Strategic Report

The Group

The Group operates through two divisions: the Ferries Division, whose principal activities include passenger and RoRo freight shipping services under the Irish Ferries brand together with ship chartering activities, and the Container and Terminal Division, whose principal activities include LoLo shipping activities under the Eucon brand and the operation of two container terminals, Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT), within the two main ports on the island of Ireland.

Ferries Division

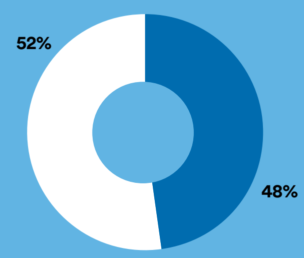
- Modern fleet of multi-purpose ferries and LoLo container vessels operating between the Republic of Ireland and Britain and Continental Europe, and on charter.
- Capacity to operate up to 37 daily sailings, increasing to 47 during 2022.
- Key passenger and freight positions on short sea routes between the Republic of Ireland to Britain, and Britain to Continental Europe.
- Inclusive package holidays to the Republic of Ireland, Britain and France.
- Vessel chartering activities both within and outside the Group.

Container and Terminal Division

- Container shipping services between Ireland and Continental Europe, operating a modern vessel fleet and equipment.
- Full door-to-door container transport service between Ireland and over 20 countries.
- Strategically located container terminals in Ireland's main ports of Dublin and Belfast.

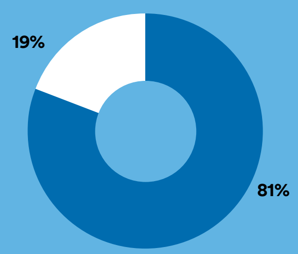
Revenue

€334.5m



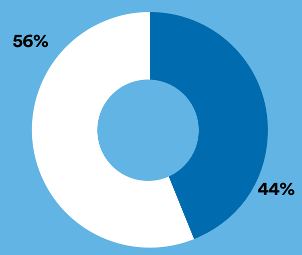
Capital Employed

€377.4m



EBITDA

€52.3m



● Ferries ○ Container & Terminal


Irish Ferries Ropax and Cruise Ferry Services
Irish Ferries High Speed Ferry
Ports Served By Ferries: Dublin, Rosslare, Holyhead, Pembroke, Cherbourg, Dover, Calais
Group Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Dublin Ferryport Inland Depot
Belfast Container Terminal
Ports Served By Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
M1
M2
M3
M4
M7
M11
M50
Dublin Ferryport Inland Depot
Dublin Port
Holyhead
Rotterdam
Antwerp
Cherbourg
Belfast
Dublin
Rosslare
Cork
Holyhead
Pembroke
Dover
Calais
Cherbourg
Rotterdam
Antwerp
United Kingdom
Netherlands
Belgium
Norway
Sweden
Denmark
Estonia
Latvia
Lithuania
Poland
Germany
Czech Rep.
Slovakia
Austria
Hungary
Romania
France
Switzerland
Slovenia
Croatia
Italy
Serbia
Bulgaria

Financial Highlights

Revenue

€334.5m +20.7%

2020: €277.1m

EBITDA (pre non-trading items)*

€52.3m +24.2%

2020: €42.1m

EBIT (including non-trading items)*

€(0.2)m +98.1%

2020: €(10.4)m

Basic earnings per share

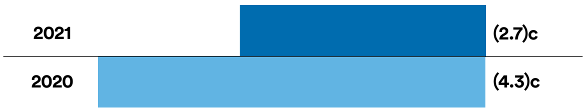
(2.6)c +74.5%

2020: (10.2)c

Adjusted basic earnings per share*

(2.7)c +37.2%

2020: (4.3)c



Net debt*

€(142.2)m -60.7%

2020: €(88.5)m

Return on average capital employed*

(0.1%)

2020: 0.2%

* The Group uses alternative performance measures "APMs" which are non-IFRS measures to monitor Group performance. Definitions and reconciliation to IFRS measures are set out on pages 20 to 21.

Our Group at a Glance

Irish Continental Group is a customer focused business with a pivotal position in the logistics chain facilitating international trade between Ireland, Britain and Continental Europe.

Strategic short sea RoRo routes operated by Irish Ferries providing seamless connections between Ireland, Britain and Continental Europe for the 290,000 RoRo units carried in 2021.

Reliability underpinned by major investment in tonnage and maintenance of quality assets ensuring the high levels of schedule integrity demanded by our customers.

Strategically located container terminals which handled 335,500 container units during 2021 in Ireland's main ports of Dublin and Belfast for shipping operators providing services to key continental hub ports and onwards access to global markets.

Connected container transport services provided by Eucon, transporting 346,600 teu (twenty foot equivalent) in 2021 between Ireland and 20 countries throughout Europe by sea, road, rail and barge.

Always on, always in touch, our shipping and terminal services operate 24/7, assisted by investment in modern booking and tracking systems to ensure our customers can keep in touch over a variety of platforms.

Fastest crossing on the Irish sea on board the Irish Ferries Dublin Swift fastcraft service with a sailing time of two hours between Dublin and Holyhead at speeds of up to 65 kph.

Key contributor to regional tourism in all countries we offer services, Irish Ferries carried 667,800 passengers and 203,600 cars during 2021 with research indicating that car tourists stay longer and travel outside the main urban centres.

High standard on-board experience enjoyed by our Irish Ferries customers encompasses quality food, beverage, entertainment and accommodation services. Duty free shopping for passengers travelling to and from Britain. Passengers are never out of touch with free satellite wi-fi services.

Five Year Summary

Summary extract of Income Statement	2021 €m	2020 €m	2019[3] €m	2018 €m	2017 €m
Revenue	334.5	277.1	357.4	330.2	335.1
Operating expenses and employee benefits expense	(282.2)	(235.0)	(270.6)	(261.8)	(254.1)
Depreciation, impairment and amortisation	(52.5)	(41.3)	(36.8)	(22.1)	(20.7)
	(0.2)	0.8	50.0	46.3	60.3
Non-trading items [1]	-	(11.2)	14.9	13.7	28.7
Interest (net)	(3.9)	(7.6)	(3.4)	(0.8)	(1.3)
(Loss) / profit before taxation	(4.1)	(18.0)	61.5	59.2	87.7
Taxation	(0.8)	(1.0)	(1.3)	(1.4)	(4.4)
(Loss) / profit for the year	(4.9)	(19.0)	60.2	57.8	83.3
EBITDA	52.3	42.1	86.8	68.4	81.0
Per share information:	€cent	€cent	€cent	€cent	€cent
Earnings per share					
-Basic	(2.6)	(10.2)	31.7	30.4	44.1
-Adjusted basic[2]	(2.7)	(4.3)	23.8	23.1	31.0
Dividend per share	-	-	4.42	12.77	12.16
Shares in issue at year end:	m	m	m	m	m
-At year end	182.8	187.0	187.4	190.3	189.9
-Average during the year	186.7	187.0	189.8	190.0	188.8

Summary extract of Statement of Financial Position	2021 €m	2020 €m	2019[3] €m	2018 €m	2017 €m
Property, plant and equipment, right-of-use and intangible assets	387.3	353.0	353.5	308.1	250.0
Retirement benefit surplus	6.7	1.0	12.5	2.5	8.1
Other assets	117.9	224.9	225.8	203.7	135.2
Total assets	511.9	578.9	591.8	514.3	393.3
Equity capital and reserves	249.7	265.9	287.9	252.9	223.8
Retirement benefit obligation	1.4	2.2	3.7	4.2	3.4
Other non-current liabilities	154.8	141.6	229.3	205.7	51.5
Current liabilities	106.0	169.2	70.9	51.5	114.6
Total equity and liabilities	511.9	578.9	591.8	514.3	393.3
Summary extract of Consolidated Statement of Cash Flows					
Net cash inflow from operating activities	56.8	46.1	84.8	61.5	71.8
Net cash (outflow) / inflow from investing activities	(52.7)	7.8	(52.3)	(158.8)	27.7
Net cash (outflow) / inflow from financing activities	(116.4)	(14.4)	(46.5)	131.4	(51.3)
Cash and cash equivalents at the beginning of the year	150.4	110.9	124.7	90.3	42.2
Effect of foreign exchange rate changes	0.4	-	0.2	0.3	(0.1)
Closing cash and cash equivalents	38.5	150.4	110.9	124.7	90.3
	€m	€m	€m	€m	€m
Net (debt) / cash	(142.2)	(88.5)	(129.0)	(80.3)	39.6
	Times	Times	Times	Times	Times
Net debt / EBITDA	2.6x	2.1x	1.5x	1.2x	N/A
Gearing (net debt as a percentage of shareholders' funds)	57%	33%	45%	32%	N/A

1. Non-trading items are material non-recurring items that derive from events or transactions that fall outside the ordinary activities of the Group and which individually, or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

2. Adjusted basic earnings per share exclude pension interest and non-trading items.

3 The figures for years prior to 2019 have not been restated for the effects of IFRS 16 which was adopted with effect 1 January 2019. The effect on the Consolidated Income Statement for financial year 2019 was to decrease operating expenses by €9.4 million, increase depreciation charges by €8.6 million, increase interest expenses by €1.0 million and a net reduction in profit after tax of €0.2 million. The effect on the Consolidated Statement of Financial Position was to increase assets by €35.3 million and liabilities by €35.5 million and reduce retained earnings by €0.2 million.

Chairman's Statement

2021 was another challenging year for the Group, with a continuation of travel restrictions due to the Covid-19 pandemic. However, it was also a year of significant progress for the Group in particular the commencement of Irish Ferries services on the strategic Britain – Continental Europe short sea route between Dover and Calais. It has been a long-term objective of the Group to expand into this route and its commencement in 2021 is all the more impressive given the current difficulties in our market caused by the pandemic related travel restrictions.

Investment in future growth and our future sustainability continued throughout 2021. We acquired one ferry, the Isle of Innisfree during 2021 together with the charter of a second vessel, the Blue Star 1. In addition, we agreed to the purchase of a third vessel for delivery in 2022. We also added a further container vessel, the CT Daniel to our fleet. As summarised below and detailed later on in the Annual Report, we continued to invest in a sustainable future for the Group. Continued investment in the electrification of Dublin Ferryport Terminal (DFT) took place, which will lead to an achievable and material reduction in emissions from this container terminal based in Dublin Port.

Despite the difficulties in our passenger business, both our RoRo freight operations and container and terminal operations enjoyed another strong year of growth. The Container and Terminal Division had another exceptionally strong year, with growth in both revenues and profitability. Ferries Division RoRo revenues recovered from a difficult start to the year following the end of the transition period between the European Union and the United Kingdom. The flexibility of the Ferries Division fleet allowed Irish Ferries to quickly adjust to changing trade flows in the first half of the year.

I would like to take this opportunity to thank all our colleagues who made retention of these critical services possible through the Covid-19 pandemic that is now hopefully behind us. As in the prior year, particular thanks are extended to our colleagues on our front line in the ports, on our ships and in our terminals. Again, this year and throughout this pandemic, their dedication to their roles kept our ships sailing, our container terminals operating and crucially the supply lines of our island open.

Financial Outcome

The overall financial outcome for the Group was a loss before tax of €4.1 million (2020: loss of €18.0 million) while operating loss before non-trading items was €0.2 million (2020: €0.8 million profit). EBITDA (pre non-trading items) generated was €52.3 million (2020: €42.1 million) from total revenues of €334.5 million (2020: €277.1 million).

EBITDA remained broadly in line with the prior year in our Ferries Division where EBITDA before non-trading items was €23.2 million (2020: €22.3 million). The division saw increased revenues from the easing of travel restrictions and commencement of the Dover – Calais service which was offset by an increase in costs, driven primarily by higher fuel prices and increased activity.

Performance in our Container and Terminal Division improved with an EBITDA of €29.1 million (2020: €19.8 million) through a continued focus on cost optimisation and increases in revenue.

As in the prior year, when the Group also faced challenging trading conditions, our diversified revenue streams and cost containment measures protected our strong balance sheet. While Net Debt increased from €88.5 million to €142.2 million, this was primarily due to strategic capital expenditure of €41.7 million. It is testament to the strength of the business and the balance sheet that despite the trading difficulties, we had the ability to continue investing in the future growth of our business.

Strategic Development

The Group has continued to progress a number of key strategic developments during the year.

In keeping with our progress over the last number of years, we have placed a significant focus on enhancing our approach to ESG and sustainability. As detailed in the Annual Report, we have rolled out a number of exciting initiatives across the Group. These are discussed later in the Annual Report at pages 40 to 61, highlights of which include the significant progress we have made in reducing the emissions of our container terminal operations. With the investment we have made and continue to make in more environmentally friendly terminal equipment, we are on course to achieve a reduction in the emissions from our container terminal operations of 70 per cent by 2025 (versus 2020).

The progress made to date and the expected future investment have allowed us to target net zero emissions in our container terminal operations by 2030. This year also sees the publication of our environmental policy and the development of our climate risk framework. As a business, we recognise the growing importance of providing transparency over our efforts to create value in a sustainable manner, based on a set of topics which we have identified as material to our business and our stakeholders.

On 26 March 2021, ICG subsidiary Irish Ferries announced that it would commence a new ferry service on the Dover – Calais route. This new service launched on 29 June 2021, with the introduction of the Isle of Inishmore on the route. The service was further expanded by the introduction of the Isle of Innisfree onto the route on 16 December 2021. The service offered will be further expanded by the planned introduction of the Isle of Inisheer in the first half of 2022. This is an exciting development for the Group and in line with our long-term ambitions. The route is a strategic short sea route between Britain and Continental Europe. Following the introduction of the Isle of Inisheer, Irish Ferries will offer up to 30 sailings per day on the Dover – Calais route.

In the prior year, the Group took delivery of and commissioned two electrically powered remotely operated rubber-tyred gantries (RTGs) at DFT following the previous successful commissioning of two similar units. This increases the total number of electric gantries in our Dublin Terminal to four continuing our transition to this more environmentally efficient mode of operation. Following the successful deployment of these environmentally friendly electric rubber-tyred gantries, DFT placed an order for an additional five of these cranes which will be delivered and commissioned in the second half of 2022. The deployment of these electric cranes will allow us to meet our target of reducing emissions in our terminals by 70 per cent in 2025 (versus 2020) and reaching our target of net zero emission in our terminals by 2030. Furthermore, the delivery of these cranes and the relocation of our empty depot facility to the Dublin Ferryport Inland Depot will increase the capacity of DFT to meet the need of the market.

Belfast Container Terminal (BCT) operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC) at a 27 acre site in Belfast Harbour. The £40 million re-investment project by

Chairman's Statement
Continued

BHC commenced in 2020 and continued into 2021. The project includes extensive civil works and the delivery of two new ship-to-shore gantry cranes along with eight new electrically operated RTGs. As per the investment in DFT, this investment is essential to reducing emissions in our terminal operations. The project is now nearing completion and the deployment of the final three RTGs is expected to be completed by the end of 2022.

During 2020 the Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. The Group has signed an agreement to enter into a 20-year lease for this operation on completion of certain civil works by the landlord. The facility became operational in January 2022. The facility will be used for the remote storage, maintenance and upgrade of empty container boxes, releasing valuable capacity for the handling of containers in the port area. The Dublin Inland Port is located adjacent to Dublin Airport with direct access to the M50 Motorway (Dublin Ring Road) and Dublin Port via the Port Tunnel.

Exit of the United Kingdom from the European Union

On 31 December 2020, the UK and EU ended the post Brexit transition period. While trade flows have decreased between Ireland and Britain, our customers have gained more experience with custom formalities and many are returning to the more efficient and reliable short sea services. The change in trade flows and volumes throughout the year has been managed by having a flexible fleet that has allowed us to adjust capacity on our direct continental RoRo and container shipping services. While over the course of the entire year (excluding our new service on Dover – Calais) this has led to a reduction in RoRo volumes, the change in yield mix has maintained RoRo revenues at levels only slightly behind the prior year.

Still of concern to the Group is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain, which are required under the Northern Ireland Protocol. To the extent that goods are destined for the Republic of Ireland, this is causing a distortion in the level playing field as goods that arrive directly into the Republic of Ireland ports from Britain are being checked on arrival.

Corporate Governance

The Board acknowledges the importance of good corporate governance practices. We have developed a corporate governance framework based on the application of the principles and provisions of the UK Corporate Governance Code (2018) and the Irish Corporate Governance Annex. I report on this framework in the Corporate Governance Report on pages 80 to 93.

During the year, I led the annual evaluation of Board performance, which was externally facilitated, of which further details are set out in the Corporate Governance Report on pages 88 to 89. As Chairman, I am satisfied that the Board operates effectively to ensure the long-term success of the Group and that each Director is contributing effectively and demonstrating commitment to their role.

Dividend and share buyback

On 1 July 2020, the Group announced that due to the effect of Covid-19, the Directors considered it prudent not to proceed with the 2019 final dividend previously announced. With the continuation of travel restrictions throughout 2020 and the consequential effects on the Group's financial results, no interim dividend was declared or paid relating to 2020. As travel restrictions continued in and throughout most of 2021, the board did not declare or pay any interim dividend relating to 2021.

Following the easing of travel restrictions in 2022, and the consequent improvement in passenger revenues together with the continuation of strong performance in all other revenue streams, the Board has considered it appropriate to recommence the payment of dividends. The Board is proposing the payment of a dividend of 9.00 cent per ordinary share on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022. Irish dividend withholding tax will be deducted where appropriate.

In November 2021, the Group bought back 4.6 million shares which were cancelled. The total consideration paid for these shares was €19.8 million (2020: €1.7 million).

Outlook

Since our last update to the market, in the Trading Update of 24 November 2021, trading to the end of 2021 in our freight business was strong with a continuation of the trends that have seen freight customers returning to the short sea routes. It was a disappointing end to 2021 for our passenger business with the reintroduction of Covid-19 travel restrictions following the emergence of the Omicron variant.

In the period from 1 January 2022 to 5 March 2022, trading has been strong in the Ferries Division with a continuation of the positive trends in our freight business and a lifting of most Covid-19 travel restrictions. Irish Ferries carried 35,900 cars in the period, an increase of 392% over the same period in the prior year. Excluding the new Dover – Calais service, on a like-for-like basis car carryings grew by 163%. While these increases are encouraging, it is over a seasonally less significant time of the year for passenger travel. While the early months are typically a quiet period for passenger travel, the increase in volumes seen in 2022 to date over the prior year are an encouraging indicator for post Covid travel trends.

RoRo volumes in our Ferries Division have also started strongly in 2022. Overall, Irish Ferries RoRo volumes are up 145% on the same period in the prior year. Excluding the new Dover – Calais service, RoRo volumes on the legacy routes are up 27% on the prior year. This is a continuation of the trend of a return of freight volumes to the short sea routes. While the beginning of 2022 has also been encouraging in our RoRo business, still of concern to the Group is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain that are destined for the Republic of Ireland, unlike the required checks on goods arriving directly into the Republic from Britain.

The Container and Terminal Division has had a weather disrupted start to 2022 which has materially reduced the number of sailings in the container business. The number of sailings reduced by 17% versus the same period in the prior year and this resulted in a 10.6% reduction in containers shipped. Port lifts in our container terminals decreased overall by 1%.

Our new service on Dover – Calais continues to perform in line with our expectations and we are encouraged by the very positive reception received on the route from customers.

As in the prior year, there is still some uncertainty over the possible emergence of further waves of Covid infections and any effect they may have on travel patterns. Also of concern is the conflict in eastern Europe and the extent to which fuel prices will remain at current historically high levels. While we will pass these increased costs through to customers, the underlying effect of the conflict on economic growth is uncertain. Nevertheless, with our significant investment in a flexible modern fleet and in our container terminal footprint combined with our strong balance sheet, this places us in a very good position to benefit from any continued growth in all our markets.

John B. McGuckian,

Chairman
9 March 2022

Chief Executive's Review

2021 Performance

2021 was a progressive year for the Group, which saw the expansion of the Group's ferry services to the Dover – Calais route and continued growth in both our RoRo and LoLo business. Despite the obvious challenges of the Covid-19 pandemic and the resulting travel restrictions, the Group maintained essential shipping links on and off the island of Ireland through operating its conventional ferries. The Group utilised its flexible shipping fleet to ensure it could adjust and service the short-term changes to trade flows following the end of the Brexit transition period.

The Group made a loss before tax of €4.1 million (2020: loss of €18.0 million), at an operating level pre non-trading items a small loss of €0.2 million (2020: profit of €0.8 million) is reported. Operations were cash generative at €56.8 million (2020: €46.1 million) and the Group maintained a strong balance sheet.

The Chairman in his review noted the progress we have made in the strategic development of the Group despite the difficult backdrop in our markets. These include significant environmental investments in both of our divisions and an improvement in our ESG reporting at a Group level.

The performance in the Ferries Division saw a slight increase in EBITDA to €23.2 million (2020: €22.3 million). While the performance is disappointing, we take comfort and encouragement from the division's ability to introduce significant cost containment measures that ensured it remained profitable at an EBITDA level. This is testament to the division's underlying cost base.

Performance in the Container and Terminal Division grew at an impressive rate during the year. EBITDA in this division increased by 47.0% to €29.1 million (2020: €19.8 million). This was driven by strong growth in activity levels, with revenue growing by 18.8% to €174.0 million (2020: €146.5 million).

Key Financial Highlights

EBITDA (pre non-trading items)

€52.3m +24.2%

2020: €42.1m

EBIT (pre non-trading items)

€(0.2)m

2020: €0.8m

Return on average capital

(0.1%) -0.3pts

2020: 0.2%

Adjusted earnings per share

(2.7)c +37.2%

2020: (4.3)c

Free cash flow before strategic capital expenditure

€43.3m +22.7%

2020: €35.3

Financial Position

The Group ended the year in a strong position financially notwithstanding that equity attributable to shareholders decreased by €16.2 million to €249.7 million. To protect the Group's already strong liquidity position against the short-term uncertain trading environment, a decision was made not to pay any dividends during 2021 (2020: €nil). During the year, the Group bought back 4.6 million shares which were cancelled. The total consideration paid for these shares was €19.8 million.

Net debt at year end was €142.2 million compared to net debt of €88.5 million in the prior year. This represents a net debt / EBITDA leverage of 2.6 times under banking covenant definitions. The increase in net debt is due to strategic capital expenditure of €41.7 million and share buyback of €19.8 million during the year. Year end net debt of €142.2 million comprised gross borrowings of €123.1 million (2020: €200.4 million), lease obligations of €57.6 million (2020: €38.5 million) less gross cash balances of €38.5 million (2020: €150.4 million). Right-of-use lease obligations are excluded for banking covenant purposes.

Strategic Performance

As Chief Executive, a key responsibility is to drive future profitable and sustainable growth of the Group. I'm happy to report that on a strategic level significant progress was made during 2021 in preparing the Group for future long term growth opportunities.

During the year, the Group commenced Irish Ferries services on the new Dover – Calais route. The services commenced on the 29 June 2021 with the deployment of the Isle of Inishmore. The route was further boosted with the introduction of the Isle of Innisfree onto the route on the 16 December 2021. The Group purchased a third ship for the route to be named the Isle of Inisheer. This ship will enter service onto the route in the first half of 2022. The introduction of a third ship onto the route for Irish Ferries will strengthen our position on the route and ensure we are a viable alternative to the incumbent operators.

In the prior year, the Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. This is an important contract for the Group as we look to expand our container operations in Dublin in the knowledge of the scarcity of space to expand in the core Dublin Port area. It is testament to the quality

Chief Executive's Review
Continued

of our container operations in the Port area that we have been selected as the first tenant of the new Inland Port facility. Operations at this terminal commenced in January 2022.

The Group's management continually seeks investment opportunities which meet the Group's stringent return hurdles both in terms of return and risk appetite, a policy which is promoted at all levels within the organisation. These investments are funded through a combination of debt and cash generation from existing activities.

Strategy and the Environment

The Group is conscious that its activities have an environmental impact but is happy to note that reducing that impact aligns with our overall strategy. In the prior year, the Group proceeded with the significant investments in installing exhaust gas cleaning systems (EGCS) and the ongoing program of electrification of heavy plant at our container terminals. Both of these investments, while reducing harmful emissions, also bring health and safety benefits to our operatives and align with the strategic objective of delivering sustained and profitable growth. This investment continued in 2021, including the order of five additional electric cranes for our Dublin Ferryport Terminal. In addition to the continued investment, the Group has this year enhanced our target setting across the organisation, developed a climate risk framework and published for the first time our environmental policy. Details of our work in this space during the year are detailed in our Sustainability and ESG Report at pages 40 to 61.

The Group currently collects various data related to its environmental impact of its operations for external reporting purposes. In recognition of the powerful effect that data can have on creating awareness of individual actions. In the prior year, the Group commenced a program to collate and harness this data as a tool to promote environmental responsibility within the workforce. While we recognise that we still have a way to go, we consider the steps taken over the last number of years as creating the foundation from which we can further develop our approach to sustainability, ESG and strong reporting in the years ahead.

However, for certain aspects the Group will require the shipping sector as a whole to work together. This particularly relates to global regulation under the auspices of the International Maritime Organisation setting common standards and key equipment suppliers adopting the latest technologies. As a small operator in a global market, the Group will only apply proven technologies which generate an economic return. The International Maritime Organisation and the European Union have recently set out decarbonisation goals for the Maritime industry. These are set out in our Sustainability and ESG Report on pages 40 to 61.

The Group is aware that our stakeholders require us to be environmentally focused and the Group is committed to continuous improvement in both the big and small things that we do.

Exit of the United Kingdom from the European Union

With the ending of the transition period on 31 December 2020 following Brexit, customs and other formalities were introduced on freight movements on our routes between Ireland and Britain. However, the long standing Common Travel Area arrangements were retained which allow free movement of passengers between both jurisdictions. The UK has also retained its adherence to the Convention on the Contract for the International Carriage of Goods by Road which facilitates the movement of goods to Continental Europe via the UK. Of concern is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain, which are required under the Northern Ireland Protocol. This creates a distortion in the market, where such checks are applied on goods arriving into Republic of Ireland ports.

The effect of the new formalities during 2021 was to change RoRo freight shipping patterns for goods moving between Ireland and Continental Europe, from the UK landbridge to direct services. In response, with the flexibility of our fleet, we adjusted capacity between our short sea Ireland Britain services and direct Continental services. While this has resulted in a reduction in RoRo volumes, a higher yield mix has maintained revenues at levels marginally behind last year. As our customers have become more familiar with the new checking arrangements, continental flows are returning to the more efficient and weather reliable short sea services.

Following the end of the transition period, Duty Free sales on our sailings into Britain recommenced,

following the previous abolition of Duty Free sales in 1999. While early signs are encouraging, until we see a full return to post Covid-19 passenger levels, it will be difficult to judge how beneficial this will be for the Group.

Stakeholders

The Group's performance is dependent on the support of our customers, suppliers and employees. I would like to thank all our customers for their support during this difficult year. We will continue to work with our customers to meet their expectations into the future.

Our suppliers are key to our ability to deliver quality services to our customers. We continually work with our suppliers whether they be port operators, contracted service providers or product suppliers to improve efficiencies and quality. We appreciate the co-operation and flexibility achieved in delivering our 24/7 services.

As in prior years, I would like to take this opportunity to thank our employees for their continued dedication to the operation of our services that are essential to the island of Ireland. This dedication has never before been so severely tested. It is testament to their dedication and skill that the Group's services on and off the island were maintained.

Outlook

I look forward in 2022 to a return to normalised levels in our passenger markets with the easing of Covid-19 travel restrictions, the continuation of the trends in 2021 which saw a gradual return of RoRo freight to our short sea Irish Sea routes and the continued growth in our Container and Terminal Division. The introduction of a third vessel onto our Dover – Calais service will give us an excellent platform to continue to grow and firmly establish ourselves on the new route. As in prior years, we will continue to seek out improvement and investment opportunities for our longer-term success.

Eamonn Rothwell,

Chief Executive Officer
9 March 2022

Business Model and Strategy

Irish Continental Group is a focused provider of maritime passenger and freight services with its principal operations in Northwest Europe. The Group operates through two divisions: the Ferries Division, whose principal activities include passenger and RoRo freight shipping services under the Irish Ferries brand together with ship chartering activities, and the Container and Terminal Division, whose principal activities include LoLo shipping activities under the Eucon brand and the operation of two container terminals, Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT), within the two main ports on the island of Ireland. Key risks and uncertainties affecting the Group are set out on pages 67 to 71.

Further details on these operations are set out in the Strategic Report on pages 24 to 34.

There are two principal elements to the Group's strategy for delivering value to shareholders:

Investment in quality assets in order to achieve economies of scale consistent with a superior customer service

Benchmarking costs to industry best practice to enable the Group to compete vigorously in its chosen markets.

This strategy is supported by our five strategic pillars

- Quality service
- People and culture
- Financial management
- Safety
- Sustainability

The key resources supporting delivery of this strategy include

- A modern ferry fleet
- Long term leasehold interests and operating agreements
- Access to strategically located ports and slot times
- Experienced qualified staff
- Recognised brand names
- Access to financial resources


IRISH FERRIES

Key Performance Indicators and Summary of 2021 Results

The Group uses a set of headline Key Performance Indicators (KPIs) to measure the performance of its operations and of the Group as a whole which are set out and defined below.

Certain financial measures used are not defined under International Financial Reporting Standards (IFRS). Presentation of these Alternative Performance Measures (APMs) provides useful supplementary information which, when viewed in conjunction with the Group's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group. These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRS. Descriptions of the APMs included in this report are disclosed below.

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before interest, tax, depreciation, impairment, amortisation and non-trading items.	Eliminates the effects of financing and accounting decisions to allow assessment of the profitability and performance of the Group.
EBIT	EBIT represents earnings before interest, tax and non-trading items.	Measures the Group's earnings from ongoing operations.
Free cash flow before strategic capital expenditure	Free cash flow comprises operating cash flow less capital expenditure before strategic capital expenditure which comprises expenditure on vessels excluding annual overhaul and repairs, and other assets with an expected economic life of over 10 years which increases capacity or efficiency of operations.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings plus lease liabilities less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.
Adjusted Basic Earnings Per Share (EPS)	EPS is adjusted to exclude the non-trading items and net interest (income) / cost on defined benefit obligations.	Directors consider Adjusted Basic EPS to be a key indicator of long-term financial performance and value creation of a public listed company.
ROACE	ROACE represents return on average capital employed. Operating profit (before non-trading items) expressed as a percentage of average capital employed (consolidated net assets, excluding net (debt) / cash, retirement benefit surplus / (obligation) and asset under construction net of related liabilities.	Measures the Group's profitability and the efficiency with which its capital is employed.
Pre-IFRS 16	Use of the term Pre-IFRS 16 denotes that the APM or IFRS measure has been adjusted to remove the effects of the application of IFRS 16: Leases.	Measurement of covenants for bank facility purposes

APM	Description	Benefit of APM
Non-Financial KPI	Description	Benefit of non-financial KPI
Schedule integrity	Schedule integrity (the number of sailings completed versus scheduled sailings).	Schedule integrity is an important measure for Irish Ferries' vessels as it reflects the reliability and punctuality of our service. This measure is meaningful to both our passenger and freight customers alike in facilitating them and their cargo to arrive on time at their final destination.

The following table sets forth the reconciliation from the Group's operating loss (EBIT) for the financial year to EBITDA, free cash flow and net debt. See note 12 to the Consolidated Financial Statements for the calculation of Basic and Adjusted Basic EPS.

Cash Flow	2021 €m	2020 €m
Operating loss (EBIT)	(0.2)	(10.4)
Non-trading items (note 10)	-	11.2
Net depreciation, impairment and amortisation (note 9)	52.5	41.3
EBITDA	**52.3**	**42.1**
Working capital movements (note 34)	11.7	10.6
Pension service costs less payments (note 34)	0.6	(1.1)
Share based payments expense	0.3	0.2
Other	1.1	(0.6)
Cash generated from operations	**66.0**	**51.2**
Interest paid	(8.4)	(3.7)
Tax paid	(0.8)	(1.4)
Maintenance capital expenditure	(13.5)	(10.8)
Free cash flow before strategic capital expenditure	**43.3**	**35.3**
Strategic capital expenditure	(41.7)	(19.3)
Repayment of vessel contract deposit	-	33.0
Free cash flow after strategic capital expenditure	**1.6**	**49.0**
Proceeds on disposal of property, plant and equipment	2.8	4.9
Buyback of equity	(19.8)	(1.7)
Proceeds on issue of ordinary share capital	0.7	0.2
Net cash flows	**(14.7)**	**52.4**
Opening net debt	(88.5)	(129.0)
Recognition of right-of-use asset lease obligations	(38.5)	(12.5)
Translation / other	(0.5)	0.6
Closing net debt	**(142.2)**	**(88.5)**

Key Performance Indicators and Summary of 2021 Results

Continued

The following table sets forth the reconciliation from the Group's ROACE calculation:

ROACE	2021 €m	2020 €m
Equity	249.7	265.9
Net debt	142.2	88.5
Asset under construction (including prepayment deposits)	(9.2)	(3.3)
Retirement benefit obligations	1.4	2.2
	384.1	**353.3**
Retirement benefit surplus	(6.7)	(1.0)
Capital employed	**377.4**	**352.3**
Average capital employed	364.9	358.3
Operating (loss) / profit (before non-trading items)	(0.2)	0.8
ROACE	**(0.1%)**	**0.2%**

The following table provides a reconciliation of the Group's net debt position:

Net debt	2021 €m	2020 €m
Cash and cash equivalents (note 19)	38.5	150.4
Non-current borrowings (note 22)	(115.8)	(113.1)
Current borrowings (note 22)	(7.3)	(87.3)
Non-current lease obligations (note 23)	(37.5)	(27.8)
Current lease obligations (note 23)	(20.1)	(10.7)
Net debt	**(142.2)**	**(88.5)**

The calculation and performance of KPIs and a summary of the key financial results for the year is set out in the table below. A detailed review of the divisional operations is set out in the Strategic Report on pages 24 to 34.

	Comment	Ferries 2021 €m	Ferries 2020 €m	Container & Terminal 2021 €m	Container & Terminal 2020 €m	Inter- Segment 2021 €m	Inter- Segment 2020 €m	Group 2021 €m	Group 2020 €m
Revenue		175.5	141.4	174.0	146.5	(15.0)	(10.8)	334.5	277.1
EBITDA	1	23.2	22.3	29.1	19.8	-	-	52.3	42.1
Depreciation, impairment and amortisation		(40.6)	(34.6)	(11.9)	(6.7)	-	-	(52.5)	(41.3)
Operating (loss) / profit (EBIT)	2	(17.4)	(12.3)	17.2	13.1	-	-	(0.2)	0.8
Non-trading item (note 10)		-	(11.2)	-	-	-	-	-	(11.2)
Finance costs (note 7)		(2.0)	(6.4)	(2.0)	(1.4)	-	-	(4.0)	(7.8)
Finance income (note 6)		-	0.2	0.1	-	-	-	0.1	0.2
(Loss) / profit before tax		(19.4)	(29.7)	15.3	11.7	-	-	(4.1)	(18.0)
ROACE	3	(5.9)%	(4.2)%	25.5%	21.0%			(0.1)%	0.2%
EPS: (note 12)									
EPS Basic	4							(2.6)c	(10.2)c
EPS Adjusted Basic	4							(2.7)c	(4.3)c
Free cash flow	5							43.3	35.3

Comment:

Financial KPIs

1. **EBITDA:** Group EBITDA for the year increased by 24.2%, to €52.3 million (2020: €42.1 million). The increase in underlying EBITDA was primarily due to due to increased revenues and a continued focus on cost optimisation. EBITDA in the Ferries Division increased by 4.0%, to €23.2 million, while the Container and Terminal Division increased by 47.0%, to €29.1 million.
2. **EBIT:** Group EBIT (pre non-trading items) for the year decreased to €(0.2) million (2020: €0.8 million). The Ferries Division decrease in underlying EBIT was 41.5%, primarily due to the set-up costs on the Dover – Calais route, while the Container and Terminal Division was 31.3% higher, as a result of higher volumes and revenues. Group EBIT including non-trading items increased to €(0.2) million (2020: €(10.4) million). The non-trading item in the prior period relates to the transfer of pension liabilities to a third-party insurer.
3. **ROACE:** The Group achieved a return on average capital employed of (0.1)% (2020: 0.2%). The Ferries Division achieved a return on average capital employed of (5.9)% (2020: (4.2)%) while the Container and Terminal Division achieved 25.5% (2020: 21.0%).
4. **EPS:** Basic EPS was (2.6) cent compared with (10.2) cent in 2020. Adjusted Basic EPS (before non-trading items and the net interest (income) / cost on defined benefit obligations) was (2.7) cent compared with (4.3) cent in 2020.
5. **Free cash flow before strategic capital expenditure:** The Group's free cash flow before strategic capital expenditure was €43.3 million (2020: €35.3 million). The increase in free cash flow is mainly due to the increase in EBITDA. Free cash flow before strategic capital expenditure is a meaningful measure of cash generated for investment or return to shareholders.

Non-Financial KPIs

Schedule integrity: The Ferries Division delivered 96% of scheduled sailings compared with 98% in the previous year across all services.

The Ferries Division

The Ferries Division operates multipurpose ferry services carrying both passengers and RoRo freight on strategic short sea routes between Ireland and Britain, Britain and France and direct ferry services between Ireland and France. The division also engages in chartering activities.

The ferry services trade under the Irish Ferries brand. Irish Ferries operates on four routes utilising a fleet of seven vessels, five of which are owned and two which are chartered-in. An eighth vessel was acquired by the Group in January 2022.

In addition to the modern fleet, Irish Ferries retains rights to access appropriate berthing times at key ports allowing Irish Ferries to facilitate its customers' preferred sailing times.

The division also owns seven container vessels which are time chartered at year end.

Fleet Summary

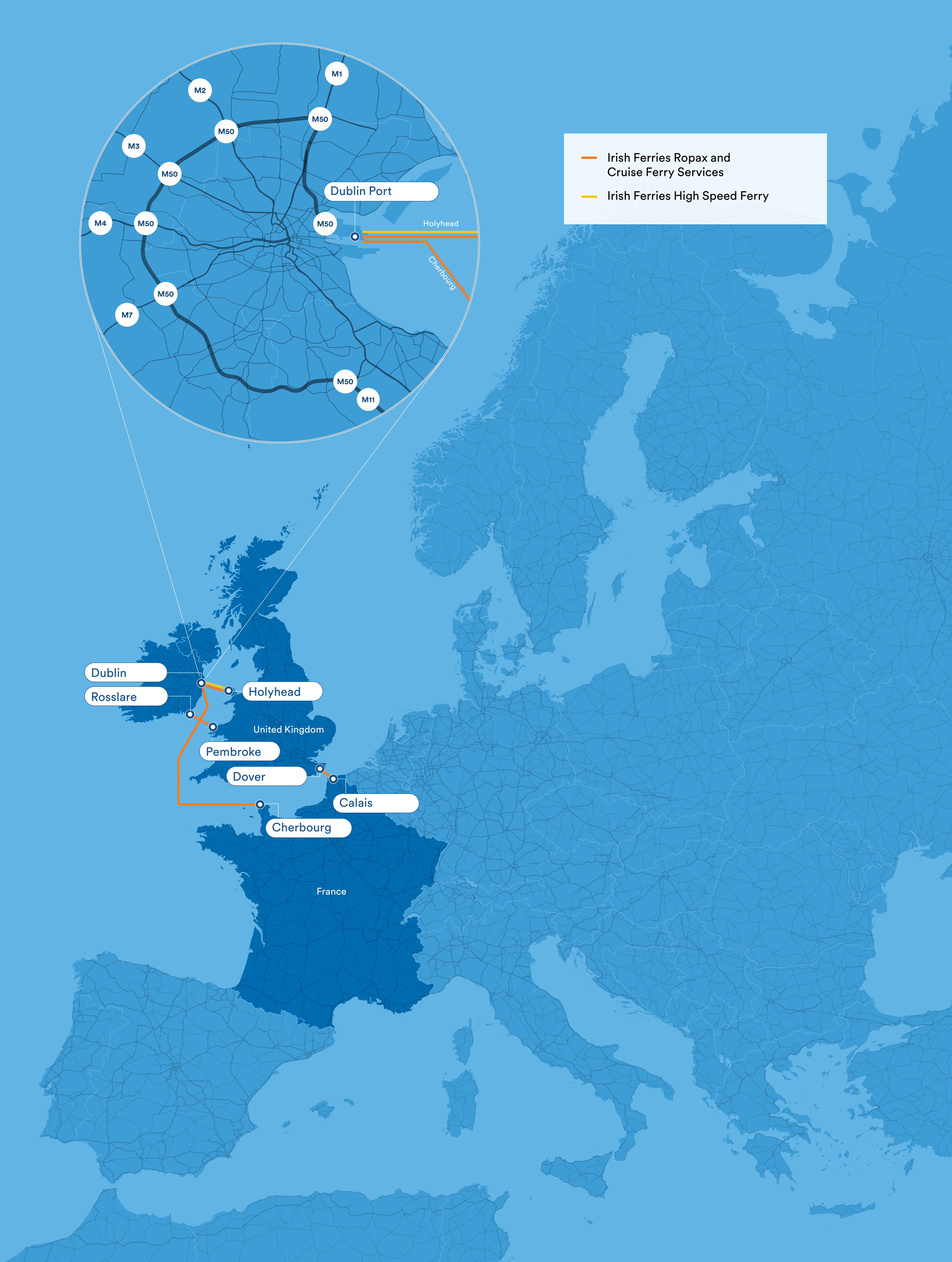
Operated by Ferries Division

Vessel	Type	Employment
Ulysses	Cruise ferry	Dublin – Holyhead
Isle of Inishmore	Cruise ferry	Dover – Calais
Isle of Innisfree	Cruise ferry	Dover – Calais
Blue Star 1 (chartered-in)	Cruise ferry	Rosslare - Pembroke
Epsilon (chartered-in)	Ropax	Dublin – Holyhead / Cherbourg
Dublin Swift	High speed ferry	Dublin – Holyhead
W.B. Yeats	Cruise ferry	Dublin – Holyhead / Cherbourg
Isle of Inisheer (acq'd Jan 2022)	Ropax	Dover – Calais

Chartered out by Ferries Division

Vessel	Type	Employment
Ranger	LoLo container vessel	Charter – 3rd Party
Elbfeeder	LoLo container vessel	Charter – Inter-Group
Elbtrader	LoLo container vessel	Charter – Inter-Group
Thetis D	LoLo container vessel	Charter – 3rd Party
CT Daniel	LoLo container vessel	Charter – 3rd Party
CT Rotterdam	LoLo container vessel	Charter – Inter-Group
Elbcarrier	LoLo container vessel	Charter – Inter-Group

IRISH FERRIES


M1
M2
M50
M3
M50
Dublin Port
M4
M50
M50
Holyhead
Cherbourg
M50
M7
M50
M11
Irish Ferries Ropax and Cruise Ferry Services
Irish Ferries High Speed Ferry
Dublin
Rosslare
Holyhead
United Kingdom
Pembroke
Dover
Calais
Cherbourg
France

The Ferries Division
Continued

2021 Overall Ferries Division Performance

Revenue

€175.5m +24.1%

2020: €141.4m

EBITDA

€23.2m +4.0%

2020: €22.3m

EBIT

€(17.4)m -41.5%

2020: €(12.3)m

Non-trading item

- +100.0%

2020: €(11.2)m

ROACE

(5.9%) -1.7pts

2020: (4.2%)

Revenue in the division was 24.1% higher than the previous year at €175.5 million (2020: €141.4 million). Revenue in the first half of the year increased by 2.1% to €62.9 million (2020: €61.6 million), while in the second half revenue increased by 41.1%, to €112.6 million (2020: €79.8 million). EBITDA increased to €23.2 million (2020: €22.3 million) while EBIT was €(17.4) million compared with €(12.3) million in 2020.

Fuel costs were €43.0 million, an increase of €10.2 million on the prior year. The division achieved a return on capital employed of (5.9%) (2020: (4.2%)).

In total Irish Ferries operated 6,331 sailings in 2021 (2020: 4,501), the increase due to the reintroduction of the fastcraft Dublin Swift and sailings on the new Irish Ferries Dover – Calais service.

Car and Passenger Markets

It is estimated that the overall car market[1], to and from the Republic of Ireland, grew by approximately 25.8% in 2021 to 357,200 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have increased by 54.0%. Irish Ferries' car carryings during the year were up on the previous year by 48.5% to 203,600 cars (2020: 137,100 cars). The reduction in carryings versus 2019 levels is primarily due to the Covid-19 travel restrictions in place for most of the year.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland increased by 11.0% on 2020 to a total of 1.2 million passengers, while the all-island market increased by 39.5%. Irish Ferries' passenger numbers carried increased by 28.7% at 667,800 (2020: 519,000). In the first half of the year, Irish Ferries' passenger volumes fell by 43.2% and in the second half of the year, which is seasonally more significant, the increase in passenger numbers was 87.7%.

The Ferries Division delivered 96% of scheduled sailings compared with 98% in the previous year across all services.

In 2021, Irish Ferries maintained focus on supporting passenger messaging on how to meet the varied and rapidly changing Covid-19 travel restrictions. Reassurance continued to be provided with our 'Travel Safe' programme providing information about our on-board environment with fresh air circulation, access to outdoor decks, space for social distancing, as well cleaning regimes and procedures onboard to maximise

The Ferries Division
Continued

the safety for all passengers, all designed to give greater customer confidence. Implementation of exceptional Covid-19 cancellation credit for economy tickets during periods of travel restriction provided further reassurance for customers who did not wish or were unable to travel, in addition to the terms and conditions of our flexible tickets being improved recognising passengers' greater need to be able to make more changes more easily.

The launch of the new Dover-Calais route was the key focus for marketing and promotions activity in 2021, albeit adapted and at a scale to acknowledge that the launch was in a period of restricted travel regulations. There was a comprehensive multimedia launch for the new route involving traditional and digital TV and radio advertising, paid search, social and public relations activities. By November 2021, market research indicated that 45% of British people were aware of our new Dover-Calais service[2].

Our website and social channels maintained their importance as much visited and valued hubs for information on these safety measures, the latest updates on travel restrictions in the Irish, British and French marketplaces, as well as providing reassurance on the continuity of our sailing schedules. Our social following increased across the main platforms including Twitter, Facebook, and Instagram. There were several technology improvements during the year including the launch mid-year of the Hogia Ferry Systems' standard booking system "BOOKIT" on the passenger side, complemented with a new E-Commerce front end booking flow on the IrishFerries.com website. AI enabled automated web chat was introduced in the last quarter to handle routine passenger enquiries more efficiently, particularly in relation to Covid-19 travel restrictions information.

Irish Ferries continued to link throughout the year with state tourism agencies in Ireland (Tourism Ireland and Fáilte Ireland) as well as in our tourism source markets for Wales (Visit Wales) and France (Normandy Tourism and Cotentin Tourism) to ensure we had the latest insights for each market. In the final quarter of the year, we participated in a collaborative "press the green button" campaign with Tourism Ireland to encourage tourists to return to Ireland.

1. (Market figures source: Passenger Shipping Association and Cruise & Ferry)

2. (Inclusion in an online nationally representative omnibus survey carried out amongst all adults 16+ by a third party market research company)

In a year of ongoing complexity due to managing Covid-19 pandemic challenges, we continued to work in partnership with the travel trade, notwithstanding the requirement to do this more on a virtual basis. In 2021, we were delighted to be recognised by travel trade professionals and voted 'Best Ferry Company' for the 14th consecutive time by the Irish Travel Trade News Awards, and in the UK 'Best Ferry or Fixed Link Operator' in the Group Leisure & Travel awards for the third year running. These awards were a welcome recognition of our professionalism in continuing to handle the volatile travel circumstances.

New Irish Ferries Uniform

Early in 2021, Irish Ferries commenced the rollout of a new uniform, which will ultimately by worn by all passenger facing on-board crew and port staff. The uniform was the culmination of a year-long design project between Irish Ferries and Irish fashion designer Deborah Veale and involved extensive staff research and engagement. The new look reflects Irish Ferries status as a modern ferry company with proud Irish roots and is an important symbol of the brand for all our customers, with the colour green more prevalent than before. In all, 23 garments have been selected giving on-board crew and port staff a greater variety of styles from which to choose from and are designed to fit and flatter all body shapes and sizes. Sustainability considerations were to the fore in the design process, with many of the uniform materials made from recycled plastic bottles, preventing them reaching our oceans and landfill.

Frontline Crew

The challenges required of the Covid-19 pandemic, were a key focus for frontline staff and crew who continuously adapted to changing regulations, managing the required health and safety procedures and cleaning regimes as well as embracing a continuous testing protocol. These measures ensured they were kept safe while providing the highest standards on-board to ensure continued connectivity for our island and protection for our key freight workers and essential travellers.

(see website with details of our 'Travel Safe' programme: https://www.irishferries.com/travelsafe)

The Ferries Division
Continued

RoRo Freight

The RoRo freight market* between the Republic of Ireland, and the UK and France, fell in 2021. The total number of trucks and trailers was down 10.1%, to approximately 926,200 units. This was primarily due to the non-implementation of the Northern Ireland Protocol, which resulted in reduced checks on goods arriving into Northern Ireland from Britain. On an all-island basis, the market decreased by approximately 0.9% to 1.83 million units, clearly showing the distortion in the level playing field between goods arriving into Northern Ireland versus the Republic.

Irish Ferries' carryings (including Dover – Calais), at 290,000 freight units (2020: 335,500 freight units), decreased by 13.6% in the year with volumes down 15.2% in the first half and down 12.3% in the second half.

Irish Ferries has also been proactive in the online environment for freight customers. In recent years high-quality mobile options have been developed, alongside the traditional desktop, whereby customers can access our freight reservations systems with ease. This has facilitated an increasing proportion of our business being booked via our website, www.irishferriesfreight.com.

* (Market figures source: Passenger Shipping Association and Cruise & Ferry)

Chartering

The Group continued to charter a number of vessels to third parties during 2021. Overall external charter revenues were €8.1 million in 2021 (2020: €5.9 million). Of our seven owned LoLo container vessels, four are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst three are chartered to third parties. The Oscar Wilde continues on a bareboat hire purchase agreement with MSC Mediterranean Shipping Company SA.

Outlook

We look forward to a further recovery of our tourism markets as Covid-19 travel restrictions ease, and the introduction of our third vessel on the new Dover – Calais service. We expect continued growth in the RoRo freight market and a continuation of the return of traffic from the direct continental routes to the landbridge.

Despite another difficult year for the Group and in particular the Ferries Division, we take comfort from the continued strength of our balance sheet, the high quality and performance of our asset base and improving the level of service provided to our customers on the Dover – Calais service with the introduction of a third vessel on the route.


IRISH FERRIES
IRISH FERRIES
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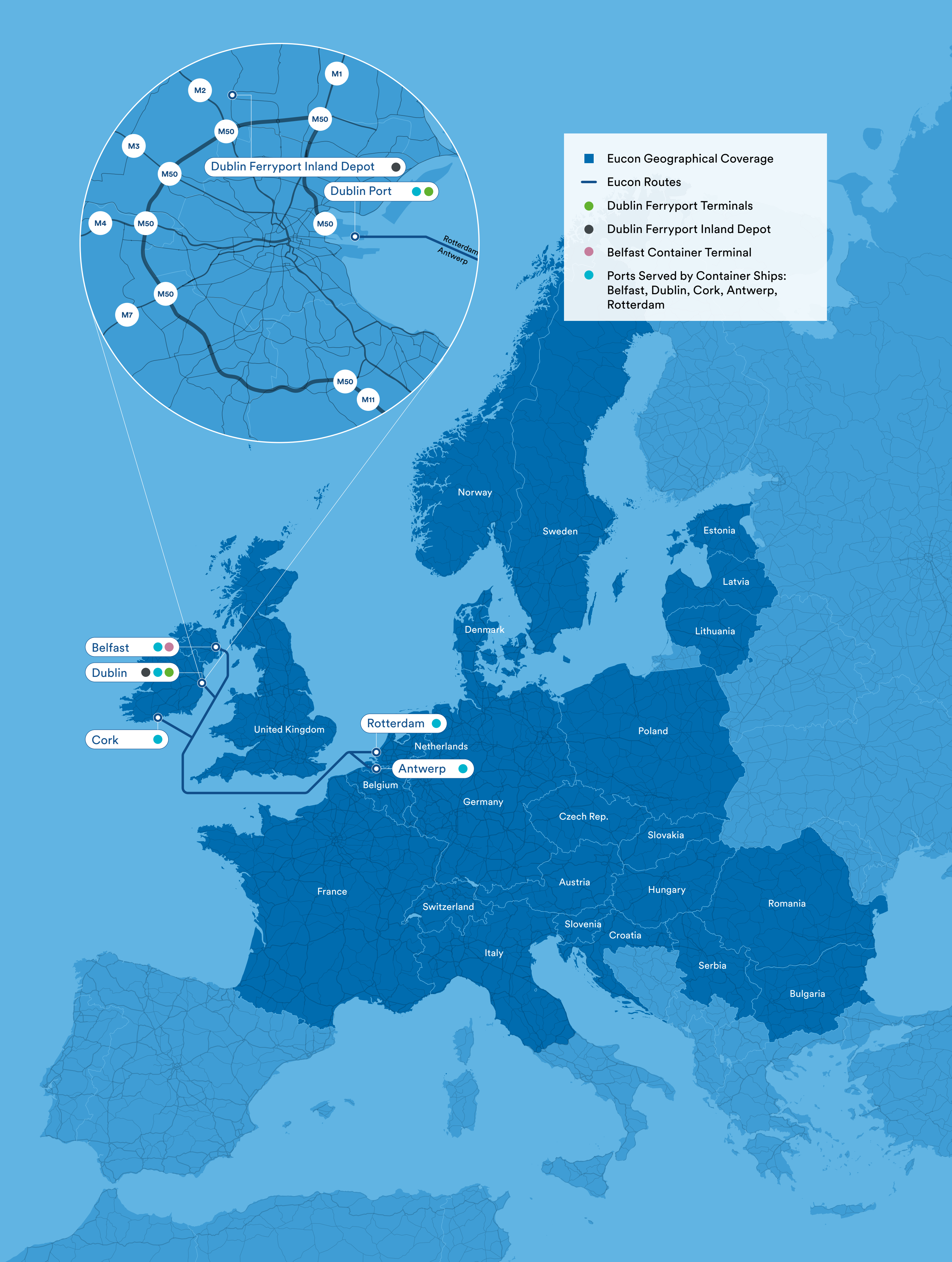
The Container and Terminal Division

The Container and Terminal division provides direct container shipping services between Ireland and continental Europe together with the operation of container terminals at both Dublin and Belfast.

The division's intermodal shipping line Eucon is the market leader in the sector, operating a core fleet of six chartered container vessels ranging in size from 750 – 1,000 teu capacity, connecting the Irish ports of Dublin, Cork and Belfast with the continental ports of Rotterdam and Antwerp. Eucon is offering feeder services to the Deep Sea Lines and a full intermodal service where Eucon deploys 4,500 owned and leased containers (equivalent to 8,100 teu) of varying types thereby offering a full range of services from palletised, project and temperature controlled cargo to Irish and European importers and exporters from all points on the island of Ireland to destinations across 20 European countries. Door to door services are contracted to third parties utilising a variety of transport modes including road, rail and barge.

Dublin Ferryport Terminals (DFT) operates its Dublin Port container facility from a leasehold facility with remaining lease terms of between 74 and 100 years, covering over 34 acres. The facilities comprise 480 metres of berths for container ships, with a depth of nine to eleven metres and is equipped with three modern Liebherr gantry cranes (40 tonne capacity) and ten rubber-tyred gantries (40 tonne capacity) on a strategically located site within three kilometres of Dublin city centre and within one kilometre of the Dublin Port Tunnel, providing direct access to Ireland's motorway network. DFT now operates four electrically operated rubber-tyred gantries incorporating latest technologies to allow for remote operation. Following the successful deployment of these environmentally friendly electric RTGs, DFT placed an order for an additional five of these cranes which will be delivered and commissioned in the second half of 2022. The delivery of these cranes and the relocation of our empty depot facility in January 2022 to our new Dublin Ferryport Inland Depot located at the new Dublin Inland Port will increase the capacity of DFT to meet the needs of the market.

Belfast Container Terminal (BCT) operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC) at a 27 acre site in Belfast Harbour. This services concession agreement currently extends to 2026. BHC are currently completing a £40 million re-investment project which includes extensive civil works and the delivery of two new Liebherr gantry cranes and eight new electrically operated RTGs incorporating the latest technologies to allow for remote operation similar to the RTGs operated at DFT. Civil works have commenced on the building of two new RTG stacks which we expect to be completed by the end of 2022 alongside the commissioning of the final three RTGs. The final two rail mounted gantry cranes will be phased out of operation during 2022.


Eucon Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Dublin Ferryport Inland Depot
Belfast Container Terminal
Ports Served by Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
M1
M2
M3
M4
M7
M11
M50
Dublin Ferryport Inland Depot
Dublin Port
Rotterdam
Antwerp
Belfast
Dublin
Cork
Rotterdam
Antwerp
Norway
Sweden
Estonia
Latvia
Lithuania
Denmark
United Kingdom
Netherlands
Belgium
Poland
Germany
Czech Rep.
Slovakia
Austria
Hungary
Romania
France
Switzerland
Slovenia
Croatia
Italy
Serbia
Bulgaria

The Container and Terminal Division
Continued

2021 Overall Container and Terminal Performance

Revenue
€174.0m +18.8%

2020: €146.5m

EBITDA
€29.1m +47.0%

2020: €19.8m

EBIT
€17.2m +31.3%

2020: €13.1m

ROACE
25.5% +4.5pts

2020: 21.0%

Revenue in the division increased to €174.0 million (2020: €146.5 million). The revenue is derived from container handling and related ancillary revenues at our terminals and in Eucon from a mix of domestic door-to-door, quay-to-quay and feeder services with 72% (2020: 70%) of shipping revenue generated from imports into Ireland. With a flexible chartered fleet and slot charter arrangements, Eucon was able to adjust capacity and thereby continue to meet the requirements of customers in a cost effective and efficient manner.

EBITDA in the division increased by 47.0% to €29.1 million (2020: €19.8 million) while EBIT grew 31.3% to €17.2 million (2020: €13.1 million).

In Eucon, overall container volumes shipped were up 9.6% compared with the previous year at 346,600 teu (2020: 316,300 teu). There was a strong recovery on volumes for all trade lanes in 2021 as supply chains adjusted to the new Covid-19 operating environment. To facilitate this increased demand we chartered a sixth vessel into the fleet in January 2021. The revenue gains were offset by strong increases in the cost base more particularly ship charter costs and fuel costs which we recovered from our customers by increasing rates and the continued application of the flexible bunker and fuel surcharges.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 14.7% at 335,500 lifts (2020: 292,400 lifts). DFT's volumes were up 15%, while BCT's lifts were up 14%. We have seen a strong increase in volumes across the entire customer base and the resultant increased revenues were partially offset by increased energy and labour costs.

Outlook

In Eucon, we see a continued strong demand for capacity in 2022 which has strongly increase ships charter costs that will be passed onto customers by increasing rates. We look forward to continuing the growth trend in EBIT which is testament to our investment in the business in driving efficiencies and nurturing close customer relationships. The transition from diesel powered rubber-tyred gantries at our Dublin terminal will continue in 2022 with the delivery of five additional electric rubber-tyred gantries capable of remote operation. These new environmentally friendly machines will continue to deliver operational efficiency and a safe working environment as we continue the expansion of our capacity. The opening of Dublin Ferryport Inland Depot at the Dublin Inland Port has provided the opportunity to expand our empty depot business while at the same time increase the capacity at Dublin Ferryport Terminal. At our Belfast Container Terminal facility in Belfast, we look forward to continuing to work on the completion of the £40m re-investment project with Belfast Harbour and assisting in the delivery of additional terminal capacity to the market.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Financial Review

Results

Revenue for the year amounted to €334.5 million (2020: €277.1 million) while operating profit before non-trading items amounted to a loss of €(0.2) million compared with a profit of €0.8 million in 2020. Principal variations on the prior year relate to the recovery in passenger volumes in the second half of the year, increased activity in the Container and Terminal division and the introduction of the new Irish Ferries service on the English Channel.

Taxation

The tax charge is €0.8 million in 2021 compared with a charge of €1.0 million in 2020. The corporation tax charge of €0.7 million (2020: €1.2 million) comprises Irish and UK corporation tax. Certain activities qualify to be taxed under tonnage tax (which is an EU approved special tax regime for qualifying shipping activities) in Ireland. Reconciliation of the tax charge showing the effect of the tonnage tax regime on the Group's tax charge is shown at note 8. The deferred tax charge was €0.1 million in 2021 compared to a credit of €0.2 million in 2020.

Earnings per share

Basic EPS was (2.6) cent compared with (10.2) cent in 2020. The primary reason for the increase in Basic EPS is due to the non-trading item of €(11.2) million in the prior year.

Adjusted EPS (before the net interest (income) / cost on defined benefit obligations and non-trading items) was (2.7) cent compared with (4.3) cent in 2020.

Cash flow and investment

EBITDA for the year was €52.3 million (2020: €42.1 million). There was a net inflow of €11.7 million due to positive working capital movements, pension funding movements of €0.6 million and other net cash inflows amounting to €1.4 million, yielding cash generated from operations amounting to €66.0 million (2020: €51.2 million).

Interest paid was €8.4 million (2020: €3.7 million) while taxation paid was €0.8 million (2020: €1.4 million).

Capital expenditure outflows amounted to €55.2 million (2020: €30.1 million) which included €41.7 million of strategic capital expenditure. Strategic capital expenditure included the purchase of a seventh container vessel the CT Daniel for €12.8 million, the purchase of the Isle of Innisfree, a deposit payment for the Isle of Inisheer and rubber-tyred gantry cranes for Dublin Ferryport Terminal.

As in the prior year, no dividends were paid during the year. €19.8 million (2020: €1.7 million) was expended in buying back the Group's equity.

The above cash flows resulted in a year-end net debt of €142.2 million (2020: €88.5 million) net debt, which comprised gross borrowings of €123.1 million (2020: €200.4 million), lease obligations of €57.6 million (2020: €38.5 million) offset by cash balances of €38.5 million (2020: €150.4 million). The key net debt / EBITDA (pre non-trading items) ratio was 2.6 times (2020: 2.1 times).

Dividend and share buybacks

On 1 July 2020, the Group announced that due to the effects of Covid-19 on current trading and notwithstanding that the Group retained a strong liquidity position, the Directors had considered it prudent not to proceed with the 2019 final dividend previously announced and also did not declare any interim dividend.

In light of the travel restrictions continuing into 2021 and uncertainty around when they may be eased the Directors also consider it prudent not to declare a final dividend in relation to the year ended 31 December 2020.

As travel restrictions continued in and throughout most of 2021, the Board did not declare or pay any interim dividend relating to 2021.

Following the easing of travel restrictions in 2022, and the consequent improvement in passenger revenues together with the continuation of strong performance in all other revenue streams, the Board has considered it appropriate to recommence the payment of dividends. The Board is proposing the payment of a dividend of 9.00 cent per ordinary share on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022. Irish dividend withholding tax will be deducted where appropriate. In November the Group bought back 4.6 million shares which were cancelled. The total consideration paid for these shares was €19.8 million (2020: €1.7 million).

Pensions

The Group has four, separately funded, company-sponsored defined benefit obligations covering employees in Ireland, the UK and the Netherlands. The Group also participates in the UK based industry-wide scheme, the Merchant Navy Officers Pension Fund (MNOPF) in which participating employers share joint and several liability. Aggregate pension assets in the four company-sponsored schemes at year end were €145.8 million (2020: €139.6 million), while combined pension liabilities were €140.5 million (2020: €140.8 million). The total net surplus of all defined benefit pension schemes at 31 December 2021 was €5.3 million in comparison to €1.2 million deficit at 31 December 2020.

On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of a premium of €160.6 million. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid. The Trustee, in agreement with the Company, also augmented the pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes. The Group's subsidiary, Irish Ferries Limited, the sponsoring employer of the scheme, underwrites the scheme's

Financial Review
Continued

administration expenses and incurred expenses totalling €0.8 million relating to the above transaction. This was an important step for the Group in both reducing the quantum and volatility of pension liabilities on its balance sheet and safeguarding pensioner benefits into the future.

Financial risk management

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. To minimise risk the Group may use interest rate swaps and forward foreign currency contracts. The Group does not trade in financial instruments for speculative purposes.

Interest rate management

The interest rates on Group borrowings at 31 December 2021, comprising loan notes and finance lease obligations have been fixed at a contracted rate at the date of drawdown with the relevant lender, eliminating exposure to interest rate risk on borrowings. The average effective interest rate at 31 December 2021 was 1.60% (2020: 1.60%). Debt interest cover under our banking covenants to operating cash flows for the year was 12.6 times (2020: 5.1 times).

Currency management

The Group has determined that the euro is the operating currency in which it reports its results. The Group also has significant sterling and US dollar cash flows. The Group's principal policy is to minimise currency risk by matching foreign currency assets and liabilities and to match cash flows of like currencies. Exposure to the US dollar relates mainly to fuel costs. The Group has in place fuel surcharge arrangements with its commercial customers which recovers a portion of movements in euro fuel costs above a base level which partially mitigates the exposure to US dollar currency movements.

Commodity price management

Bunker oil costs constitute a separate and significant operational risk, partly as a result of historically significant price fluctuations. In the Container and Terminal Division bunker costs above a base level are offset to a large extent by the application of prearranged price adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries Division. In the passenger sector, changes in bunker costs are included in the ticket price to the extent that market conditions will allow. Bunker consumption was 129,400 tonnes in 2021 (2020: 107,300 tonnes). The increase in consumption was primarily due to increased activity levels in the Container and Terminal Division and the Ferries Division's new service on the English Channel. The average cost per tonne of heavy fuel oil (HFO) fuel in 2021 was 40% higher than in 2020 while marine gas oil (MGO) was 34% higher than in 2020.

Credit risk

The Group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The concentration of credit risk in relation to trade is limited due to the exposure being spread over a large number of counterparties and customers. The Group also has a significant long term receivable relating to a bareboat hire purchase arrangement which is secured by retention of title to the vessel.

Liquidity

It is Group policy to maintain available facilities which allow the Group to conduct its business in an orderly manner. The target level is reviewed from time to time in line with the Group's future requirements over the medium term and will comprise cash deposits and committed banking facilities. Total available facilities at 31 December 2021 amounted to €118.9 million, comprising cash balances of €38.5 million together with undrawn committed facilities of €80.4 million with average maturity of 2.4 years (2020: 3.1 years). Total drawn facilities of €123.7 million had an average maturity of 3.6 years (2020: 4.6 years) over remaining terms of up to 9 years (2020: 10 years).

David Ledwidge,

Chief Financial Officer
9 March 2022


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Sustainability and ESG

2021 ESG Highlights

Environmental

Enhanced target setting across operations, including a Net Zero 2030 emissions target for our terminals.

Development of our climate risk framework

Publication of our environmental policy

Trial of sustainable biofuel blend on board Dublin Swift

Trial of robotic underwater hull cleaning for Elbtrader

Enhanced data monitoring of greenhouse gases across fleet

Early energy efficiency design index certification for Ulysses and Isle of Inishmore

Improved machinery efficiency on board Ulysses

Overhaul of electrical network at DFT

Use of 100 percent green electricity at BCT, DFT and head office

Replacement of petrol/diesel company cars with new electric and hybrid models

9,000 new crew garments made from recycled plastics equating to 150,000 plastic bottles

Bamboo flooring fitted in 1,100 new and refurbished containers

Installation of solar panels on our DFT engineering building

Investment in five additional electric cranes at DFT to replace existing diesel units in 2022

Continued rollout of ballast water treatment project across fleet

Installation of a wash water recycling system at our Dublin Inland Port facility, providing up to 90 percent savings in wash water consumption

Upgrade of waste management contracts at office locations to improve contributions to the circular economy

Introduction

Over the past 12 months, we have placed a significant focus on enhancing our approach to Environmental, Social and Governance (ESG) and sustainability. The following pages are designed to provide insight into our approach to – and management of – environmental, social, and governance issues across our value chain. As a business, we recognise the growing importance of providing transparency over our efforts to create value in a sustainable manner, based on a set of topics which we have identified as material to our business and our stakeholders.

In developing this report, our approach was informed by a review of best practice sustainability reporting standards and frameworks. Guidelines and recommendations by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Boards (SASB) and the integrated reporting framework have all been considered for the creation of this report. In addition, the UN Sustainable Development Goals (SDGs) played a key role in the development of our overarching strategy for ESG and sustainability. In this report, we map the Group activities we feel best support the SDGs. We have also reported indicators under the Marine Transportation SASB standards, as well as taking our first steps to greater integration of the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).

As we continue to enhance our disclosures, we remain focused on improving our processes and procedures for tracking, monitoring, and measuring our performance in relation to the sustainability factors that are relevant and important for our company and our industry. The focus on ensuring the accuracy of our ESG data will be central to our ability to drive performance in the period ahead. While we recognise that we still have a way to go, we consider the steps we have taken over the past number of years as creating the foundation from which we can further develop our approach to sustainability, ESG and strong reporting in the years ahead.

During the year, we enhanced our ESG policies. We have updated and implemented several policies to ensure they address core risks and opportunities within our business. These new and enhanced policies were also designed to reflect the changing landscape in which we operate.

Social and Governance

- 63 percent reduction in overall Lost Time Injury Frequency rate versus 2020
- Facilitation of hybrid working arrangements for office-based staff during Covid-19
- Development of our Supplier Code of Conduct
- Enhancement of our human rights policies and third-party communications on human rights issues
- Strengthening of partnerships with our sponsored charities

- Participation in campaigns to re-start the wider tourism industry following the Covid-19 travel restrictions
- Promotion of fresh, local produce on board our ferries

Sustainability and ESG
Continued

In 2020, we outlined our ESG maturity level using the table below and the stages involved in the voyage ahead. While we still have a way to go, we are pleased with our progress made against this timeline in 2021, with further targets set across our vessel and terminal operations, the advancement of the decarbonisation project at our terminals and enhanced reporting of metrics in line with SASB and TCFD frameworks. We continue to look beyond our own operations and influence sustainability considerations of our supply chain partners through processes documented in our Supplier Code of Conduct.

Timeline	
Up to 2021	• Enhanced understanding of the full range of Group activities that carry an ESG impact. • Sustainability is a key component of Group strategy. • Review of sustainability reporting frameworks. • Focus on data collection, identifying baselines and developing KPIs across all ESG areas. • Design of sustainability management programmes such as 'Green Voyages'.
2022-2025	• Further sustainability targets to be set across our ESG areas. • Sustainability programmes within our operations to be fully implemented and effective. • Enhanced reporting of ESG metrics in line with emerging reporting standards.
After 2025	• Progress towards the IMO's CO2 reduction targets of 40 percent by 2030, towards helping to achieve UN SDGs for 2030 and towards further targets set by the Group. • Sustainability embedded in the ICG culture and in all key decisions made. • Looking beyond our own operations to assess and positively influence the ESG activities of all entities that conduct business with the Group.

The Role of Materiality

The valuable insight provided by external reporting frameworks as well as the knowledge and experience of our leadership team has helped shape our response to sustainability issues. However, in continuation of the process to develop our approach to sustainability and ESG, we intend to carry out an in-depth materiality assessment during 2022. This is an important step in our adopted climate change risk framework outlined on pages 64 to 66. Although there is a consistent focus on the disclosure of ESG and sustainability information, it can often be difficult to identify and assess which information is most useful. Through research and extensive engagement with our key stakeholders, we will determine the sustainability issues that are most likely to impact our ability to create value over the short, medium, and long term. The output of the assessment will also inform the development of our long-term strategy with the ongoing integration of sustainability factors into our strategy and interaction with stakeholders.

Aligning operations with our contribution

'Our purpose is to achieve continued success in our chosen markets, delivering a safe, reliable, timely, good value and high-quality experience to our customers in a way that minimises our impact on the environment.'

At ICG, stakeholder and environmental focus have been key elements within our longstanding mission statement. Within our operating regions, ICG activities positively impact society as a key transport provider of goods and essential supplies and as a significant contributor, under the Irish Ferries brand, to the tourism industries of Ireland, the UK and France, which includes co-operative campaigning to support tourism in areas least visited or most impacted by seasonal factors. In more recent years, we have sought to align our purpose and activities with wider reporting frameworks as a means of maximising our positive impact on society. In addition to the five goals of the UN SDGs that we felt we could most effectively contribute to in last year's annual report, we are also supporting SDG 9 through our strategic focus on upgrade infrastructure and retrofit projects with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and processes.

In 2021, we undertook an assessment to determine where we are making the biggest contribution to the SDGs. This involved mapping the 17 goals and 169 targets against information provided by our business units when compiling this sustainability report, as well as the formal policies set out within those business units and at a corporate level. The outcome of this process was used to rate our overall alignment and contribution to each goal. As highlighted within the pages of this report, the activities we believe best support the Group's core SDGs are:

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER EQUALITY	Employee engagement practices Striving for greater diversity and inclusion, including through policies and initiatives
8 DECENT WORK AND ECONOMIC GROWTH	Being a leader in health and safety, utilising a data driven approach Flexible working policies as well as a range of employment benefits
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Upgrade of infrastructure and retrofit projects with increased resource-use efficiency Adoption of clean and environmentally sound technologies and processes
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Implementing effective waste management systems throughout our vessels
13 CLIMATE ACTION	Development of our formal environmental policy Setting targets for the reduction of our emissions Expanding reporting and engagement with external stakeholders
14 LIFE BELOW WATER	Enhancing pollution prevention systems Novel and market leading circular economy programmes preventing plastics from reaching the oceans

Sustainability and ESG
Continued

The Voyage Ahead

It is reported that the maritime industry is responsible for 2.5 percent of global greenhouse gas (GHG) emissions (UN Climate Change News, 2018). As an organisation we recognise our responsibility to reduce our emissions in line with stakeholder interests and relevant targets set for the industry. ICG is a heavily regulated business, and one that has been conscious of its environmental footprint for a long time. To demonstrate our commitment to environmental sustainability, this year we formalised our Environmental Policy, which can be found on our website.

Decarbonising our Vessel Operations

The International Maritime Organization (IMO), a specialised agency of the United Nations responsible for regulating shipping, and the European Union (EU) have each set decarbonisation goals for the maritime industry. Current IMO targets aim to reduce the industry's total CO2 emissions per transport work by 40 percent by the year 2030 and overall GHG emissions by at least 50 percent by 2050 compared to 2008 levels. The EU has targeted an industry reduction in GHG intensity of 6 percent by 2030, accelerating in five-year stages to 75 percent by 2050, compared to 2020 levels. While regulatory developments at the IMO and EU are ongoing, we are aligning our decarbonisation strategy with the IMO and EU goals and will adjust accordingly to achieve, at a minimum, all required targets. As the maritime industry has unique challenges arising from the current lack of proven, accessible alternative fuels, particularly for large vessels, our current decarbonisation strategy for our vessels is focused on achieving the above targets through a range of short-term operational measures and longer-term technical measures.

Operational Measures

- Operation of green voyage programme to optimise voyage factors such as; port operations, navigational routing and speed management.
- Environmental performance monitoring and advanced data analytics using fleet management software S-Insight.
- Proactive monitoring of real-time vessel performance through a live feed from the vessels' engine power management system, facilitating vessel responsiveness during different operation modes, including Eco-mode. In late 2021, installation commenced onboard the W.B. Yeats which, if successful, shall be expanded across the fleet.
- Regular drydocking of vessels to reduce hull fouling and ensure high maintenance of machinery. We are currently trialling an underwater robotic hull cleaning program for our Elbtrader vessel and are assessing improvements in speed management and fuel efficiency.
- Use of experienced crews and port operations teams to increase efficiency.
- Continuous improvement of vessel performance in line with relevant Ship Energy Efficiency Management Plans (SEEMPs).
- Ongoing research and trialling of accessible alternative fuels, including sustainable biofuels reduce emissions. The Dublin Swift underwent a trial in 2021 using a small biofuel blend derived from used cooking oils.

Technical Measures

- Long-term replacement of existing fleet with efficient ships incorporating latest technologies, in line with vessel life cycles. Our W.B. Yeats vessel is approximately 35 percent more efficient than its predecessor Oscar Wilde.

- Increased utilisation of onshore power within the EU enabled by FuelEU Maritime proposals.
- Compliance with ongoing design efficiency requirements under IMO energy efficiency design index for new (EEDI) and existing (EEXI) ships. In 2021, we obtained early class certification that Ulysses and Isle of Inishmore exceed the required EEXI applicable to existing ships from 2023 and will seek certification for the remaining fleet in 2022.
- Investment in exhaust gas cleaning systems on board certain vessels that minimise sulphur emissions to below levels mandated by existing regulation.
- Investment in upgraded, more efficient turbochargers on board Ulysses in late 2021. This has resulted in a significant lowering of exhaust temperatures, reducing overall wear and tear and improving fuel efficiency.
- Use of innovative, non-toxic, anti-fouling hull paints to reduce resistance when moving through water.
- Use of energy efficient propeller blades to decrease resistance and improve fuel efficiency.

We continually research and assess the feasibility of retrofit projects to improve the emissions performance of our fleet, ensuring innovative technologies that are safe and proven effective can be introduced where appropriate. This includes;

- Ongoing investment and assessment of suitable technologies to improve existing fleet including; air lubrication systems and wind assisted propulsion systems.
- Collaboration with suitable marine technology companies participating in clean energy projects and innovations.
- Ongoing assessment of adjustments to vessel structure to improve efficiency, such as assessing modifications to a vessel's hull shape.

A core element of our decarbonisation strategy is to gather consistent data that aligns with regulatory requirements. This includes ongoing emissions data verification under both the EU Monitoring, Reporting and Verification (MRV) Regulation for which Group vessels have complied with since 2018, and the IMO Fuel Oil Data Collection System (DCS) reporting which came into effect in 2019.

Decarbonising our Terminal Operations

Whilst we are aligning with, and driving innovation to go beyond, regulatory requirements for our fleet, for our Terminal operations we have made more immediate progress in target setting. Alongside the publication of this report, we are setting a target to achieve a 70 percent emissions reduction in our Dublin (DFT) and Belfast (BCT) terminal operations by 2025, versus 2020 levels. We are also targeting net zero DFT and BCT terminal operations by 2030.

The decarbonisation project at our terminals began in 2017 when our first two electric powered Rubber-Tyred-Gantry (RTG) cranes were introduced to DFT, in addition to our diesel units. Our electric RTG capacity doubled in 2019 with the addition of two more units, replacing three diesel cranes, while Belfast Harbour Commissioners upgraded its entire yard crane fleet with eight electrical RTG units from 2019 to 2021. In 2022, DFT will commission five additional electric RTGs; two additions to the fleet and three replacements for end of life diesel cranes. This will increase the overall DFT fleet to 75 percent electrically powered. In making this transition, significant investment is also underway to improve the terminal's electrical network, including the replacement of all medium voltage switchgear, distribution cabling and transformers, preparing the terminal for the requirements of the next 40 years. In late 2021, solar panels were installed on our DFT engineering building, which will generate energy to heat our building and power electric vehicle charging points available to staff and company electric cars and vans. Company cars are being replaced with electric and hybrid models in line with replacement cycles. Four new electric and hybrid cars were ordered in 2021 to replace old petrol and diesel cars used by sales and operations staff. LED lighting is installed within our terminal buildings and flood and mast lighting systems around the terminals. Since mid-2020, the electricity supply for our DFT terminal and Dublin offices is certified green, while our Belfast Terminal has been powered by 100 percent green electricity for the last several years.

Sustainability and ESG
Continued

Environmental Data

Shipping Operations

Topic	Relevant Metric	2021	2020	2019	Unit of measure	SASB Reference
Greenhouse gas emissions	Gross global Scope 1 shipping emissions	399,796	336,535	381,261	Metric tons (t) CO2-e	TR-MT-110a.1
	CO2 emissions per GT mile • Ferries fleet	16.58	15.34	15.72	Grams (g) CO2 / gross ton-nautical mile	N/A
	CO2 emissions per transport work • Container fleet	40.08	43.96	44.98	Grams (g) CO2 / cargo ton-nautical mile	N/A
	Total energy consumed	5,111,364	4,305,170	4,876,440	Gigajoules (GJ)	TR-MT-110a.3
	Percentage heavy fuel oil	75.97%	74.91%	75.28%	Percentage (%)	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new ships	18.5	18.5	18.5	Grams (g) of CO2 per ton-nautical mile	TR-MT-110a.4
Air quality	NOx (excluding N20)	7,882	7,393	8,377	Metric tons (t)	TR-MT-120a.1
	SOx	623	525	2,767	Metric tons (t)	TR-MT-120a.1
	Particulate Matter (PM10)	396	341	562	Metric tons (t)	TR-MT-120a.1
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	Nil	Nil	Nil	Number of travel days	TR-MT-160a.1
	Percentage of fleet implementing ballast water exchange	94.12%	92.31%	92.31%	Percentage (%)	TR-MT-160a.2
	Percentage of fleet implementing ballast water treatment	29.41%	15.38%	7.69%	Percentage (%)	TR-MT-160a.2
	Number of spills and releases to the environment	1	2	1	Number	TR-MT-160a.3
	Aggregate volume of spills and releases to the environment	0.01	0.201	0.02	Cubic meters (m3)	TR-MT-160a.3
Workforce health and safety	Lost time incident rate from seafaring operations	1.0	4.7	4.6	Rate	TR-MT-320a.1
Business ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Nil	Nil	Nil	Number	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	€Nil	€Nil	€Nil	Euro	TR-MT-510a.2

Topic	Relevant Metric	2021	2020	2019	Unit of measure	SASB Reference
Accident and safety management	Number of marine casualties	1	1	2	Number	TR-MT-540a.1
	Percentage classified as very serious	0%	100%	100%	Percentage (%)	TR-MT-540a.1
	Number of port state detentions	Nil	Nil	Nil	Number	TR-MT-540a.3
Activity	Number of shipboard workers	501	412	455	Number	TR-MT-000.A
	Total distance travelled by vessels	824,132	642,945	703,602	Nautical miles (nm)	TR-MT-000.B
	Operating days	3,744	3,408	3,454	Days	TR-MT.000.C
	Deadweight tonnage	100,485	95,819	84,662	Deadweight tons	TR-MT-000.D
	Number of vessels in total shipping fleet	16	13	13	Number	TR-MT-000.E
	- Owned	12	10	10	Number	
	- Chartered in	4	3	3	Number	
	-Chartered out	3	2	2	Number	
	Number of vessel port calls	6,423	5,221	5,534	Number	TR-MT-000.F
	Twenty-foot equivalent (TEU) capacity (Container fleet)	5,502	5,449	4,475	TEU	TR.MT.000.G

Terminal Operations

Relevant Metric	2021	2020	Unit of measure
Scope 1 emissions from Terminal operations	3,117	3,349	Metric tons (t) CO2-e
Scope 2 emissions from Terminal operations	Nil	386	Metric tons (t) CO2-e
Total Scope 1 and 2 emissions from Terminal operations	3,117	3,735	Metric tons (t) CO2-e
Total energy consumed	74,373	71,732	Gigajoules (GJ)
Percentage renewable	43.21%	26.77%	Percentage (%)

Overall Group

Relevant Metric	2021	2020	Unit of measure
Gross Global Scope 1 emissions	402,913	339,884	Metric tons (t) CO2-e
Gross Global Scope 2 emissions	82	468	Metric tons (t) CO2-e
Total Scope 1 and 2 emissions	402,995	340,270	Metric tons (t) CO2-e
Total fuel consumed	126,519	106,688	Metric tons (t)
Total energy consumed	5,187,201	4,738,369	Gigajoules (GJ)

Sustainability and ESG
Continued

Key Terms, Definitions and Commentary

Terms	Definitions	Commentary
Scope 1 emissions	Direct GHG emissions from sources that are controlled by the Group.	The Group determines its Scope 1 emissions boundary in line with the Greenhouse Gas Protocol (GHG Protocol) using the principle of operational control. In establishing assets under operational control, consideration is given to the length of any charter arrangements, the responsibility for the purchase and consumption of the fuel and the responsibility for the operational activity of the asset being used. CO2 emissions from shipping are calculated using emission factors referenced in IMO Resolution MEPC 245 (66) 2014 "Guidelines on the method of calculation and the attained Energy Efficiency Index (EEDI) for new ships". Scope 1 emissions from land-based activities are calculated in line with GHG Protocol calculation tools.
Scope 2 emissions	GHG emissions from the generation of purchased electricity consumed by the Group.	Scope 2 emissions are calculated in line with the GHG Protocol. Where possible, the Group applies supplier specific emission factors to its electricity consumed. Where this information is not available, regional grid emission factors are obtained and applied for the relevant electricity source used by the provider.
CO2-e	Carbon dioxide equivalent units.	Co2-e includes direct CO2 emissions plus emissions of other gases converted to CO2 based on their equivalent global warming potential.
CO2 emissions per GT mile	Grams of CO2 per gross ton-nautical mile	The Group considers this metric useful to viewing the carbon intensity of its ferries fleet. Our ferries are significantly heavier than our container fleet and 2021 and 2020 assessments based on transport work are not indicative of fleet efficiency or future performance due to the impacts of Covid-19 on ferry carryings and voyage management. An average intensity for the overall ferries fleet is disclosed. The increase in 2021 from 2020 reflects additions made to our operating fleet and the entry on a new route of shorter distance, impacting overall efficiency. We are continuing to assess baseline performance across all vessels and routes which should be assisted by a return to pre-pandemic operating conditions.
CO2 emissions per transport work	Grams of CO2 per cargo ton-nautical mile	This is a widely adopted industry metric for container vessels to assess environmental performance. An average intensity for the overall operated container fleet is disclosed. Carbon intensity for the operated fleet improved by approximately 9 percent versus 2020 and 10 percent compared to 2019.

Terms	Definitions	Commentary
NOx	Nitrogen Oxides	NOx emissions from shipping are calculated using guidance from the NOx Technical Code and MARPOL Annex VI Regulation 13, Nitrogen Oxides (NOx). Emissions from land-based activities are calculated in line with GHG Protocol calculation tools.
SOx	Sulphur Oxides	SOx emissions are calculated by fuel-based emission factors. For vessels with exhaust gas cleaning systems (EGCS), a reported SO2/CO2 emission ratio is used to determine the level to which the sulphur content has been scrubbed down. Group SOx emissions have significantly reduced since the installation of exhaust gas cleaning systems and enhancement of sulphur emission regulations in 2020.
PM10	Particulate matter	The mass of PM10 is calculated by means of an energy-based emission factor depending on engine type, engine tier and type of fuel consumed. Default emission factors proposed by the Fourth IMO GHG Study - July 2020 were applied.
Lost Time Incident Rate	Lost time incidents per 1 million hours worked	A lost time incident is an incident that results in absence from work beyond the date or shift when it occurred.
Marine Casualties	An event, or sequence of events, that occurs directly in connection with the operations of a ship and results in death, serious injury or loss of a person from a ship or material damage to a ship, collision of a ship or material damage to marine infrastructure external to a ship or to the environment.	The reported marine casualty in 2021 relates to contact of Blue Star 1 with a quay during a winter storm. The incident was not considered serious.
Shipboard workers	Those who work on aboard operated vessels (including direct employees and contractors)	The Group discloses an average number of shipboard workers per vessel across operating vessels per year. Shipboard workers increased by approximately 22 percent in 2021 due to increases to the operating fleet and return to service of the Dublin Swift.
Operating days	The number of available days in a reporting period minus the aggregate number of days vessels are off-hire due to unforeseen circumstances	Operating days increased in 2021 due to the strategic expansion of our ferries routing and return to service of the Dublin Swift following the easing of Covid-19 restrictions on non-essential passenger travel.

Sustainability and ESG
Continued

Water and Resource Use: Life Below Water / Responsible Consumption

While globally there is a heightened emphasis on emissions reduction, we are acutely aware that environmental impact is much wider than just emissions, and we continue to focus on minimising waste and resource use, preventing pollution and protecting biodiversity. Due to the nature of our operations, the protection of marine life is of utmost importance. While every effort is made to prevent spills and releases overboard, accidental releases can occur due to leaks, storms or human error. ICG has zero-tolerance for dumping waste at sea and uses high-quality port reception facilities and ISO certified waste management partners to responsibly discharge and treat various types of waste from our vessels and land-based activities. All vessels use oil recovery systems to recover spent oils which are then sent for recycling. We undertake periodic inspection of our partners' waste management facilities to gain comfort over their waste treatment and reporting processes. We also use specialised silicon-based non-toxic paints which avoid the release of harmful agents to the sea.

All our vessels carry an Inventory of Hazardous Materials (IHM) certificate on board to demonstrate the control of hazardous materials on ships in compliance with both the EU Ship Recycling Regulation (SRR) and the Hong Kong Convention (HKC) for the Safe and Environmentally Sound Recycling of Ships. All vessels underwent thorough survey and inspection during the year to ensure IHM certification was in place as required.

During the year, we reviewed and upgraded several waste management contracts at our Group locations. At our Dublin offices, we improved our recovery processes for general waste. Our waste management partner employs a combination of Solid Recovered Fuel (SRF) processing and Refuse Derived Fuel (RDF) processing to recover and recycle metals and transfer processed waste for alternative fuel and electricity production, thereby contributing to the circular economy and avoiding landfill. Food and garbage waste generated on vessels at sea is incinerated ashore for biosecurity purposes. We joined UK Chamber of Shipping pledge in 2019 to continuously minimise the generation of shipborne garbage and to the collective goal of zero pollution from ships to sea from plastics. To this effect, we removed all single use plastics from our ships.

During 2020 and 2021, there was some temporary reintroduction of single-use materials as preventative measures for Covid-19, such as takeaway meals for essential freight drivers. These items have since been fully removed from our ferries.

Each crew and office department have designated waste management champions. Their responsibilities are to ensure vessels and office areas are compliant with agreed procedures, to perform checks at waste segregation areas and to improve awareness of consumption methods within their respective areas.

The use of ballast water is important for the safety and stability of our vessels. Ballast water management involves the intake and discharge of ballast water at different locations due to changes to cargo and voyage conditions. However, this process can cause transference of marine life which increases the unintended risk of bringing invasive species to local ecosystems. In line with the Ballast Water Management Convention, shipowners are obligated to install Ballast Water Treatment systems (BWT) on all vessels by 2024 to eliminate transference risk. We have invested and committed significantly to BWT installation projects across our fleet. The W.B. Yeats was delivered with BWT while the Thetis D, Ulysses, Epsilon and Isle of Inishmore projects were completed in 2021, with the remaining fleet scheduled for BWT installation across 2022 and 2023. The Dublin Swift does not use ballast water and is therefore not applicable under the convention.

We onboard water for potable use from certified sources and retain these supplies on-board in certified sanitary conditions. Water stocks are regularly tested in line with on-board policies to ensure it remains of a high quality. Recognising that potable water is a scarce resource we have integrated water conservation measures including devices such as flow controllers. Where permitted, we use seawater for non-potable use, which is treated prior to discharge back to sea.

During the year, an innovative container wash water recycling system was installed at our new Dublin Inland Port facility, providing up to 90 percent savings in freshwater consumption. The system uses biological and separation technology to return used and dirty wash water back to clean and suitable re-use water. If the system is proven successful, we intend to install further recycling systems at our terminals.

Group Consumption Data

Relevant Metric	2021	2020	Unit of measure
Total municipal solid waste	7,736	6,130	Cubic metres (cm)
Total waste oil and sludge	4,144	2,498	Cubic metres (cm)
Total freshwater consumption	64,680	61,686	Cubic metres (cm)

Increases in waste and consumption volumes in 2021 reflect the expansions made to our routes and operating fleet, as well as the resumption of non-essential passenger travel towards the end of the busier tourism season. We are working with our ship managers and waste management partners across all office locations and ports served to develop a consistent classification of waste streams to enable enhanced reporting and performance management going forward.

Bamboo flooring is present on new and refurbished Eucon containers. At 31 December 2021, 1,100, or approximately 25 percent of the Group's container fleet include bamboo flooring. Bamboo self-regenerates from its roots and is considered more sustainable than hardwood trees for its ability to regenerate quickly.

We are promoting responsible consumption through our selection of crew uniforms, which now contain 95 percent recycled polyester recovered from plastic bottles. In 2021 ICG purchased 9,000 garments, equating to 150,000 plastic bottles being recycled and prevented from reaching the oceans or landfill sites. We continually incorporate sustainability considerations into our procurement process. We minimise the number of deliveries to our vessels through containerised provisioning. Our supply chain partner also offers procurement of any new items requested on board The ICG Supplier Code of Conduct sets out our expectations to suppliers regarding the environment, ethics, human rights and health and safety. Full details of this code can be found on our website.

Sustainability and ESG
Continued

Social: Employee Health and Safety and Diversity and Inclusion

Safety Data

	2021				2020				2019			
	Incidents	Exposure hours	Lost Time Injury Frequency	Fatalities	Incidents	Exposure hours	Lost Time Injury Frequency	Fatalities	Incidents	Exposure hours	Lost Time Injury Frequency	Fatalities
ICG employees and visitors	1	595,200	1.7	0	0	595,200	-	0	1	595,200	1.7	0
Key contractors	7	3,627,720	1.9	0	14	2,090,676	6.7	1	17	2,978,781	5.7	2
	8	4,222,920	1.9	0	14	2,685,876	5.2	1	18	3,573,981	5.0	2

	2021	2020	2019
LTIF on land	4.6	6.3	6.3
LTIF at sea	1.0	4.7	4.6

Lost Time Injury Frequency (LTIF) measures the number of recordable workplace incidents resulting in lost days over a year per million hours worked. We are encouraged by our safety performance during the year which saw a 43 percent decrease in the overall number of incidents reported and a 63 percent decrease in LTIF, despite a 57 percent increase in the Group's total exposure hours. These results are within our previously set targets for 2023 of LTIF on land <5 and LTIF at sea <3.5. The Group has focused on creating a strong safety culture and its performance for the year is a testament to our staff, crews and key third-party contractors who uphold high standards of safety in delivering a quality service for our customers. Regrettably, there were fatalities reported in 2020 and 2019 at our vessels and container terminal. We co-operate fully with all relevant authorities regarding serious incidents. We also investigate all such incidents internally and ensure all necessary steps are taken to improve and to prevent reoccurrences.

Employee Data

	31 Dec 2021	31 Dec 2020
Total number of employees	284	288
• Male	173	175
• Female	111	113
• % Female	39%	39%
• Full time	260	260
• Part time	24	28
• % Part Time Female	83%	86%

	31 Dec 2021	31 Dec 2020
Board members	6	6
• Male	5	5
• Female	1	1
• % Female	17%	17%
Management staff	52	54
• Male	41	42
• Female	11	12
• % Female	21%	22%
Total number of new employee hires	42	16
Total number of departures	47	34
Turnover rate	16%	11%
• Male	19%	13%
• Female	13%	10%

While our gender ratio is imbalanced in comparison to wider society, it is characteristic of the maritime industry, which has been historically androcentric. According to the International Chamber of Shipping's Seafarer Workforce Report 2021, the proportion of female seafarers is estimated to be 1.28 percent of the global seafarer workforce. We are committed to improving the representation of women at ICG through developments to our policies and recruitment process.

To demonstrate our strong commitment to equality, diversity, and inclusion, we developed our first Equality, Diversity and Inclusion Policy, which is available on our website. We are committed to creating a positive working environment whereby all employees are respected, valued and can reach their full potential. We believe that a diverse workforce brings a range of skills and experience which will help to make us more creative and competitive. As well as treating people with dignity and respect, ICG strives to create a supportive environment in which all employees can flourish and reach their full potential.

In order to attract, recruit, develop and retain the very best people, we have created an approach based on three key principles:

1. **Equality** - we promote equality of opportunity by seeking to remove barriers, eliminating discrimination, and ensuring equal opportunities and access for all.
2. **Diversity** - we accept each person as an individual. Our success is built on our ability to embrace diversity – and we believe that everyone should feel valued for their contributions. By working together, we will deliver the best possible service for our staff and stakeholders.
3. **Inclusion** - we create a working culture where differences are not merely accepted but valued; where everyone can develop in a way that is consistent with, and adheres to, ICG's values of impartiality, honesty, integrity, and objectivity.

Our aim is to be an organisation where people feel involved, respected, and connected to our success. At ICG, we strive to be a fully inclusive employer. This includes supporting our workforce by providing the flexibility for a positive work life balance, while continuing to ensure our needs as a business are met. To this effect, we facilitated hybrid working arrangements for our staff in response to changes in the work environment brought upon by the Covid-19 pandemic. We hope that this has helped employees with dependents to manage their responsibilities within and outside of work.

Whistleblowing

ICG is committed to having the highest standards of integrity and transparency. As part of this commitment, we have had policies in place to protect employees when whistleblowing since 2017. This year we enhanced our policy and created a new Protected Disclosure Policy to encourage employees or any person who works or has worked for ICG to make a disclosure in respect of significant matters, and to provide protection for the person making the disclosure.

We seek to always conduct our business honestly and with integrity. It is our policy as an employer to ensure that at every level of management our business complies with all legal requirements that govern our activities. However, we acknowledge that all businesses face the risk of their activities going wrong from time to time, or of unknowingly harbouring malpractice. We believe we have a duty to take appropriate measures to identify such situations and to attempt to remedy them. By encouraging a culture of openness and accountability, we believe we can help prevent such situations occurring. The full details of our Protected Disclosure policy can be found on our website.

Anti-bribery

ICG values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of our staff as well as others acting on our behalf are key to maintaining these standards.

We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implement and enforce effective systems to counter bribery. As such we have developed an Anti-Bribery Policy which applies to all employees, partners/directors, agents, consultants, and contractors. The policy can be read in full on our website.

Human Rights

We are committed to the highest standards of business and ethical behaviour and to the respect of internationally recognised human rights as established in the Universal Declaration on Human Rights and the International Labour Organisation's Core Conventions. Our Human Rights Policy, which applies to all ICG employees, contractors, agents and business partners, can be accessed through our website. We have a zero-tolerance policy to modern slavery and human trafficking. We take an open and transparent approach, taking steps to identify and tackle any instances of modern slavery in our supply chain which we outline in our Supplier Code of Conduct. ICG and its ship management service providers undertake regular training, including training provided by the United Nations Migration Agency in relation to human trafficking and labour exploitation. Appropriate training and guidance is provided to all commercial and procurement staff. Further details of our Modern Slavery and Human Trafficking Policy can be found on our website.

Sustainability and ESG
Continued

Corporate Social Responsibility

While the seismic shift in stakeholder expectations of business over the past two years has brought a more material focus to sustainable business practices and ESG, ICG remains committed to contributing to causes that can make a difference. ICG is proud to be a member of the local communities in which we operate. Over the past year, we have continued to support our charitable partners through our CSR programme.

ICG are longstanding supporters of the Dublin Wicklow Mountain Rescue Team (DWMRT). The team share our commitment to the safety of our communities. Irish Ferries assist the DWMRT with transport services for rescue dogs, volunteers, and equipment to carry out critical search and training operations in Ireland. In October, Irish Ferries staff attended a training event hosted by DWMRT. The event gave the Irish Ferries team great insight into the important work undertaken by DWMRT and the activities supported by our partnership.

ICG is a financial supporter of Sail Training Ireland, who provide young people from all backgrounds with the opportunity to participate in voyages on sailing vessels. The voyages help equip participants with important teamwork and communication skills, as well as promoting self-confidence, self-esteem and providing leadership experience.

We would also like to thank our customers for making their own contributions to important causes. Onboard our Irish Ferries vessels we have collections to support the Royal National Lifeboat Association (RNLI) who are the largest charity saving lives across the seas of the United Kingdom, the Republic of Ireland, the Channel Islands and the Isle of Man. Our customers also contributed to the Irish Heart Foundation by choosing healthy meal options onboard. A percentage of proceeds from healthy meals marked with a heart on our menu is donated to the Irish Heart Foundation.

Over the past year, we have continued to support the Irish Whale and Dolphin Association in their monitoring work. We allow the Irish Whale and Dolphin Association to come on board to conduct viewing exercises to monitor the behaviour and populations of whale and dolphin species around our coastline.

ICG are a proud supporter of the St. Patrick's festival in Ireland and provide transport for some of the participating bands and acts who travel from the UK for the event. Whilst this year's festival was cancelled due to Covid-19, we look forward to supporting the festival again over the coming year.

Sunflower Lanyard

In our 2020 Annual Report we were pleased to announce that in February 2020 Irish Ferries became the first Irish travel operator to introduce the hidden disability Sunflower Lanyard scheme across its entire fleet. Available to all passengers with hidden disabilities, and an addition to the full range of services already available to passengers with restricted mobility, the discreet Sunflower Lanyard enables crew who are specially trained, to readily identify those on-board who may require some extra help, time, or assistance. We continue to look for ways to ensure all customers can enjoy our services.

Supporting Tourism and Local Economies

ICG collaborate with Tourism Ireland, Visit Wales, Cotentin Tourism, Normandy Tourism and relevant port bodies on co-operative campaigns to promote sustainable tourism. The campaigns aim to help reduce seasonality issues and highlight less visited areas and attractions.

This year we participated in Tourism Ireland's 'Press the Green Button' campaign to encourage tourists back to Ireland after the downturn caused by the Covid-19 pandemic. The campaign aims to drive bookings for holidays in Ireland and to position the tourism industry well for 2022.

Where possible we seek to increase the use of local suppliers and showcase local produce in supporting artisan producers. This not only reduces our environmental footprint but positively impacts our local economy. Typical examples include our seafood supplier, a large, family-owned fishmonger based in the fishing town of Howth in North County Dublin who supply locally sourced seafood utilising sustainable fishing methods.

We source all our fruit and vegetables through Irish distributors who guarantee to deliver the freshest produce from farms all around Ireland. When in season, Irish produce will always be selected before imported goods. All our beef is Irish produced and our Irish dairy, cheddar cheese and eggs are Origin Green certified, meaning the farms and producers we source from are independently monitored and verified under Ireland's pioneering food and drink sustainability program. Our breakfast meats are sourced in counties Kilkenny and Cork.

We are a strong promotor of Irish beverages, not only the larger brands but also smaller producers of craft beers and spirits. In line with the demands of our guests we offer a wide variety of plant-based food and drink options in all our cafés and restaurants. Our coffees are provided by a Dublin-based roaster using the world's first purpose-built carbon neutral roastery in Dublin. All coffees and teas served on board are fair trade certified. We use local suppliers to service our new Dover-Calais route, including our UK-based coffee supplier that engages in various social projects to support farmers in Guatemala, Tanzania and Peru. We source our on-board wines from a distributor in Cherbourg that provides a vast selection of wines from large and small French wineries. We promote local French wines through special wine tasting events in conjunction with our partner in Cherbourg. Customers have the opportunity to meet with local wine producers and learn more about different wine regions and varietals.

Task Force on Climate-Related Financial Disclosures (TCFD) Report (within ESG report)

Details of how ICG is making progress in implementing the recommendations of the TCFD are set out below. In addition to the four key areas of governance, strategy, risk management and metrics and targets, a complete Appendix cross referencing disclosure against the 11 recommendations is included on page 59 of the Annual Report.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Everything we do at ICG is underpinned by strong governance. Climate-related risks and opportunities are managed and being integrated as a core component of strategy and performance from the highest level of the business. As a leading maritime transport group, in what is an increasingly regulated industry, we recognise how important it is for us to play a leading role in driving more sustainable shipping. Our purpose and strategy are fully aligned to this goal. Oversight of climate-related issues is provided by the Board as a whole, with support from the Audit Committee, in particular in relation to climate risks and opportunities. In terms of management, we have dedicated significant resources to ensuring that climate risks and opportunities are at the forefront of day-to-day activities and operations. We will continue to review the governance of climate-related risks and opportunities in the year ahead to ensure our frameworks evolves with the demands of the outside world.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the Group's businesses strategy and financial planning, where such information is material.

Through our purpose, commitments to contribute to the UN SDG and from regulation, ensuring our strategy is aligned with reduced impact on the environment is a core component of our efforts. It is for this reason we have made significant strides in detailing our environmental impact over the past years while also committing to reducing that impact, with data and effective governance at the heart of those steps.

To gain a better understanding of how climate change might impact our business, we reviewed different scenarios occurring over the coming years. These assessments looked at potential physical and transitionary risks of a changing climate such as flooding and water stress, as well as the risks associated with a transition to a low-carbon economy such as international climate policy and the impacts of carbon pricing. As an industry with stringent environmental-related regulations, the implications of regulatory steps have been a core part of our scenario analyses since before the introduction of the TCFD.

The analysis evaluated the implications for ICG's facilities, fleet and suppliers, as well as the impacts on our consumers. The analysis of both physical and transition risks showed that in both scenarios there is likely to be some financial risks which would need to be managed, but none that would materially impact our business model.

While these analyses were conducted on a qualitative basis and form the foundation of the climate-related risks and opportunities provided below, we aim to conduct a quantitative scenario analysis against a range of warming scenarios in the periods ahead.

Sustainability and ESG
Continued

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Climate-related risk management is integrated into our enterprise risk management process, as detailed extensively on pages 62 to 66. The enterprise risk management process is designed to identify, assess, monitor and report on all risk related to the business. Through the TCFD lens, ICG prioritised the climate risk and opportunity assessment, and set out the following risks and opportunities related to climate change:

	Financial Statement Impact					
Consequence (Negative Scenario)	Revenue	Expenses	Assets	Liabilities	Capital and Financing	Opportunity
Risk - Increase in extreme weather events						
Sailing disruption, damage to assets, increased insurance, health and safety hazards, damage to cargoes, supply chain delays, access issues to key locations	Decrease (fewer sailings)	Increase (Insurance costs, repair costs)	Decrease (damage to assets)	Increase (health and safety hazards, damage to cargoes)		Increase in tourism around operating region due to warmer climate. Tourism boost from conscientious travellers looking to holiday locally and using a more efficient mode of travel than by air
Risk - Introduction of carbon emission allowances						
Increased costs to purchase allowances, penalties for non-compliance, increase in fuel costs, difficulty to offset costs over time through ticket surcharges	Partial increase (fuel surcharge mechanism)	Increase (purchase of allowances, increase in fuel costs)		Increase (provisions for emissions allowances and potential penalties)		Amounts paid may contribute to an industry innovation fund that ICG could seek to benefit from
Risk - Negative impact of meeting EEXI/EEDI requirements						
Increased vessel docking periods to undertake upgrade works, increased capex budgets to meet design requirements, loss of trade due to customer concerns or imposed restrictions, decreased asset values due to poor ratings, reduced charter revenues from inefficient vessels	Decrease (increased vessel docking periods, loss of trade due to customer concerns or imposed restrictions, reduced charter revenues)	Increase (impairment depreciation penalties)	Decrease (poor vessel ratings)		Increased (capex needed to meet design requirements)	Optimise vessel purchasing and selling decisions to consider future compliance and further enhancement costs Reputational improvement by operating fully compliant vessels
Risk - Failure of carbon reducing investments and projects to achieve desired efficiencies						
Substantial capex investment which fails to improve carbon intensity, disproportionate fuel cost reductions, leak, spillage, fire or unintended exposure to alternative fuels harmful to health, energy from alternative sources not enough to meet operational demand		Increase (costs relating to higher than expected carbon intensity, larger quantities of alternative fuels required to meet operational demand)		Increase (potential accidents and hazards from new fuels)	Increased financing to meet capex project requirements	Take a position of market leadership by adopting new technologies to improve environmental performance Opportunity to market new innovative features as unique selling points Reduction in ETS and fuel levy costs
Risk - Poor ESG ratings from external agencies						
Loss of investor and financier interest as the required ESG grades are not met, loss of revenues and/or customers due to ESG concerns	Decrease (loss of revenues and/or customers)	Increase (financing costs due to limited debt options)			Decrease (loss of financier interest)	Use agency feedback to improve performance and boost future ratings Forge supply chain alliances with customers if strong ESG performance can be demonstrated

Consequence (Negative Scenario)	Financial Statement Impact: Revenue	Expenses	Assets	Liabilities	Capital and Financing	Opportunity
Risk - Collective human failure to limit global warming to <1.5 degrees above pre-industrial levels						
Risk to immobile assets and operations at coastal locations, public health and safety risks, natural resource and supply chain shortages	Decrease (Operational disruption at coastal locations due to flooding)	Increase (higher cost of goods and natural resources due to shortages)	Decrease (risk to immobile assets at coastal locations)			Adopt science-based targets, develop and execute our climate change strategy to play our part in limiting global warming Engage with landlords and local authorities on major incident plans and contingencies in place at ports Enhance procedures to responsibly manage water consumption and other key resources
Risk - Biodiversity loss within operating regions						
Loss of species and crops, resulting in food shortages and public health and safety risks		Increase (higher cost of goods and natural resources due to shortages)				Help protect biodiversity through ballast water management systems and other sustainable practices Raise awareness in the community about local biodiversity issues Enhance procedures to responsibly manage water consumption and other key resources
Risk - Unavailable debt financing for capital projects due to operational sustainability concerns						
Construction of suitable vessels and/or undertaking of certain transport activities not meeting sustainable finance criteria, lack of growth opportunities	Decrease (lack of growth opportunities)	Increase (financing costs due to limited debt options)			Decrease (loss of financier interest)	Identify sustainable projects that will achieve funding to grow the business and ensure long-term viability
Risk - Poor fleet emissions ratings with respect to IMO CII and equivalent EU regulations using MRV						
Commercial impact of vessels undertaking reduced speed passages to ensure compliance, impairment of vessels with poor ratings, increased capex to meet efficiency requirements	Decrease (commercial impact of vessels undertaking reduced speed passages)		Decrease (Impairment of vessels with poor ratings)		Increased (capex needed to meet efficiency requirements)	Optimise vessel purchasing and selling decisions to consider future compliance and further enhancement costs IMO encouraged rebates and other concessions from ports and authorities for highly rated vessels

Sustainability and ESG
Continued

Metrics and targets

Over the past number of years, we have commenced collection and disclosure of a range of measures used to assess and manage climate-related risks and opportunities. We have now disclosed our scope 1 and scope 2 emissions and intend to develop our reporting to disclose our scope 3 emissions over time. ICG also adheres to limits on sulphur content of fuel oils, in relation to sulphur oxide (SOx) emissions from the shipping sector, investing approximately €25 million on the installation of exhaust gas cleaning systems (EGCS) in our owned and operated fleet. Studies have shown that EGCS can remove 60 to 90 percent of particulate matter (PM), including a portion of small and ultrafine PM, resulting in fewer particles released in the atmosphere compared to consuming marine gas oil. Separate to our emissions, we provide details of water consumption and waste management throughout our ESG report.

As a business, we have implemented the targets set by the IMO and the EU, including:

- 40 percent reduction in carbon intensity from shipping operations by 2030 compared to 2008 levels
- 50 percent reduction of all GHG from shipping operations by 2050 compared to 2008 levels
- 6 percent reduction in GHG intensity from shipping operations by 2030 compared to 2020 levels
- 75 percent reduction in GHG intensity from shipping operations by 2050 compared to 2020 levels

We have also set the following targets for our terminal operations:

- 70 percent reduction in Scope 1 and 2 emissions by 2025 versus 2020 levels. A 17 percent reduction was achieved in 2021.
- Net zero Scope 1 and 2 operations by 2030.

Over the longer term, we recognise the importance of science-based target setting and look forward to future engagement with the Science Based Targets initiative (SBTi) as we await specific guidance for the transport sector which is currently in development.

Task Force on Climate-Related Financial Disclosures Appendix

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate related risks and opportunities.	**Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.**	**Disclose how the organisation identifies, assesses, and manages climate-related risks.**	**Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**
Recommended Disclosures			
(a) Describe the board's oversight of climate-related risks and opportunities. ***Refer to pages 55 and 65***	(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. ***Refer to pages 55 to 57***	(a) Describe the organisation's processes for identifying and assessing climate-related risks ***Refer to pages 56 to 57 and pages 64 to 66***	(a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process ***Refer to pages 46 to 47 and page 58***
(b) Describe management's role in assessing and managing climate-related risks and opportunities. ***Refer to page 65***	(b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning. ***Refer to pages 56 to 57 and page 65***	(b) Describe the organisation's processes for managing climate-related risks. ***Refer to pages 64 to 66***	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. ***Refer to page 47 and pages 56 to 57***
	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. ***Refer to pages 56 to 57 and page 66***	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. ***Refer to pages 62 to 66***	(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. ***Refer to page 58***

Sustainability and ESG
Continued

Disclosures by Non-Financial Undertakings under Article 8 of the EU Taxonomy Regulation

The Group is required to apply the requirements of the EU Taxonomy Regulation. The EU Taxonomy, first published in 2020, is a classification system intended to establish a list of environmentally sustainable economic activities and sectors that play a key role in climate change mitigation and adaptation to support sustainable financing. Under the Taxonomy, for an economic activity to be considered environmentally sustainable, certain criteria must be met across six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems.

Ahead of reporting on the alignment of ICG activities with the Taxonomy next year, the Group is currently required to disclose the proportion of its turnover, CapEx and OpEX eligible for assessment under the Taxonomy.

Based on a comprehensive analysis of the Group's economic activities against the range of activities listed in the EU Climate Delegated Act and NACE classification system, the Group determines it has Taxonomy-eligible undertakings in accordance with activity 6.10 'Sea and coastal freight water transport, vessels for port operations and auxiliary activities' (Annex I: climate change mitigation/ Annex II: climate change adaptation).

All integrated services necessary to and dependent on the operation of vessels for the combined transport of freight and passengers on sea or coastal waters are also considered eligible and are therefore included within the reported metrics below. This includes service activities incidental to water transportation such as; on board passenger services, Group stevedoring services and quay-to-door container transport services that are component activities embedded within our sea transport offerings to customers.

The Group's Consolidated Financial Statements have been prepared for the financial year ending 31 December 2021 in accordance with IFRS. The amounts used for the calculation of the turnover, CapEx and OpEx ratios are accordingly based on the reported data in those Consolidated Financial Statements.

KPIs

Turnover KPI

The turnover KPI is calculated by the proportion of the net turnover derived from services that are Taxonomy-eligible.

$$\text{Turnover KPI} = \frac{\text{Taxonomy-eligible net turnover}}{\text{Net turnover}} 100\%$$

The total turnover of €334.5 million for the financial year ending 31 December 2021 is the basis for the denominator for the turnover KPI as presented in the Consolidated Income Statement on page 132.

The total turnover of €334.5 million reported in the Consolidated Income Statement was examined across all Group companies to determine whether it was generated from Taxonomy-eligible activities as set out in Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Climate Delegated Act. A detailed analysis of the items included in the sales turnover is used to allocate the respective sales turnover to the Taxonomy-eligible economic activities. The sum of the sales turnover of the Taxonomy-eligible economic activities for the financial year ending 31 December 2021 represents the numerator. The Group has determined its revenue generating activities to be fully eligible.

CapEx KPI

The CapEx KPI is calculated as the proportion of the capital expenditure of an activity that is Taxonomy-eligible.

$$\text{CapEx KPI} = 100\% \; \frac{\text{Taxonomy-eligible investment}}{\text{Additions to tangible and intangible assets}}$$

The capital expenditures amount to €55.2 million, comprising strategic and maintenance capital expenditures. The sum of the additions that reflect investments in Taxonomy-eligible activities forms the numerator.

OpEx KPI

The OpEx KPI is calculated as the proportion of the operating expenditure associated with Taxonomy-eligible activities.

$$\text{OpEx KPI} = 100\% \; \frac{\text{Taxonomy-eligible operating expenses}}{\text{Total OpEx as defined in the EU-Taxonomy}}$$

The amounts reflecting direct non-capitalised costs relating to short-term leasing, maintenance and repair expenses and any other direct expenditures relating to the day-to-day servicing of Group assets or third parties to whom the activities are outsourced that are necessary to ensure the continued and effective functioning of such assets were considered for the denominator calculation.

The numerator is derived from an analysis of the operating expenses associated with Taxonomy-eligible activities.

Risk Management

Overview

Exposure to risk is an inherent element to carrying out the business activities of the Group; the operation of vessels and provision of related services. Effective risk management and internal control systems are essential to protect the Group from exposure to unnecessary risks and to ensure the sustainability of the Group's business.

The Board has overall responsibility for establishing procedures to manage risk, oversight of the internal control framework and determining the nature and extent of the principal risks the Group is willing to accept in order to achieve its long-term objectives. The Board has created a culture of risk awareness throughout the organisation whereby risk consideration is embedded in decision making processes.

The Board has delegated the appraisal of the Group's risk management and internal control systems to the Audit Committee. This assessment is carried out through the review of reports and presentations made by the Risk Management Committee (RMC) and Group Internal Audit. Further information on the Audit Committee activities is set out in its report on pages 94 to 99.

Risk Architecture, Strategy and Protocols

The Group follows international standard ISO 31000 (2018) 'Risk Management – Guidelines' in designing its risk architecture, strategy and protocols (RASP).

The Group's risk architecture includes the roles and responsibilities of the Board and Group personnel in managing risk, along with internal reporting requirements. This is illustrated by the 'three lines of defence' model.

Audit Committee / Board

Senior Management

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Management Controls	Financial Control	Internal Audit
Internal Control Measures	Risk Management	
	Monitoring	
	Compliance	
The first line of defence rests with management acting through their staffs who are responsible for the design, implementation and monitoring of internal control measures within their respective business areas.	The second line of defence comprises of oversight functions such as Group Finance and Group Marine and Safety. These functions are involved in policy setting and provide assurance over first line activities.	The third line of defence consists of the Group Internal Audit function, which performs independent oversight of the first two lines and reports directly to the Audit Committee on matters of internal control, compliance and governance.

External Audit

Regulator

Roles, responsibilities, risk management policy, objectives and process overviews are documented within the Group's Risk Code. The Group adopts an Enterprise Risk Management (ERM) system that takes a unifying, broad and integrated approach to managing risks and aligns risk management to the achievement of strategic objectives.

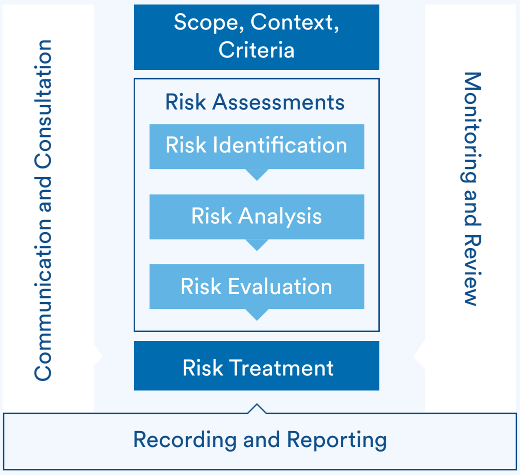
Role of the Risk Management Committee

The Risk Management Committee (RMC) established by the Group comprises members from across the three lines of defence, as well as having Board representation. With its mandate from the Board, the RMC is tasked with;

- Making appropriate recommendations to the Board on all significant matters relating to the development of risk strategy and processes of the Group.
- Keeping under review the effectiveness of the Group's risk management systems.
- Reviewing the Group's risk exposures in relation to the Board's risk appetite.
- Maintaining a robust Group Risk Register and ensuring risks are identified comprehensively and assessed consistently across classified risk areas.

Risk Management Process

The Group's Risk Management Process is underpinned by its RASP methodology and is led by the RMC. The Group's process is based on the revised international standard ISO 31000 (2018), 'Risk Management – Guidelines', and provides an iterative and systematic approach to managing risks throughout the Group.



Risk Assessments and Monitoring

The Board sets the Group's risk appetite for classified risk areas. Risk appetite is communicated through the adoption of Risk Appetite Statements. These statements, along with internal capabilities, resources and industry factors provide context to how the Group's strategy is pursued and to which risks are assessed. With respect to climate and ESG issues, the views of stakeholders are also considered by the Board in setting appropriate appetite levels. Refer to pages 64 to 66 for an overview of the Group's climate risk framework. The Board has a low acceptance for risks that may impact safety of vessels, workers and customers and compliance with relevant laws and regulations.

Each business owner is responsible for ensuring comprehensive risk identification and assessment is carried out covering their sphere of responsibility. Risks are identified through various means, including the use of an identification tool guiding risk assessors through several internal and external factors in identifying potential barriers to respective objectives. Risks are assigned to risk owners with responsibility for the activity generating the risk. Where a risk contains multiple causes and consequences, risk owners are required to collaborate in performing a cause and consequence analysis.

For some risks, this collaboration spans across departments and divisions within the Group.

Risk owners are ultimately responsible for the completion and maintenance of risk assessments across their respective risk areas. Risks are measured in terms of the likelihood of occurrence and estimated impact using a standardised scoring model. All evaluations are made from a Group perspective and are relative to Group risk appetite. Guidance tools are in place to ensure Group-wide consistency is achieved across risk assessments.

Existing control measures are documented and assessed within the risk assessment forms in determining residual risk scores. All risk assessments are reviewed by members of the RMC before they are released to the Group Risk Register. The RMC and risk owners can prescribe the implementation of further control measures at the review stage.

Risk Management
Continued

The Group Risk Register is the central online repository for documenting, assessing and prioritising risks, and for documenting and prescribing control measures. The Register forms a significant portion of the Group's risk management process. The Group Risk Register is reviewed on a regular basis by the RMC.

Any necessary changes to the Group Risk Register are made throughout the year and can be prompted by;

- The occurrence of a risk event.
- The identification of new emerging risks or as circumstances of existing emerging risks change.
- Quarterly RMC meetings.
- Internal Audit or regulatory reviews.
- Annual risk owner reassessment.
- Changes in Key Risk Indicator measurements.
- New risk assessments completed within business area teams.

Risk information within the Group Risk Register is analysed and used for reporting principal risks to the Board and for Internal Audit planning. A presentation of the Group's principal and emerging risks is made to the Board at least annually or more frequently if warranted by developments. At these presentations the Board challenges the RMC in their processes and evaluations of the principal and emerging risks identified in the context of the Group's own risk policy, risk appetite and general market developments both within and outside the industry sector. Key Risk Indicators are in place for highly ranked individual risks at the residual level, to ensure exposure levels are monitored, flagged to the Board and corrective actions taken before impacts are fully realised.

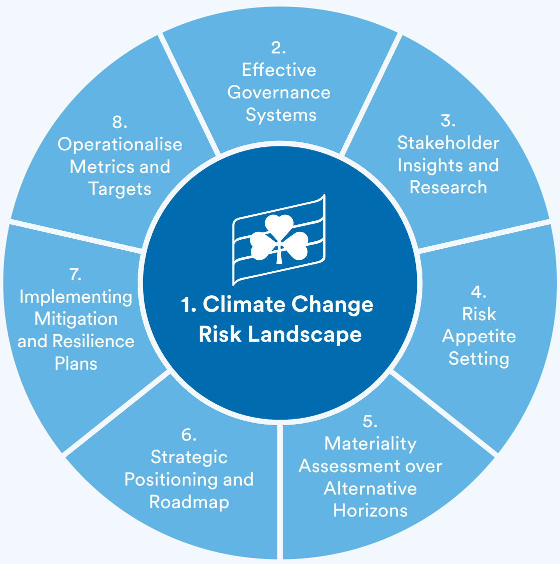
Emerging Risks

Risk monitoring is an ongoing process to reflect the dynamic nature of the environment in which the Group operates. The Group acknowledges three types of emerging risks that can arise. The first type are new risks that emerge in the Group's external environment. These are identified through the ongoing Group risk identification process. The second type are previously identified risks recorded in the Group Risk Register whose impact on Group activities has changed, prompting a reassessment. The third type are new risks emerging from the internal environment when changes to core processes are made. These are identified when undertaking new projects or engaging with new business partners.

Emerging risks are closely monitored and assessed as their uncertain nature can result in the risks becoming significant within a short timeframe. Emerging risks currently under review at the date of this report relate to greater employer responsibility for employee welfare, greater environmental and climate awareness driving increased corporate responsibility and regulatory requirements and long-term risks and opportunities associated with technological advancements.

Managing Climate Change Risks

The Group has adopted a framework, based on guidance from the Institute of Risk Management, which identifies the key areas that require attention to enable the development and execution of its climate change risk management strategy. This framework is integrated within the Group's RASP and related risks assessments are released to the Group Risk Register.



1. Climate Change Risk Landscape

The Group identifies climate risks using the same processes as other emerging risks, with additional emphasis on expert climate risk publications and regulatory updates. Climate change risks are unique in how they; affect every individual and organisation, are long term in nature and are highly uncertain in their ultimate progressions and impacts. Due to these considerations, the Group's climate risk register contains the following additional details;

- Risks are assessed over three different time horizons; 0-3 years, 3-10 years and >10 years, with the 0-3-year horizon assessments transferring to the Group Risk Register.
- Impacted stakeholder groups are identified for engagement on associated risks.
- Opportunities are identified for each risk to support strategic positioning and resilience planning.
- Impacts are linked to financial statement areas.

A summary of the Group's climate risks, impacts and opportunities is disclosed on pages 56 to 57.

2. Effective Governance Systems

The Group applies the same risk governance structure to climate change risks as all enterprise risks. The RMC advises the Board on risk appetite, risk management approach and important risk management issues and considerations, which are ultimately approved by the Board or used to facilitate decision making.

The RMC presents to the Board during the year on all important risk management issues, including climate change and ESG risks. Executive Management are also equipped to update the Board on such matters throughout the year, as 75 percent of the Executive Management Team are RMC members. The Group's recent Board appointments helps ensure there is adequate Non-Executive Director representation with ESG expertise to challenge the RMC and Executive Management on relevant issues.

The RMC is comprised of management across all areas of the business, including; risk and sustainability, sales, operations, health and safety, planning and finance. Collectively, the RMC has the skills, knowledge and experience to best manage the Group's climate change risks and their wide-ranging impacts. ESG issues are incorporated in the incentive plans of Executive Management and dedicated management roles within the RMC.

3. Stakeholder Insights and Research

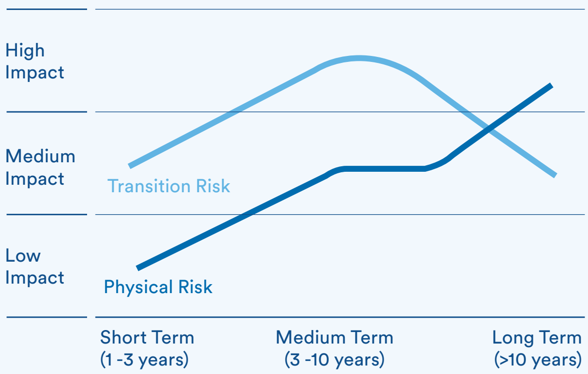
The interests and expectations of stakeholders are important considerations in the Group's climate risk management approach. In 2022, the Group will undertake a stakeholder research program to gain insights on ESG issues facing the Group. This will facilitate an evaluation of our core strategic, operational and compliance processes concerning the environment and climate change expectations. Mapping of these insights will help align stakeholder values to the Group's strategic objectives and core processes.

4. Risk Appetite Setting

Following the outcome of the stakeholder engagement program, the RMC will develop more specific risk appetite areas across a range of ESG issues. Areas of highest stakeholder importance will be considered in setting the appetite levels for Board approval. All ESG and climate change risks going forward will then be assessed, and mitigation plans updated to ensure they remain proportionate to the relevant appetite levels.

5. Materiality Assessment over Alternative Horizons

Climate change risks are assessed over three separate horizons; 0-3 years, 3-10 years and >10 years. Current known transition risks are most significant in the short and medium term and are expected to curtail from the third time horizon as the Group shifts towards a low carbon economy. While physical risks require attention today, significant physical impacts for the Group may only be experienced over the long-term horizon.



Assessments over the long-term horizon are most challenging to calculate but are key to future resilience planning. The Group is exploring further methods to help quantitively analyse the impact of certain future scenarios.

6. Strategic Positioning and Roadmap

Following a full assessment of risks and opportunities over separate time horizons, the Group can assess strategically its current position against long-term goals. This stage allows the Group to identify any changes to its business model necessary for long-term success, with a focus on opportunity management. Further climate change related controls and projects are then agreed.

Risk Management
Continued

7. Implementing Mitigation and Resilience Plans

Further controls and projects to help address climate change risks are implemented and managed. Current resilience plans, including the Group's Major Incident Response Plans and Disaster Recovery Plans are also reviewed and updated periodically for additional information gathered throughout the process.

8. Operationalise Metrics and Targets

Metrics and targets, including carbon intensity and absolute GHG emissions are monitored and reviewed. Relevant Key Risk Indicators are also introduced to monitor high residual risks, in line with the Group's risk management process.

Significant and Emerging Risk Events

Covid-19 Pandemic

The Group responded promptly when the Covid-19 pandemic began to affect operations in 2020 and this continued throughout 2021. Actions taken had two principal emphases:

1. Measures to ensure continuing safe operations and the communication of such measures to all stakeholders including state authorities and customers; and,
2. Measures to ensure the financial viability of services throughout cost-cutting, efficiencies and service restrictions.

A specific and detailed pandemic risk assessment was carried out in 2020 with input from across all divisions and departments which was updated throughout 2021 as necessary.

While some services continued to be curtailed in 2021 and passenger travel was impacted by varying regulations during the year, all operations have been maintained safely including during times of increased passenger demand for ferry services. Global supply chain congestion meanwhile brought opportunities for the Container and Terminal Division. The Group is strongly positioned for success in 2022 as regional restrictions are removed and tourism can safely return to pre-pandemic levels.

Brexit

A specific and detailed risk assessment was developed prior to the end of the transition period on 31 December 2020. This risk assessment was updated throughout 2021 and the risks which materialised were in relation to:

1. Negative impact on the Republic of Ireland (ROI) – Great Britain (GB) freight market due to additional customs and health formalities; and,
2. Market distortion due to re-routing of freight traffic via Northern Ireland and via the direct route to France, to avoid customs and health formalities. However, this risk has also brought the opportunity of increased demand for our ROI – France route.

The Group will continue to monitor the impacts of Brexit, particularly as additional requirements for GB customs controls are implemented in 2022.

Environmental Regulations and Impacts

The Group is exposed to long-term physical effects of climate change and to near and long-term transition risks associated with the movement towards a low carbon economy, driven by changing stakeholder expectations and environmental regulations. During the year, significant regulatory measures and proposals were announced by the IMO and the EU to help achieve the respective GHG reduction targets of each organisation for the maritime transport industry.

Current IMO Measures

- An annual operational Carbon Intensity Indicator (CII) assessment and rating from 2023 to determine how efficiently a ship transports goods or passengers.
- The introduction of the Energy Efficiency Design Index for existing ships (EEXI) which sets from 2023 a baseline technical design efficiency that vessels must meet.

Current EU Proposals

- The extension of the ETS to the maritime industry on a phased-in basis from 2023 to full implementation by 2026, requiring ICG to purchase and submit emissions allowances for each equivalent tonne of CO2 emitted from vessel operations.
- The introduction of the FuelEU Maritime regulation to limit the GHG intensity of energy used on board vessels from 2025.
- The removal of the heavy fuel oil exemption for the industry under the Energy Taxation Directive.

The Group will continue to monitor these developments and liaise with regional chambers of shipping, shipowners' associations and other industry representatives as further information is announced. These regulations could have significant financial and operational impacts for the Group and are currently being managed within the climate risk framework. In mitigation of potential financial impacts, the Group shall seek to recover increased costs through its value chain. The Group has been an early adopter of technology and assessments to certify EEXI compliance for the Isle of Inishmore and Ulysses in 2021, with further studies and measures across the remainder of the fleet scheduled in 2022. The W.B. Yeats is assessed as a new vessel under the Energy Efficiency Design Index (EEDI) and is excluded from EEXI.

War in Eastern Europe

The Group is deeply concerned by developments in Eastern Europe following the invasion of Ukraine by Russia. A full organisational-wide risk assessment was conducted as geopolitical tensions escalated in early February 2022. Among the potential impacts under ongoing assessment at the Annual Report release date include:

- The impact of economic sanctions on Russia on Group operations and fuel prices
- Impact on passenger demand due to ticket price inflation
- Increased cyber security risk to assets and operations
- Business continuity risks associated with supply of fuel and key third party contractors

Viability assessment

The principal risks identified through the Group's risk processes have been considered by the Directors when preparing the Viability Statement on pages 116 to 117, as part of their assessment of the prospects for the Group.

Principal Risks and Uncertainties

Linkage to strategic pillars:

Quality Service | People and Culture | Financial Management | Safety | Sustainability

Description and Impact	Risk Treatment	2021 Developments
Strategic Risk - Commercial & Market		
The Group operates in a highly competitive industry with market risks and opportunities arising from uncertain political and economic landscapes. The Group is at risk of markets not performing in line with expected growth and at risk of loss in market share to competitors, impacting profitability.	The Group undertakes regular assessments of its cost base and performs competitor benchmarking. Direct and indirect competitor activity and market performance is closely monitored which allows the Group to respond swiftly. The Group focuses on ensuring a safe, reliable and high-quality service is provided to customers in order to maintain and strengthen alliances.	Exposure to commercial and market risks increased in magnitude during the year as the Group announced its entry to the Dover – Calais route and competitors introduced additional capacity on existing markets served.
Strategic Risk - Economic and Political		
Economic and political factors including instability and changes to laws on travel and trade could adversely impact the Group's activities and demand for its services. Geopolitical risks, including war risks could have devastating Global impacts, including impacts to Group operations.	The Group liaises with various associations and governmental bodies to share views on proposed legislative changes. Micro and macroeconomic activity is closely monitored to ensure Group decision making is informed and timely.	In 2021, there was a negative impact experienced on the Ireland-GB freight market due to additional customs and health formalities as a result of Brexit and Covid-19. There was also market distortion caused by the re-routing of freight traffic via Northern Ireland via France direct to avoid post-Brexit related customs formalities. The Group is closely monitoring developments in Eastern Europe following the invasion of Ukraine by Russia in February 2022.

Risk Management
Continued

Description and Impact	Risk Treatment	2021 Developments
Operational Risk - Business Continuity		
The Group's operations are exposed to the risk of fire, flood, storms, vessel incidents and loss of critical supplies caused by accident or by natural disaster. Minor disruptions can impact revenues while major disruptive events can result in the loss of critical infrastructure causing significant financial loss and reputational damage.	The Group places strategic importance on investment in quality assets and safety, including vessels suitable for challenging sailing conditions and experienced crews and operations teams. The Group has detailed, coordinated and rehearsed business continuity plans containing crisis management and disaster recovery components to respond to major incidents at land or at sea and ensure affected operations can be resumed promptly and safely.	The Group continues to follow public health guidelines and updates to governmental travel restrictions relating to the Covid-19 pandemic, which saw non-essential passenger travel resume and the Dublin Swift return to service in late summer. The Group is optimistic its services can operate fully and safely throughout the entire 2022 tourism season. Some minor disruptions caused by extended drydocking periods and acute weather events including Storm Barra were experienced during the year.
Operational Risk - Health and Safety		
The Group is inherently exposed to the risk of incidents, including; workplace accidents, vessel collisions and damages, hazardous cargo and incidents involving passengers. There is also a risk of outbreak of contagious illness among staff, crews and customers. These events could result in loss of life, serious personal injury or illness, asset damage and reputational impact concerning safety.	The Group and its service providers adhere to defined operating safety and quality policies and procedures. All sites are regularly inspected by internal second line functions and external regulatory bodies. Emergency procedures and safety training are conducted regularly. Hazardous cargoes are managed in accordance with international maritime regulations. Group vessels, offices and facilities are thoroughly and frequently sanitised. World Health Organisation (WHO) and governmental guidance and instructions are followed. Crews are tested before and during their work on board vessels. Hybrid working arrangements are facilitated for staff to prevent spread of contagious illnesses.	Health and safety metrics for the year are disclosed on page 52. The rollout of vaccination programmes throughout Europe in 2021 helped to protect staff, crew and customers from Covid-19 impacts and contributed to the safe resumption of non-essential travel for passengers. The Group is closely monitoring the impacts of new Covid-19 variants and will continue to exercise caution in how meetings and business activities are conducted.

Description and Impact	Risk Treatment	2021 Developments
Operational Risk - Operational Compliance		
The Group's activities are governed by a range of IMO, flag state, port state, EU and national governmental regulations. There is a risk that instances of non-compliance may occur that causes disruption, reputational damage or financial penalties.	Ongoing training is provided to operations staff and contractors in line with regulatory requirements. New regulations are discussed and assessed at management meetings, together with measures to ensure compliance. The Group's vessels and port operations are subject to regular inspections and audits from internal second line functions and external bodies.	The Group will continue to monitor new regulatory developments at the IMO and the EU and liaise with regional chambers of shipping, shipowners' associations and other industry representatives as further information is announced. Compliance risks related to reducing emissions are managed within the Group's climate change risk framework.
Operational Risk - Environmental Protection		
The Group is exposed to long-term physical effects of climate change and to near and long-term transition risks associated with the movement towards a low carbon economy. These risks and impacts are detailed further on pages 56 to 57. There is also a risk of spillages or incidents causing pollution and discharge to the sea.	Physical and transition climate change risks are managed within the Group's climate change risk framework. The Group is employing a range of technical and operational measures to achieve its GHG reduction targets. Refer to pages 44 to 45 for further details.	Over the last 12 months, the Group has placed significant focus on enhancing its approach to ESG and sustainability. Refer to the Sustainability and ESG Report on pages 40 to 61 for further information on activities and developments during the year.
Operational Risk - Human Capital		
There is a risk of failure to attract qualified and talented individuals and additionally a risk of losing key personnel. Staff could become unmotivated or dissatisfied with the working environment. These risks can ultimately lead to a poor standard of customer service and decision making, affecting the Group's market position, reputation and stakeholder relationships.	Pay and conditions are reviewed and benchmarked to ensure the Group remains competitive. ICG is an equal opportunities employer and seeks a diverse workforce to promote a strong and accepting culture and to help make informed decisions. Staff are encouraged and supported in their pursuits of further education and career advancement. Long-term incentive plans are in place to retain and motivate key management personnel.	Work from home arrangements can be attractive opportunities for many individuals. The Group introduced hybrid working arrangements in response to changes in the work environment brought upon by the Covid-19 pandemic.

Risk Management
Continued

Description and Impact	Risk Treatment	2021 Developments
IT Systems and Cyber Risk - Information Security and Cyber Threats		
The Group is heavily reliant on its IT systems to support business activities. These systems are susceptible to data breaches and cyber attacks that can result in disruption, heavy fines and reputational damage.	The Group employs a suite of physical access controls and technical controls to prevent, detect, mitigate and remediate malicious threats and unusual activity. Such controls include rehearsals for major cyber incidents, vulnerability management processes and security awareness training for staff and key contractors.	Cyber-attacks continue to grow in volume and sophistication and have particularly intensified since the beginning of the Covid-19 pandemic. Notably, in May 2021, a critical national infrastructure provider in Ireland experienced a significant ransomware cyber-attack causing major disruption and damages to systems. This was the largest cyber-attack in Irish history and highlights the importance for the Group to remain vigilant and ensure all efforts to protect its systems are made.
Financial Risk - Financial Loss		
The Group is at risk of losses caused by ineffective or inefficient financial policies or practices, such as; inadequate budgeting and planning, insurance provisioning, project management or credit control techniques.	The Group's financial management activities are performed by experienced and knowledgeable personnel. Regular internal management reporting ensures negative variances and trends are identified timely and acted upon. Close relations with insurance brokers are maintained and emerging risks are considered when assessing coverage. Major projects require pre-approval of the Board. Due diligence procedures are carried out for project contractors and new commercial customers while ongoing performance management of projects and debtors are in place.	During the year, the Group successfully implemented a new ferry booking system and underwent fleet expansion to service its new Dover-Calais route. The Group continues to monitor performance of these projects during and after implementation.
Financial Risk - Volatility		
The Group is exposed to adverse fluctuations in fuel prices and exchange rates which can reduce revenues, increase cost base and reduce overall profitability.	Group policy has been to purchase commodities in the spot markets and remain unhedged. The Group operates a dynamic surcharge mechanism with its freight customers which allows prearranged price adjustments in line with Euro fuel costs to help mitigate US Dollar exposure arising from fuel purchases. In the passenger sector, in addition to fixed environmental surcharges, changes in bunker costs are included in the ticket price to the extent that market conditions will allow. The Group employs a matching policy to mitigate exposure to Sterling. Decreases in translation of Sterling revenues to Euro are largely offset against corresponding decreases in translation of Sterling costs.	Fuel prices were highly volatile in 2021, but overall have increased substantially over 2020, leading to an increase in Group fuel costs. The Group's magnitude for exposure to unfavourable Sterling movements increased during the year, following entering the Dover-Calais route to be serviced by three vessels.

Description and Impact	Risk Treatment	2021 Developments
Financial Risk - Retirement Benefit Scheme		
The Group's pension liabilities are exposed to risks arising from changes in interest rates, inflation, demographics and market values of the underlying investments, resulting in increased scheme obligations or decreased scheme assets.	A portion of the Group's defined benefit risks are transferred to a third-party insurance company. All actuarial assumptions are substantiated and challenged where necessary. Regular communication is maintained with the scheme investment managers to monitor performance relative to agreed benchmarks.	In 2021, the Group continued its de-risking initiatives and active investment management.
Financial Risk - Fraud		
A significant volume of transactions is processed throughout the course of the year. These include a large amount of payment exchanges in the booking process, on board passenger vessels and at port ticket desks. This level of activity inherently carries a risk of fraud through the processing of improper payments or misappropriation of cash or assets. Any instance of fraud affecting ICG could result in financial loss, reputational and cultural damage.	Improper payments are prevented by a segregation of duties within the payment set-up, payment approval and accounts posting processes. Further training and procedures are in place to ensure any requested changes to vendor payments are validated. Daily reconciliations are performed at cash processing locations. All cash counts require supervisor oversight and CCTV cameras are installed to deter and capture any inappropriate behaviour. Internal audit procedures are designed with consideration for the scope of fraud where relevant.	The Group is not aware of any confirmed or suspected instances of fraud during the year. The Group recently enhanced its Protected Disclosure (Whistleblowing) Policy to encourage employees or any person who works or has worked for the Group to make a disclosure in respect of significant matters included instances of fraud. This policy is available on our website.
Financial Risk - Financial Compliance		
As a public listed company with operations in different jurisdictions, the Group must comply with multiple financial and administrative regulations. Any policy changes or instances of non-compliance could result in financial loss, penalties or reputational damage.	The Group relies on its professional staff to ensure necessary filings are timely, complete and accurate. Third party experts are engaged when required to advise on complex matters. The Group engages productively with Irish tax authorities through the Co-Operative Compliance Framework. Additional assurance is also gained from the work of the Group's external auditors.	The Group is monitoring developments in the G20 global tax deal that would increase the rate of corporation tax in Ireland to 15 percent. As the Group is assessed under the tonnage tax regime it does not currently envisage changes to its tax requirements. The Group is also monitoring and assessing the financial and administrative impact of proposals to include the maritime industry in the EU ETS.

Our Fleet

W.B. Yeats

Year Built	2018
Acquired	2018
Gross Tonnage	54,975
No. Engines	4
Speed	22.5 knots
Lane Metres	2,800
Car Capacity	1,216
Passenger Capacity	1,885
Beds	1,706

Ulysses

Year Built	2001
Acquired	2001
Gross Tonnage	50,938
No. Engines	4
Speed	22 knots
Lane Metres	4,100
Car Capacity	1,342
Passenger Capacity	1,875
Beds	186

Isle of Inishmore

Year Built	1997
Acquired	1997
Gross Tonnage	34,031
No. Engines	4
Speed	21.5 knots
Lane Metres	2,100
Car Capacity	855
Passenger Capacity	2,200
Beds	208

Isle of Innisfree

Year Built	1992
Acquired	2021
Gross Tonnage	28,833
No. Engines	4
Speed	21.0 knots
Lane Metres	2,300
Car Capacity	600
Passenger Capacity	1,140
Beds	78

Isle of Inisheer

Year Built	2000
Acquired	2022
Gross Tonnage	25,152
No. Engines	4
Speed	22.5 knots
Lane Metres	1,950
Car Capacity	500
Passenger Capacity	589
Beds	218

Dublin Swift

Year Built	2001
Acquired	2016
Gross Tonnage	8,403
No. Engines	4
Speed	35 knots
Lane Metres	-
Car Capacity	251
Passenger Capacity	817
Beds	-

Epsilon (chartered in)

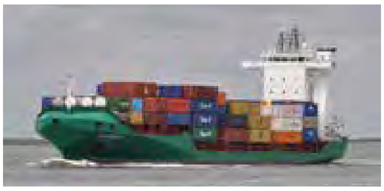
Year Built	2011
Acquired	chartered-in
Gross Tonnage	26,375
No. Engines	2
Speed	23 knots
Lane Metres	2,800
Car Capacity	150
Passenger Capacity	500
Beds	272

Blue Star 1 (chartered in)

Year Built	2000
Acquired	chartered-in
Gross Tonnage	29,858
No. Engines	4
Speed	27 knots
Lane Metres	1,718
Car Capacity	700
Passenger Capacity	1,500
Beds	192

Ranger

Year Built	2005
Acquired	2015
Gross Tonnage	7,852
Deadweight	9,300
Capacity	803 TEU

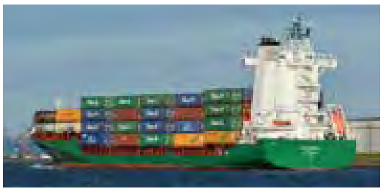


Elbfeeder

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,157
Capacity	974 TEU

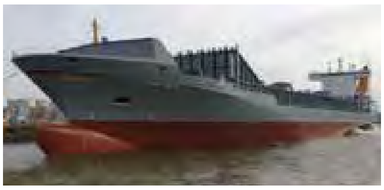
Elbtrader

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,153
Capacity	974 TEU



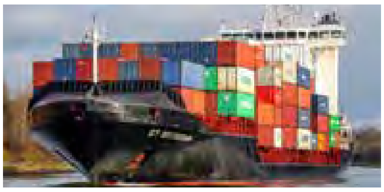
Elbcarrier

Year Built	2007
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,166
Capacity	974 TEU



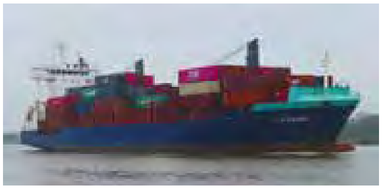
Thetis D

Year Built	2009
Acquired	2019
Gross Tonnage	17,488
Deadweight	17,861
Capacity	1,421 TEU



CT Rotterdam

Year Built	2009
Acquired	2019
Gross Tonnage	8,273
Deadweight	11,157
Capacity	974 TEU



CT Daniel

Year Built	2006
Acquired	2021
Gross Tonnage	9,990
Deadweight	11,190
Capacity	868 TEU

Music (chartered in)

Year Built	2007
Acquired	chartered-in
Gross Tonnage	7,852
Deadweight	9,300
Capacity	803 TEU

Mirror (chartered in)

Year Built	2007
Acquired	chartered-in
Gross Tonnage	7,852
Deadweight	9,344
Capacity	803 TEU

Executive Management Team

Eamonn Rothwell
BComm, MBS, FCCA, CFA UK

Chief Executive Officer
Eamonn Rothwell, aged 66, has been a Director for 35 years having been appointed as a non-executive Director in 1987 and subsequently to the position of Chief Executive Officer in 1992. He is also a Director of Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. He is a past executive Director of former stockbrokers NCB Group, now part of Tilman Brewin Dolphin. Prior to that, he worked with Allied Irish Banks plc and Fáilte Ireland (The Irish Tourist Board).

David Ledwidge
FCA, BSc (Mgmt)

Chief Financial Officer
David Ledwidge, aged 42, was appointed to the Board in March 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has held various financial positions within the Group, including Group Risk Accountant and Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

Andrew Sheen
MSc, BEng(Hons), CEng, FIMarEST, FRINA.

Managing Director – Ferries Division
Andrew Sheen, aged 50, a Chartered Engineer, has been involved in shipping for over 30 years and has worked with Irish Ferries in a variety of operational roles for over 15 years. He re-joined ICG from the UK Maritime & Coastguard Agency and has been a Director of Irish Ferries since 2013. He was appointed to his current role as Managing Director of the Ferries Division in March 2015. He is currently President of the Irish Chamber of Shipping and is a Director of the International Chamber of Shipping.

Declan Freeman
FCA

Managing Director - Container and Terminal Division
Declan Freeman, aged 46, joined the Group in 1999 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has worked in a number of financial and general management roles in the Group up to his appointment as Managing Director of Eucon in 2011. He was appointed to his current role as Managing Director of the Container and Terminal Division in 2012.