



INTERACTIVE BROKERS IRELAND LIMITED

**Pillar 3 Disclosures
for the 2022 Financial Year**

June 2023

Contents

1. Introduction.....	3
1.1. Background.....	3
1.2. Frequency and Scope of Disclosures.....	3
1.3. Firm Overview	3
2. Risk Management Objectives and Policies.....	5
2.1. Overall Risk Statement and Appetite	5
2.2. Risk Management Objectives and Policies.....	5
3. Governance.....	9
3.1. Governance Structure Overview	9
3.2. Directorships Held By Directors	9
3.3. Governance and Diversity	10
4. Own Funds.....	11
4.1. Reconciliation of Own Funds to Financial Statements	11
4.2. Composition of Own Funds.....	12
4.3. Own Funds: Main Features of Own Instruments Issued by the Firm	13
5. Own Funds Requirements.....	14
5.1. Internal Capital Adequacy Assessment Process (ICAAP)	14
5.2. K-Factor Requirements	15
5.3. Fixed Overhead Requirement	15
6. Investment Policy.....	15
7. Remuneration Policy and Practices	16
7.1. Remuneration Policy Summary	16
7.2. Variable Remuneration Ratio	17
7.3. Quantitative Remuneration Information	18
8. Environmental, Social and Governance Risks	19
8.1. Disclosure requirements	19
8.2. Risk Management Framework.....	19
8.3. Sustainability and ESG Strategy	20

1. Introduction

1.1. Background

The purpose of this document is to disclose information in accordance with the requirement set out in Part Six of the Investment Firms Regulation (IFR - Regulation EU 2033/2019) (“Part Six Disclosures”). These disclosures are intended to provide transparency to investors and the wider markets in particular as regards Interactive Brokers Ireland Limited’s (“IBIE”, or the “Firm”) level of own funds, own funds requirements, governance arrangements, risk management strategy and processes, remuneration policies and practices and on Environmental, Social and Governance (“ESG”) risks. A detailed assessment of the risks and harms has been undertaken through IBIE’s Internal Capital Adequacy Assessment Process.

1.2. Frequency and Scope of Disclosures

The Part Six disclosures made in this document relate to IBIE, which is a EUR 750k investment firm, and are for the 52-week financial reporting period ended 31st December 2022.

IBIE publishes these disclosures annually in conjunction with the date of publication of its financial statements and they are available on IBIE’s website (interactivebrokers.ie) on the page “forms and disclosures”).

These disclosures have been prepared solely for the purpose of fulfilling the Firm’s Part Six Disclosures requirements and are not used by management for any other purpose. They have not been audited nor do they constitute any form of audited financial statement.

1.3. Firm Overview

Interactive Brokers Ireland Ltd.

IBIE operates both as a broker, executing and clearing orders for its clients, and as a broker-dealer for certain financial products. Clients include affiliated companies. Generally the Firm trades as Agent on behalf of its clients, but it also takes certain proprietary positions for its own account to support customers’ trading in OTC products and the market making activity described below.

- IBIE trades on a matched principal basis to support its brokerage business with clients. It offsets principal positions with its counterparties.
- IBIE holds an immaterial amount of equity positions for a limited time - these include positions relating to corporate actions and error trades on customer orders.
- IBIE operates a Systematic Internaliser for the purpose of facilitating client orders.

The Firm does not provide investment advice, execute discretionary orders or engage in investment banking or underwriting. IBIE makes available to its customers investment research distributed by an affiliate service provider and produced by non-affiliated third parties. IBIE maintains a highly liquid balance sheet and has established procedures for measuring funding requirements and monitoring its capital. IBIE holds a significant excess of Own Funds and relies on its own capital for regulatory and liquidity needs. Moreover, as a subsidiary under the overall control of Interactive Brokers Group, Inc. (together with its consolidated subsidiaries, collectively, “IB Group” or “IBG”) IBIE has access to additional liquidity and capital from its parent, IBG LLC.

IBIE carries direct clients and holds client money and client financial instruments, which it protects in accordance with the Central Bank of Ireland’s client asset regime.

Interactive Brokers Group Inc. Structure: Legal and Operational

IBIE is part of a global group of financial services companies that are under the common control of IB Group. IB Group is publicly listed in the U.S. on the NASDAQ exchange, under the ticker symbol IBKR.

IB Group is an automated global electronic broker which services accounts for hedge and mutual funds, registered investment advisors, proprietary trading groups, introducing brokers and individual investors. IB Group specialises in routing orders, while striving to achieve best execution, and processing trades in stocks, options, futures, foreign exchange instruments, bonds, mutual funds and exchange traded funds on more than 150 electronic exchanges and market centres around the world. IB Group's headquarters are in Greenwich, Connecticut, USA.

IB Group maintains a conservative capital structure and a highly liquid balance sheet. IB Group has grown organically and can trace its origins back over four decades.

2. Risk Management Objectives and Policies

2.1. Overall Risk Statement and Appetite

IBIE's business strategy is to organically grow its customer base and generate profit while operating in an ethical, transparent manner and in full compliance with legal and regulatory requirements.

Effective risk management is critical to ensure that IBIE meets its business goals and objectives while managing its risk profile to within acceptable levels.

IBIE's Risk Strategy is to ensure that the business strategy of the Firm can be delivered in a safe and controlled manner, by reference to clear statements of risk appetite, consistent with IBIE's capital and liquidity plans, and ensuring appropriate safeguarding of client assets.

IBIE embraces taking controlled risks as a part of the way that the Firm works and thinks, but only where those risks:

1. Keep the Firm safe and secure.
 - IBIE maintains capital and liquidity levels that ensure that the Firm is safe and secure.
 - IBIE does not undertake activities that puts its clients or the Firm in danger.
 - IBIE applies a disciplined approach to risk management and governance.
2. Positively contribute towards the achievement of IBIE's strategic plans.
 - IBIE seeks the most appropriate risk options to achieve its target financial goals.
 - IBIE continually strives to earn the confidence of stakeholders (including IBIE's regulators).
3. Are comprehensively understood and effectively controlled.
 - IBIE has clear ownership and accountability for the material risks.
 - IBIE understands its risk appetite and regularly monitors and manages risks within appetite.
 - IBIE has processes in place for the escalation of risk appetite breaches.
4. Avoid activities that are inconsistent with the Firm's values, code of conduct, and policies.
 - IBIE's people behave in a way that is consistent with the target risk culture

2.2. Risk Management Objectives and Policies

IBIE is exposed to Capital, Credit, Liquidity and limited Market Risk in its financial management. Across its business, IBIE is exposed to Operational, Technology, and Cyber Security Risk arising from the highly automated nature of its business model and significant reliance on technology. Compliance, Financial Crime and Conduct risks also arise from IBIE's interaction with its clients, the markets within which it operates and all applicable legal and regulatory obligations.

The Firm's approach to Risk Management is governed by its Enterprise Risk Management Framework ("ERMF"). The primary purpose of the ERMF is to support IBIE in achieving its strategic objectives in a controlled manner and it is the foundation for the execution of IBIE's business strategy. The ERMF governs the way IBIE identifies and proactively manages its risks and allows IBIE to determine the appropriate use of its capital throughout the Firm. The ERMF is underpinned by a suite of risk policies that govern IBIE's approach to managing its key risks, including Capital, Credit and Liquidity Risk.

The Firm's risk strategy focuses on identifying, assessing, monitoring, reporting, and mitigating the risks inherent in IBIE's business activities. As IBIE operates in a dynamic environment, its risk

management strategy is proactive, focusing on expected future events and emerging risks. IBIE is continuously developing systems and processes to identify and assess the risks to which it is exposed.

Capital Requirements

IBIE maintains or allocates appropriate levels of capital to meet its regulatory obligations and has sufficient loss absorption capacity for stressed conditions.

IBIE considers its capital requirements under both Normative and Economic Stresses and ensures it has a conservative capital buffer above its Pillar 1 requirements per IBIE's Risk Appetite. Both the buffer and the suite of stress tests under the Normative and Economic perspective are reviewed for appropriateness on at least an annual basis, with ongoing assessments being carried out by IBIE's Executive Risk Committee. The capital buffer in place is very conservative, and well in excess of regulatory capital requirements.

Overall, IBIE's appetite for capital risk in pursuit of its strategic objectives is low. IBIE will not undertake any strategic initiative that would cause capital levels to fall below desired levels. The Firm's intent is to always maintain a conservative buffer above the regulatory minimum.

Concentration Risk

IBIE governs and manages concentration risk as part of its Credit Risk Framework. The overall objectives of the framework are to manage the Credit Risk in line with IBIE's overall risk appetite and conservative business strategy.

IBIE differentiates its concentration risk between:

- Client Concentration – potential concentration risk arising from (i) single or connected clients having significant exposures to IBIE; (ii) single or multiple clients having significant exposures to specific positions or market segments; and,
- Non-Client Counterparty Concentration – potential concentration risk arising from the placement of assets with third parties, credit institutions and clearing/custodial institutions.

The risk management objectives in relation to client concentration revolve around minimising concentration risk through sophisticated and automated conservative margining methodologies. IBIE also has specific client concentration appetites and limits in place to ensure compliance with IFR requirements.

IBIE performs ongoing stressed analysis of potential concentrations its clients may have to specific positions/instruments, markets or market segments.

In relation to non-client counterparty concentration, IBIE's objectives to place assets exclusively with:

- Approved systemically significant counterparties; or,
- Intragroup affiliates.

There is a counterparty assessment process in place and specific limits around the placement of segregated assets with any specific counterparty. Client segregated assets are monitored on a daily basis with the funds moved as required to ensure that the limits remain within appetite.

Liquidity Risk

Liquidity risk is actively managed to ensure IBIE:

- can meet cash flow obligations when they fall due in both business as usual (BAU) and stressed circumstances;

- comply with regulatory requirements; and,
- has sufficient unencumbered liquidity, liquid assets and committed credit lines to sustain liquidity stress scenarios or unexpected funding needs.

Liquidity risk is managed on an ongoing basis through a review of the liquidity requirements on a BAU and stressed basis. The Firm has a specific appetite of unencumbered liquidity exceeding stressed liquidity requirements for a 30-day period. The IB Group EMEA Treasurer and the IBIE Executive Risk Committee reviews and approves the stressed liquidity requirement assumptions on at least an annual basis.

IBIE has access to multiple internally defined tiers of unencumbered liquidity specifically:

- Tier 1: Cash on hand.
- Tier 2: Unused margin stocks.
- Tier 3: Committed credit lines.

Tier 1 liquidity matches the definition of liquid assets as per the IFR regulations. Tier 1, Tier 2 and Tier 3 match the definition of unencumbered liquidity as per the Firm's Risk Appetite Statement (RAS).

Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. In order to ensure a comprehensive assessment of all material risks to IBIE, both Technology Risk and Cyber (or Information Security) Risk are designated as key risk Pillars in the Enterprise Risk Management Framework.

IBIE has a low risk appetite for operational risk events which result in a material financial, reputational or regulatory impact to the Firm or its clients.

Operational Risk is assessed and managed through the process of Risk Control Self Assessments and through ongoing event monitoring and reporting. The overall objective around Operational Risk is to minimise the extent and impact of risk events. Operational Risk is governed through the Firm's Operational Risk Framework.

With respect to IT systems and processes, the overall object is to ensure availability of key systems and processes, to minimise system downtime and to have the appropriate back-ups and contingencies in place to deal with disruptions. This is managed through an IT risk framework and ongoing monitoring, assessment and contingency planning.

IBIE outsources its IT processes and controls to the IB Group and is reliant on Group systems and processes to operate on a day-to-day basis. These outsourcing arrangements are governed by an appropriate outsourcing framework which includes strategy, policy, procedures, and SLAs.

Conduct Risk

IBIE's objective is to manage conduct risk in a way that promotes the sustainable operation of the business, gives IBIE local independence and autonomy while still being aligned with overall IB Group strategy.

In this context, the Executive Management set the following conduct risk objectives:

1. A positive consumer-focused culture and "tone from the top" that is embedded and demonstrated within IBIE;
2. A Conduct Risk Framework that is fit for purpose and ensures that consumers and other market participant's best interests are protected;
3. Compliance with all relevant obligations; and,

4. Treating customers and market participants, existing and new, in a fair and transparent manner.

To achieve its conduct risk objectives, IBIE has a comprehensive governance framework in place aimed at identifying, managing and mitigating conduct risks.

Conduct Risk is managed through ongoing reviews of relevant legislation and guidance, and of client communications and disclosures, to evaluate the clarity of business terms, regulatory disclosures, and marketing communications. Furthermore, there are regular reviews of IBIE's client inquiries to customer services, to identify key topics and areas of focus for potential enhancements to the platform.

3. Governance

3.1. Governance Structure Overview

IBIE's Board of Directors is the governing body for managing risk within IBIE and sets the overall level of risk that the Firm will accept. The Board is currently comprised of seven members of which three are Independent Non-Executive Directors, two are IBIE executives (the CEO & COO) and two are Group Non-Executive Directors.

To assist in the ongoing governance, management and implementation of risk management and risk strategy, the Board as the governing body delegates its authority to specific sub-committees within IBIE. These committees assist the Board in reviewing and bringing to its attention specific issues and items on an ongoing basis. They are:

- Remuneration Committee ("RC"), which is responsible for the framework of remuneration for the Firm's Executives.
- Board Risk Committee ("BRC") assists the Board and other committees that oversee specific risk related issues and serves as a resource for management by overseeing risk across IBIE. The BRC oversees all material aspects of the ERMF and Enterprise Risk function, including the strategies, policies, procedures, processes, and systems established by management to identify, assess, measure, monitor and manage the major risks facing IBIE. The Committee's role includes a focus on the qualitative and quantitative aspects of internal and external risk measurement and on the Firm's processes for the management of risk.
- Board Audit Committee ("BAC") oversees all material aspects of the Firm's financial reporting, system of internal controls, and the performance of the internal and external audit functions. The Committee's role includes a focus on monitoring IBIE's financial reporting process and its adherence to the relevant accounting standards as well as on Firm processes for the management of business/financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements.

The various Board Committees are supported by a number of Executive Level Committees including the Risk, Compliance, Asset and Liability, and Executive Management Committees.

3.2. Directorships Held By Directors

Managing Directors	No. Directorships
Jonathan Chait	9
Patrick Mulvihill	2
Grainne Dooley	9
Enda Allen	13
Sabrina Pescetto	1
Robert Prior	2
Kevin Keller	2

3.3. Governance and Diversity

The RC is responsible for overseeing the selection process for chief executives and senior officers. Diversity is a key element of IBIE's selection process in determining the composition of the management body. As part of this process, the RNC evaluates the balance of knowledge, skills, diversity and experience of the management body, so as to ensure the continued effectiveness of IBIE's management.

4. Own Funds

4.1. Reconciliation of Own Funds to Financial Statements

Template EU IF CC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	c
		Balance sheet as in published financial statements	Cross reference to EU IF CC1
		As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements			
1	Cash and cash equivalents	89,555	
2	Securities borrowed	280,020	
3	Receivables from clients	2,206,592	
4	Receivables from brokers and dealers	75,609	
5	Receivables from affiliates	284	
6	Interest receivables	19,607	
7	Financial assets at fair value held for trading	184	
8	Property and equipment	14,383	
9	Deferred tax assets	511	
10	Other non-financial assets	7,199	19 (part)
11	Total Assets (EUR'm)	2,693,944	
Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements			
13	Securities loaned	287,453	
14	Payables to clients	1,380,559	
15	Payables to brokers and dealers	494,139	
16	Payables to affiliates	6,381	
17	Interest payables	18,196	
18	Lease liabilities	10,415	
19	Other financial liabilities	10,632	
20	Other non-financial liabilities	0	
21	Total Liabilities (EUR'm)	2,207,775	
Shareholders' Equity			
22	Share capital	50	24
23	Capital contribution account	429,950	
24	Retained earnings (deficit)	56,169	
25	Total Shareholders' Equity (EUR'm)	486,169	

IBIE meets the obligations laid down in Part Six of IFR on an individual basis, so in the above EBA template (EU IF CC2) column 'a' (Balance sheet as in published/audited financial statements) equals column 'b' (Under regulatory scope of consolidation), and consequently the latter column of the template has been omitted.

4.2. Composition of Own Funds

Template EU IF CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)

		(a)	(b)
		Amounts ¹	Source ²
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	OWN FUNDS	478,853	
2	TIER 1 CAPITAL	478,853	
3	COMMON EQUITY TIER 1 CAPITAL	478,853	
4	Fully paid up capital instruments	50	24
5	Share premium		
6	Retained earnings	56,169	
7	Accumulated other comprehensive income		
8	Other reserves	429,950	
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(7,316)	
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill		
19	(-) Other intangible assets	(6,805)	19 (part)
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(511)	18
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-)Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments		
28	ADDITIONAL TIER 1 CAPITAL		
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		

36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	TIER 2 CAPITAL		
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

Notes:

1. Values in EUR thousands.
2. These are reference numbers in the summary balance sheet, template EU IF CC2 (see Section 4.1).

4.3. Own Funds: Main Features of Own Instruments Issued by the Firm

IBIE does not issue Own Instruments.

5. Own Funds Requirements

5.1. Internal Capital Adequacy Assessment Process (ICAAP)

The internal capital adequacy assessment process (“ICAAP”) considers critical risks and current and future business activities to determine the adequacy of the Firm’s capital (own funds) position. The ICAAP risk identification and assessment processes are crucial to ensuring that all material risks are captured. This then allows each risk to be quantified from Economic and Normative perspectives whilst taking a proportionate approach to the level of own funds required. Additional consideration is given to how these risks are managed within IBIE, which assists in determining the residual risks for which own funds must be held. This ensures own fund requirements considers wider risk management activities.

IBIE recognises it should manage all risks both singularly and in aggregate, and independently from the IB Group. To do so, the Firm believes that its own funds must exceed its own funds requirement – on a Pillar 1 plus Pillar 2 basis (Overall Capital Requirement) – by a minimum percentage, which is in line with the CEO approved Risk Appetite Statement buffer. Maintaining a management buffer of own funds over the own funds requirement will give IBIE sufficient flexibility to take actions to either reduce the own funds requirement or increase own funds, without being at risk of breaching regulatory minimums. Such an excess ensures that, as IBIE’s business increases or decreases in size, there are adequate capital resources to ensure financial resilience under severe adverse conditions and which will cover the potential impact of all but the most extreme scenarios.

The management buffer level is reviewed and approved on a regular basis by the CEO (at least annually), with ongoing assessment of the adequacies of these levels being carried out by IBIE’s Executive Risk Committee.

The Normative perspective, when considered along-side the Economic perspective, constitutes the IBIE approach to assessing internal own fund requirements and is the primary driver of the overall ICAAP outcome.

The Normative perspective considers a multi-year assessment of the Firm’s ability to fulfil all its capital-related regulatory and supervisory requirements, under both baseline and adverse conditions. In particular, the Normative perspective is assessed by way of stress testing, which assesses the Firm’s continuing ability to meet its supervisory requirements under a number of scenarios.

Stress testing provides insights into both the vulnerabilities of the IBIE business model and of the level of financial resilience of its capital adequacy.

The Normative approach informs the level of the management buffer (which is intended to cover an adverse stress), which determines the level of own funds required.

Under the Economic perspective, IBIE uses internal capital quantification approaches that are tailored to the Firm’s business model. Utilising internal approaches, the Firm captures idiosyncrasies inherent in the Firm’s business model that may not be fully captured through the regulatory own funds requirements approach.

When considering the outputs of the perspectives, IBIE considers available own funds in excess of regulatory requirements as a key metric for the ICAAP. Both from an Economic and Normative perspective, management assesses the projected available own funds to meet the own funds requirements and the Risk Appetite Statement management buffer.

5.2. K-Factor Requirements

The K-Factor requirements arising as at 31st December 2022 for IBIE are:

K-Factor Requirement	Amount (EUR'm)
Risk to Client K-Factor Value	29,116
Risk to Market K-Factor Value	308
Risk to Firm K-Factor Value	4,412
Total K-Factor Value	33,836

5.3. Fixed Overhead Requirement

The fixed overheads requirement, determined in accordance with IFR Article 13, is EUR 10.6 m.

6. Investment Policy

As described in Section 1, IBIE provides investment services to facilitate client-directed trading and investing. Consequently, it does not hold shares itself either directly or indirectly that fall within scope of the disclosure requirements set out in Article 52 of IFR. .

7. Remuneration Policy and Practices

7.1. Remuneration Policy Summary

These disclosures cover the remuneration policies and practices of the Firm, including aspects related to gender neutrality and the gender pay gap, for those categories of staff whose professional activities have a material impact on the Firm's risk profile ("Staff"), as determined in accordance with Commission Delegated Regulation (EU) 2021/2154.

The applicable regulations under which these disclosures are made include the European Union (Investment Firm) Regulations 2021 (SI No. 355/2021), and the Investment Firms Regulation (EU) 2019/2033 . The Firm does not use the derogation laid down in Article 32(4) of Directive (EU) 2019/2034.

The Firm's remuneration policies and practices are designed to incentivise staff to act in ways that are consistent with and promote the Firm's overall long-term interests in terms of growth and profitability. Their overall aim is to ensure that the Firm is i) encouraging a positive risk culture by aligning risk management practices with remuneration practices and ii) maintaining a sound capital base. IBIE reviews the remuneration policies and practices annually. Categorisation of staff is also refreshed on an annual basis.

IBIE adopts a gender-neutral approach to all aspects of remuneration and evaluates staff solely on the basis of their performance and that of their business unit and of the Firm.

The Firm pays both fixed and variable remuneration. Fixed remuneration is paid in cash and is permanent, predetermined, non-discretionary and non-revocable. It includes both basic pay and benefits that are not based on performance and are part of a routine employment package, including pension contributions and health benefits. The Firm considers all performance related awards to be variable remuneration, and any payment not classified as fixed remuneration is considered to be variable remuneration.

The most important design characteristics of the Firm's remuneration system are as follows:

a) Governance

The Remuneration Committee is responsible for adopting IBIE's remuneration policy and monitoring its implementation to ensure that it is operating fully as intended. It is also responsible for approving any material changes to the Remuneration Policy. The CEO is responsible for its implementation, subject, at least annually, to internal review.

HR, Risk Management, Compliance, Internal audit, Finance and Legal play an active part in the ongoing oversight and review of the Firm's remuneration policy and practices.

b) Proportionality

The Firm's remuneration policies and practices are appropriate to the Firm's size, its internal organisation and the nature, scope and complexity of its activities.

c) The Level of Variable Remuneration

Variable remuneration is linked to a Staff member's performance and is set at an amount which encourages Staff members to perform their functions in a way that furthers the Firm's long-term interests and discourages them from performing their role in a way which is inconsistent with these interests.

The level of variable remuneration to be paid to each staff member is determined annually and may vary from year to year. The Firm does not pay guaranteed variable remuneration and the level of fixed salary is such that it is possible that a staff member does not receive variable remuneration in a given year.

d) The Criteria for Awarding Variable Remuneration

The Firm only pays variable remuneration where this is:

- i) sustainable according to the Firm's financial situation and does not limit the Firm's ability to maintain its sound capital base in the longer term; and,
- ii) justified on the basis of the performance of the Interactive Brokers Group, the Firm, the relevant Staff member's business unit and the Staff member concerned.

How a Staff Member's performance is evaluated differs depending on their specific role, but generally depends on the performance of measurable business results, along with achieving other assigned departmental and personal goals.

e) Payout in Instruments

The Firm, in conjunction with the Interactive Brokers Group, operates a Share Incentives Plan. Staff are paid at least 50% of their variable remuneration in shares of IBKR (which is listed on the NASDAQ exchange) under this plan.

f) Deferral Policy

IBIE defers at least 40% of variable remuneration awarded to Staff over a four year period, with 20% of variable remuneration vesting each 12 months, starting 15 months after the beginning of the deferral period.

The payment of deferred variable remuneration is intended to ensure that a sufficient part of the variable remuneration can be adjusted for risk outcomes over time through ex post risk adjustments.

g) Vesting Criteria

The Firm applies vesting criteria that are intended to capture instances where variable remuneration was awarded but it subsequently transpires that the award was not justified in view of the performance of the relevant Staff member, the Staff member's business unit and/or that of the Firm.

Variable remuneration is subject to malus and clawback provisions. Malus is an arrangement that permits the Firm to reduce the value of all or part of deferred variable remuneration based on ex-post risk adjustments before it has vested. Clawback is an arrangement under which Staff must return to the Firm ownership of an amount of variable remuneration paid in the past or which has already vested, under certain conditions.

7.2. Variable Remuneration Ratio

The Firm sets the maximum ratio between the fixed and variable elements of remuneration at 100%.

7.3. Quantitative Remuneration Information

The following quantitative information for the year ending at the reference date of this document is disclosed as required by Article 51(c) of IFR.

Remuneration Overview

Staff Category	No. of Beneficiaries	Total Fixed Remuneration	Total Variable Remuneration - Cash	Total Variable Remuneration - Shares
Senior Management	10	€1,850,214	€415,000	€456,900
Other Material Risk Takers	5	€309,730	€62,700	€23,200
Total	15	€2,159,945	€477,700	€480,100

Notes:

1. Fixed remuneration consists of salary, pension contributions, and health benefits.

Deferred Remuneration

There were no guaranteed variable remuneration awards made during the current financial year.

There were no severance payments awarded in previous periods, that were paid out during the current financial year.

There were no severance payments awarded during the current financial year.

8. Environmental, Social and Governance Risks

8.1. Disclosure requirements

In line with the requirements of IFD/ IFR Interactive Brokers Ireland Limited is required to disclose information on environmental, social and governance (“ESG”) risks, as defined in the EBA (“European Banking Authority”) report on the management and supervision of ESG risks for credit institutions and investment firms issued on 23 June 2021 (EBA/REPT/2021/18).

ESG factors may have a negative impact on the financial performance of the Firm, due to a failure to identify, mitigate and manage the risks it poses its stakeholders, its employees, the community in which it operates, and its clients. Beyond risk management, ESG provides opportunities to positively impact business operations and the external environment, and the community in areas including, but not limited to, energy, ecological and resource efficiency, strong engagement and human capital programs, efficient supply chains and product opportunities.

8.2. Risk Management Framework

IB Group, together with IBIE has integrated ESG topics into its governance, risk management, human capital, and facilities management programs.

ESG risk taxonomy

The main types of ESG risks are:

- **Environmental:** the impact of a failure to adapt to and mitigate the Firm’s impact on climate change and/or substandard environmental management practices.
- **Social:** failure to maintain a duty of care, working and safety conditions, respect for human rights, and effective anti-bribery and corruption practices.
- **Governance:** failure to have adequate structures to execute the business strategy and plan, ensure the integrity of the Firm’s financials, comply with relevant laws and regulations, promote diversity, equity, inclusion (DEI), and manage corporate risk.

Transition risks and physical risks associated with climate events are also considered and are defined as:

- **Physical climate risks:** damages and losses that occur due to the physical consequences of climate change.
- **Transition risks:** the negative financial impact stemming from the current or prospective impacts of the transition to an environmentally sustainable economy.

Risk Appetite

The Firm has included ESG in within its strategy and has begun embedding ESG-related risks into the Firm’s risk appetite framework. Risk Appetite is the amount of risk that the Firm is willing to accept or tolerate in its pursuit of its strategic objectives.

The risk assessment process includes identification of key and emerging risks to which the Firm may be exposed, including ESG risks, based on assessment and monitoring of economic, financial, operational, regulatory, market, industry, and client circumstances and conditions.

Risks related to, or impacting, ESG are captured under risk categories including Financial Crime and Conduct Risk, e.g., the efficacy of the Firm’s Anti-Money Laundering program.

IBIE's policy and governance architecture is aligned to that of IBG. The ESG risks are included in the Firm's risk register which is updated on a regular basis. IBIE maintains business continuity planning process and regularly performs legal reviews of upcoming or draft legislation on climate related topics.

Risk Management & Mitigation

IBG and IBIE consider their current and future estimated exposure to transition and physical climate-related risks as low, due to the following reasons:

- IBG has a third-party provider for data centres and worldwide 64% of these data centres use renewable power provided directly through the property manager of the respective facilities.
- The Dublin office of IBIE has begun to procure renewable power sources. IBG offices have completed an environmental review to assess current and best practices for energy, water, and waste management and plan to further improve environmental performance.
- The Firm recognises the importance of managing its own carbon footprint. In 2022, IBG invested in a Greenhouse Gas solution to help inventory and analyze its Scope 1 and Scope 2 emissions.

For IBIE the GHG emissions for 2022 were approximately¹:

- Total Emissions: 7.57 tCO₂e
- Scope 1: 3.20 tCO₂e
- Scope 2: 4.37 tCO₂e

IBIE has performed a business impact analysis and has updated business continuity plans that describe the steps to be taken by employees in the event of various loss scenarios.

8.3. Sustainability and ESG Strategy

To identify the most important and relevant ESG topics as part of its sustainability strategy, IBG completed a materiality assessment in 2022. IBIE participated in this assessment to identify and assess the ESG risks, impacts and opportunities to the Firm, the communities that IBG operates in, and to the environment. The assessment included 60 topics focused on seven key themes: economic, leadership and governance, risk and compliance, human capital, environment, community, and social capital.

From this materiality assessment, IBG developed a sustainability and ESG strategy which included prioritising programmes that aligned with the materiality assessment findings. The Dublin business operations include services such as customer due diligence and onboarding. IBIE has a robust onboarding process that integrates key ESG due diligence topics in its customers' adverse media screening and enhanced due diligence.

Corporate Governance

IBIE has a standing Executive Management Committee ("EMC") with voting members that include IBIE's executive directors. EMC meetings are held monthly and serve to provide business oversight and management in addition to business strategy and implementation. Topics covered in EMC meetings include ESG topics such as governance, remuneration, diversity, staff safety, and turnover/employee engagement.

¹ This GHG data has not yet been assured by an external third-party.

At the group level, IBG has established a dedicated ESG department to oversee the growing sustainability programs and ESG initiatives. IBG's Head of ESG and Sustainability oversees Firm wide sustainability programs and continues to work with the Chief Executive Officer and the ESG Board level committee to advance the programs.

ESG Tools and features for customers

Over the last two years, IBG has expanded the suite of ESG investing and trading products by creating new tools and adding ESG features to existing ones. New tools and features include the IMPACT App, the Impact Dashboard and ESG Scores. These products and tools allow IBG's customers to view their investments through a financial lens while determining how they align with their specific sustainability values. In addition, these tools provide conscientious investors with comprehensive data for making more informed investment decisions.

- *IMPACT by Interactive Brokers* SM – *IMPACT by Interactive Brokers* SM (“IMPACT App”) is a unique, simple, and intuitive mobile app that helps customers easily align their portfolio with their values, with a goal to help shape the future they wish to see. The IMPACT App allows customers to select their personal investment criteria from thirteen impact values and principles: Clean Air, Pure Water, Ocean Life, Land Health, Consumer Safety, Ethical Leadership, Gender Equality, Racial Equality, LGBTQ Inclusion, Company Transparency, Sustainable Product Lifecycle, Mindful Business Models and Fair Labor & Thriving Communities. Customers can also exclude investments based on business practices they would like to avoid. Based on these preferences, the IMPACT App will show customers how investment opportunities and their portfolio align with their beliefs.
- *Impact Dashboard* – The Impact Dashboard helps customers to evaluate and invest in companies that align with their values. Customers can select the values they care about from a list ranging from clean air to consumer safety and racial equality, and measure how both individual securities and their overall portfolio measure up against their criteria.
- *ESG Scores* – ESG Scores from Refinitiv give customers a new set of tools for making investment decisions based on more than just financial factors. Companies are scored along several dimensions, such as reducing emissions and supporting human rights, allowing customers to easily see how companies rank both overall and on each dimension.

Employee and Leadership Development

In 2022, IBG rolled out a global mentorship program and more than 120 mentors joined to provide peer-to-peer career support. Four IBIE employees participated in the programme as mentors and seven as mentees.

The Firm is committed to the development of the employees by providing them a variety of opportunities to grow and succeed in their careers. IBG's Learning and Development team offers robust training programs globally. The online training platform offers over 600 courses available on demand.

Driven from the IBG level, staff across all offices are required to complete mandatory training in a number of areas to ensure that the Firm complies with external regulations and internal policies. This training is hosted on an IBG platform, and progress and completion of the training is closely monitored. Topics include a number of regulatory and compliance requirements, such as compliance with Anti-

Money Laundering, Anti-Bribery and Corruption, and sanctions laws, as well as cybersecurity and privacy issues and concerns, all of which are in line with the Firm's internal policies. The mandatory trainings completion rate across IBG is over 95%. IBIE also organises bespoke training for IBIE staff from time to time.

The Firm also provides internship programs for college students to promote their early-stage career development through exposure to IBIE's projects and working culture.

Diversity, Equity, and Inclusion

The Firm believes that a diverse leadership and workforce enriches its employees' and customers' experience. IBIE has a diverse workplace, with employees from 12 different countries. Employee resource groups have been established on a global level to promote personal growth and professional development. The recently launched global mentoring program helps to support these efforts.