures endorsement and support for a treatment plan.

The risk function acts as a secondary line of control. Key responsibilities of this function include assisting with the development of risk understanding and responsibilities, evaluating risk and regulatory obligations (including upstream risk), reviewing and testing processes of control and regular reporting to the Board and management.

The Head of Risk is responsible for developing and managing the overall Risk Management Plan as well as the day-to-day management of the risk function within ITC. The Head of Risk reports directly to the Managing Director and has full access to the independent Non-Executive Directors.

Most, if not all, of the risks identified are unavoidable. It is ITC's policy to mitigate risk wherever possible. Mitigation techniques include robust processes and procedures, insurance cover, an active and monitored control environment, capital allocation, risk awareness and a culture of compliance. Reviewing the effectiveness of controls is part of the risk management process.

The types of risk that ITC faces and the policies for managing these are set out below:

Credit Risk

Credit risk is defined as the risk of financial loss arising from an obligor, borrower, issuer, guarantor, or counterparty who fails to meet its obligations in accordance with agreed terms. Inherent credit risk arises anytime ITC's funds are extended, committed, invested, or otherwise exposed.

ITC's main credit exposure is to administration fees on pension structures. ITC does not have any large exposures to any one client and has adopted a prudent debtor provisioning policy.

Market Risk

ITC is not exposed to direct market risk. However, income levels may be affected indirectly as most of its income is based on a percentage of funds under administration. The impact of this risk is reduced through a wide spread of investment types held by clients with significant weighing in low-risk assets and valuation dates spread throughout the year.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems.

ITC ensures it has robust policies, procedures and controls in place to manage operational risk closely, with secondary reviews of controls where appropriate. All processes are integrated as part of the business and controls are in place to mitigate identified risks where possible.

Insurance Risk

Insurance risk relates to the uncertainty regarding the occurrence, amount, timing of insurance claims or payments or the risk that policies do not adequately cover requirements.

ITC ensures that relevant and sufficient insurance cover is in place for insurable events against potential claims. The control environment seeks to lessen the probability of such claims occurring where possible.

Capital Risk

Capital risk is defined as the risk ITC does not have adequate capital in place to support its business plans.

ITC is adequately capitalised and regular reviews are undertaken of the capital position to ensure that an adequate buffer is in place in excess of the regulatory minimum.

Liquidity Risk

Liquidity risk is defined as the risk of working capital becoming insufficient to meet financial obligations as they fall due.

ITC maintain strong cash balances so as to ensure that all short-term obligations can be met regardless of fluctuations in operating conditions. ITC conducts business within its operating cashflow without the need for banking facilities.

Governance Risk

Governance risk covers the oversight and control mechanisms which ITC has in place to ensure that it is soundly and prudently managed.

Active and engaged boards are appointed with an appropriate spread of expertise and experience and of sufficient size and diversity, cognisant of the nature, scale and complexity of the business. ITC maintains relevant processes, structures and information flows to allow the Board and Senior Management to satisfy themselves that effective control mechanisms are in place to protect all stakeholders.

Conduct Risk

Conduct risk is defined as the risk that ITC's behaviours will result in poor outcomes for consumers.

ITC operates in line with its various processes and Code of Conduct to ensure ethical business practices are observed at all times and to use relevant data accumulated from the various consumer focused activities and initiatives undertaken to validate that its behaviour is in line with conduct of business practices.

Concentration Risk

Concentration risk is defined as the risk of loss arising from exposure to a particular counterparty or group of counterparties.

ITC regularly undertake risk assessments of financial institutions where firm assets are held and addresses concentration risk, where appropriate.

Strategy / Business Model Risk

Strategy / business model risk refers to the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or a lack of responsiveness to changes occurring in the business environment.

ITC maintains long term focused and strategic objectives with a strong element of responsiveness based on applied knowledge and continuous market and industry interaction and research. Regular review and flexibility in its approach allows it to adapt quickly to any necessary changes.

OWN FUNDS

Common Equity Tier 1 items set out in the Capital Requirements Regulation consist of the following as at 31/03/2022:

(a) capital instruments (subject to conditions) *	8
(b) share premium accounts	25,393
(c) relevant retained earnings	1,575,300
Own Funds as at 31/03/2022	**1,600,701**

**The main features of the capital instruments are set out in Appendix I*

ITC's Own Funds are made up entirely of Common Equity Tier 1. Where relevant retained earnings are applied, they are done only where they are available to the company for unrestricted and immediate use to cover risks or losses as soon as these occur. It has not been necessary to apply any restrictions to the calculation of Own Funds. The only type of capital instrument issued by the business is ordinary shares. The ordinary shares carry standard voting/common equity rights.

OWN FUNDS REQUIREMENTS

ITC's Own Funds Requirement is based on the highest of the following four methodologies:

(a) Permanent minimum capital requirement	150,000
(b) Fixed overhead requirement	1,228,069
(c) Total K-Factor requirement**	0
Own Fund Requirement as at 31/03/2022	**1,288,069**

***K-Factor requirements include assets under management under both discretionary portfolio management and nondiscretionary advisory arrangements of an ongoing nature, client money held, assets safeguarded and administered, client orders handled and daily trading flow.*

ADEQUACY OF INTERNAL CAPITAL

ITC has an internal capital adequacy assessment process to provide it with a methodology for ongoing assessment of capital requirements for identified risks to the firm. The objective of the assessment is to ensure that ITC has adequate capital to cover these risks.

ITC uses a conservative approach to the allocation of capital, in line with ITC's conservative approach to its business. As part of this process, ITC carries out a risk assessment to evaluate the risks to which it is exposed.

ITC has adopted a risk evaluation/scoring system to assess the risks. The risk evaluation matrix is an approach to quantifying risk by defining measures of impact and probability using a ratings system. This allows the construction of a risk matrix which is used as a basis for assigning probability and impact scores.

APPENDIX I – CAPITAL INSTRUMENTS

Issuer	Independent Trustee Company Ltd
Unique Identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Governing law(s) of the instrument	Ireland
Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo
Instrument type (types to be specified by each jurisdiction)	Common equity Ordinary Shares
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	€0
Nominal amount of instrument	€8
Issue price	€8
Accounting classification	Shareholders' Equity
Original date of issuance	16/03/1994
Perpetual or dated	Perpetual
Original maturity date	N/A
Issuer call subject to prior supervisory approval	No
Fixed or floating dividend/coupon	Discretionary dividend amount
Coupon rate and any related index	N/A
Existence of a dividend stopper	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
Existence of step up or other incentive to redeem	No
Noncumulative or cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible