

PRIVATE AND CONFIDENTIAL

# Permanent TSB Group Holdings plc

## Terms of Reference

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### Remuneration Committee

June 2023

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## Remuneration Committee Terms of Reference

<b>1. Authority</b>	<p>The Board Remuneration Committee (the “Committee”) is a Committee of the Board of Permanent TSB Group Holdings p.l.c. (the “Company”) established in accordance with section 81 of the Company’s Articles of Association (power to delegate) with authority to operate and make decisions in accordance with the terms of reference set out below.</p>
<b>2. Overview</b>	<p>2.1 The purpose of the Committee is to ensure that the remuneration policies, practices and decisions of the Company serve to align the interests of its employees with those of its shareholders while operating within the applicable regulatory and legal requirements and are free from any form of bias relating to gender, age or social or ethnic background.</p> <p>2.2 In meeting this purpose, the Committee will consider in particular:</p> <p>2.2.1 The Company’s business strategy and objectives, corporate culture and values and the long-term interests of the Company;</p> <p>2.2.2 The Company’s risk culture and attitude to and appetite for risk;</p> <p>2.2.3 The Company’s environmental, social and governance agenda and Sustainability Strategy;</p> <p>2.2.4 The need to recruit, retain and motivate talented staff;</p> <p>2.2.5 The performance for which remuneration is paid;</p> <p>2.2.6 The relevant regulatory requirements within which the Company operates, including Capital Requirements Directive V (“CRD V”) as transposed into Irish law, the European Banking Authority (“EBA”) guidelines on sound remuneration policies and EBA guidelines on remuneration policies and practices related to the sale and provision of retail banking products and services, the Central Bank of Ireland (“CBI”) guidelines on variable remuneration and CBI Corporate Governance Requirements for Credit Institutions 2015, as well as other relevant regulation and legislation (e.g. employment law);</p> <p>2.2.7 The UK Corporate Governance Code and Irish Corporate Governance Annex;</p>

	<p>2.2.8 The State Agreements between the Company and the Minister for Finance; and</p> <p>2.2.9 The wider interests of stakeholders other than shareholders.</p>
<p><b>3. Responsibilities</b></p>	<p>3.1 “Remuneration” shall be considered to cover total remuneration, i.e., all rewards which have actual or potential monetary value, including: salary; benefits; allowances; share allocations; share options; short and long-term incentive programmes and all other forms of variable pay; pension entitlements; and termination arrangements.</p> <p>3.2 While the Board retains ownership of, and responsibility for, the Remuneration Policy within the PTSB Group, the Committee is delegated the responsibilities set herein.</p> <p>3.3 The Committee recommends the Company’s Remuneration Policy and the Directors’ Remuneration Policy to the Board for approval, and monitors and evaluates their application. The policies will be reviewed by the Committee at least annually and having regard to relevant guidance, will take into account ongoing appropriateness and relevance of the Remuneration Policy, to ensure that they are consistent with the Company’s long term strategy and which promotes sound and effective risk management, and if necessary, the Committee will make proposals to the Board for approval in respect of any changes.</p> <p>3.4 The Committee shall be responsible for the review of proposals on remuneration prior to submission to the Board for formal approval, in particular those regarding the remuneration of the Chairperson of the Board, Chief Executive Officer, Executive Directors, , Executive Committee members, Company Secretary, Group Treasurer, Chief Credit Officer and the Heads of Control functions (Internal Audit, Compliance and Risk). The Committee will review and approve remuneration proposals for all other Material Risk Takers (“MRTs”) (as defined by Commission delegated Regulation (EU) No.2021/923) in Control Functions. While the Committee retains oversight of remuneration proposals for all other MRTs, in practice it delegates authority for the formal approval of proposals for this population to the CEO and CHRO &amp; CD Director, subject to appropriate controls and regular reporting of remuneration proposals to the Committee.</p> <p>3.5 The Committee has responsibility for setting the remuneration policy for all executive directors and the company’s Chairperson, including pension rights and any compensation payments. The Board itself or, where required by the Articles of Association, the shareholders determine the remuneration of the Non-Executive Director fees within the limits set in the Articles of Association.</p> <p>3.6 In meeting its purpose, the tasks and responsibilities of the Committee shall include:</p>

	<p><b>3.6.1 Group Remuneration Policy and Practice</b></p> <p>3.6.1.1 Recommending to the Board for approval the Company’s policies on remuneration and termination of employment (i.e. the Remuneration Policies and the associated Termination Protocol documents), and overseeing their compliance with regulatory requirements;</p> <p>3.6.1.2 Ensuring that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised</p> <p>3.6.1.3 Supporting the Board in overseeing remuneration policies, practices and processes and compliance with the remuneration policy;</p> <p>3.6.1.4 Reviewing and recommending to the Board for approval the overall annual salary increase budget across the Company and the overall remuneration spend;</p> <p>3.6.1.5 Working with the Board Risk and Compliance Committee to ensure that the Company’s remuneration policies and procedures do not promote excessive risk taking and are aligned with the Company’s overall corporate governance framework, corporate culture, risk appetite and the related governance processes, and take into account liquidity and capital levels (including ensuring that the policies should support the Company in maintaining a sound capital base);</p> <p>3.6.1.6 Recommending to the Board the design of, eligibility for and performance measures/targets for any incentive schemes;</p> <p>3.6.1.7 Assessing the achievement of performance targets for any incentive schemes and the need for ex post risk adjustment, including where relevant the application of malus and clawback arrangements, with input from the Chief Risk Officer and the Board Risk and Compliance Committee as appropriate;</p> <p>3.6.1.8 Where they exist, determining all matters required under the rules of the Company’s Employee Share Option Schemes including the discretionary continuation of share options after termination of employment where allowed under the terms of the Schemes;</p>
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	<p>3.6.1.9 Recommending to the Board for approval any major changes in employee benefit structures throughout the Company;</p> <p>3.6.1.10 Developing and overseeing any future approaches to the re-introduction of long-term incentive schemes before submission to the Board for approval;</p> <p>3.6.1.11 Overseeing the reviews of the implementation of the Remuneration Policies, and ensuring that centralised and independent reviews are undertaken on at least an annual basis and that any remedial actions are implemented;</p> <p>3.6.1.12 Considering qualitative and quantitative advice received from the Board Risk and Compliance Committee on the weighting of risk to be applied to performance objectives incorporated within the incentive and/or performance management structure for the Chief Executive Officer and his Executive Team; and</p> <p>3.6.1.13 Approving as part of the overall Remuneration Policy, the Material Risk Taker identification methodology and process and overseeing its implementation on an ongoing basis, with input from the Board Risk and Compliance Committee. This includes approving the list of Material Risk Takers and any exclusions under the regulations, following Board Risk and Compliance Committee approval.</p> <p><b>3.6.2 Chairperson, Executive Director, Senior Executive, Company Secretary and Material Risk Taker Remuneration</b></p> <p>3.6.2.1 Recommending to the Board for approval as part of the overall policy, the policy for the remuneration of the Chairperson of the Board, the Chief Executive Officer, other Executive Directors, the Company Secretary, the Executive Committee members, the Heads of Control functions and other Material Risk Takers;</p> <p>3.6.2.2 Monitoring the relevant external benchmarks for posts within the scope of the Committee;</p> <p>3.6.2.3 Reviewing and recommending to the Board for approval, proposals on remuneration in respect of the total individual remuneration package of the Chairperson of the Board, the Chief Executive Officer, other Executive Directors, the Company Secretary, Executive Committee members, and Heads of Control functions including salary, benefits, pension arrangements, bonuses, incentive payments and any long term incentive awards;</p>
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	<p>3.6.2.4 Reviewing and approving proposals on remuneration in respect of the total individual remuneration package of the Group Treasurer and the Chief Credit Officer and all other MRTs in Control Functions;</p> <p>3.6.2.5 Overseeing individual remuneration proposals for all other MRTs (in practice, the Committee delegates authority for the formal approval of proposals for this population to the CEO and CHRO &amp; CD Director, subject to appropriate controls and regular reporting of remuneration proposals to the Committee);</p> <p>3.6.2.6 In the event of variable remuneration schemes being proposed by the Board, recommending to the Board the key design principles of incentive schemes, including appropriate performance criteria. The Committee then determines the detailed design features of the plans, including suitable challenging performance targets in line with the risk appetite;</p> <p>3.6.2.7 Agreeing the policy for authorising claims for expenses from the Chief Executive Officer and Chairperson of the Board;</p> <p>3.6.2.8 Reviewing and recommending to the Board for approval any joining arrangements involving remuneration for the Chairperson of the Board, Chief Executive Officer, other Executive Directors, the Company Secretary, Executive Committee members, and Heads of Control functions, reviewing and approving any joining arrangements for Group Treasurer and Chief Credit Officer and other Material Risk Takers in Control Functions, and overseeing the joining arrangements for all other MRTs; and</p> <p>3.6.2.9 Reviewing and recommending to the Board for approval any termination arrangements for the Chairperson of the Board, Chief Executive Officer, other Executive Directors, the Company Secretary, Executive Committee members, and Heads of Control functions, reviewing and approving any termination arrangements for the Group Treasurer and Chief Credit Officer and other Material Risk Takers in Control Functions, and overseeing the termination arrangements for all other MRTs.</p> <p><b>3.6.3 Other General Tasks and Responsibilities</b></p> <p>3.6.3.1 Supporting the Board in overseeing compliance with all mandatory regulations, guidelines, disclosure and approval requirements regarding remuneration (e.g. CRD V and Central Bank of Ireland guidelines on variable remuneration);</p>
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	<p>3.6.3.2 Recommending to the Board the Directors’ report on Remuneration and other Remuneration Committee disclosures for publication in the annual report and reviewing and recommending Pillar 3 remuneration disclosures and any other disclosures which are required to be made to shareholders in relation to matters within the Committee’s remit;</p> <p>3.6.3.3 Reviewing the powers, responsibilities and duties of any similar remuneration committees in subsidiary companies and ensuring broad compliance with the Company Policy as appropriate;</p> <p>3.6.3.4 To approve the appointment of all Material Risk Takers where such appointment is not required to be approved by the Board, by another committee of the Board or by the CEO and CHRO &amp; CD Director<sup>1</sup>.</p> <p>3.6.3.5 To monitor on an ongoing basis the appropriateness of Material Risk Takers (whose performance is not reviewed by the Board/Committee of the Board) in their respective roles;</p> <p>3.6.3.6 To undertake on behalf of the Company’s Chairperson or the Board any related tasks as may be entrusted to it from time to time; and</p> <p>3.6.3.7 Reviewing the Committee’s effectiveness and Terms of Reference each year and recommending any changes considered necessary to the Board.</p>
<p><b>4. Interaction with Other Committees or Forums</b></p>	<p>4.1 The Committee and the Board Risk and Compliance Committee will have at least one shared member;</p>

<sup>1</sup> The NomCo will retain responsibility for the review of appointment proposals for the Directors (including the Chairman and Executive Office holders) and the Company Secretary, prior to them being submitted to the Board for formal approval. The Nomination Committee will also remain responsible for the review and approval of the appointment proposals for the Group Executive Committee members, the Group Treasurer and Chief Credit Officer.

The Board Audit Committee and Board Risk and Compliance Committee will retain the responsibility for the appointment of the relevant Head of a Control Function.

The RemCo will oversee the appointment of any other MRTs not already referenced above. In respect of this population, in practice, the RemCo will continue to approve all MRTs in Control Functions, and will delegate authority to the CEO / CHRO & CD Director for all other MRTs, subject to appropriate controls and regular reporting of appointments to RemCo.

	<p>4.2 The Committee and the Board Nomination Committee will have at least one shared member;</p> <p>4.3 While the Board Nomination Committee leads on top management succession planning, it is expected that there will be effective communication and coordination on matters relevant to both committees; and</p> <p>4.4 The Committee will work and liaise as necessary with all other Board Committees.</p>
<p><b>5. Membership</b></p>	<p>5.1 The Committee shall have a minimum of three and ideally four non-executive directors with an appropriate mix of skills and experience, the majority of which are considered by the Board to be independent;</p> <p>5.2 The Board may also appoint additional Non-Executive Directors to the Committee as it considers appropriate to ensure that the Committee collectively has the adequate knowledge, skills and experience to execute its responsibilities under this Terms of Reference;</p> <p>5.3 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chairperson of the Remuneration Committee;</p> <p>5.4 The Chairperson of the Board may also serve on the Committee as an additional member if he or she was considered independent on their appointment as Chairperson; and</p> <p>5.5 Appointments to the Committee are made by the Board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the Chairperson of the Board, if he or she is a member of the Committee) continue to be independent.</p>
<p><b>6. Regular Attendees</b></p>	<p>6.1 Attendance at Committee meetings by persons other than the members of the Committee shall be managed and the Committee shall operate at all times in a manner consistent with ensuring its independence; and</p> <p>6.2 The Board Chairperson (if not a member), the Chief Executive Officer, the Chief Risk Officer, the CHRO &amp; CD Director and any other individual the Committee wishes, may be invited to attend meetings of the Committee at the request of the Chairperson of the Committee. Based on the items of business under consideration, the Chairperson of the Committee may ask any invited attendee to step out of the meeting for some or all items on the agenda.</p>



<b>7. Chairperson</b>	<p>7.1 The Chairperson of the Committee is appointed by the Board;</p> <p>7.2 The role of Chairperson of the Committee cannot be filled by the person fulfilling the role of Chairperson of the Board;</p> <p>7.3 Where the Chairperson of the Committee is unable to attend, the remaining members present shall elect one of their number to chair that particular meeting, and perform such functions as would be expected of the Chairperson of the Committee; and</p> <p>7.4 Before appointment as Chairperson of the Remuneration Committee, the appointee should have served on a Remuneration Committee for at least 12 months.</p>
<b>8. Interaction with Board Manual</b>	<p>While this Terms of Reference sets out the Board delegated responsibilities of the Committee, they are additionally supported/complimented by Section 12 of the Board Manual which provides supplemental detail on the individual documents/issues that are required to be submitted to the Committee for Discussion, Noting, Recommendation (to the Board or other Board Committee) or Approval.</p>
<b>9. Quorum and Decision Making</b>	<p>9.1 The quorum for meetings of the Committee will be three members (to include the Chairperson of the Committee);</p> <p>9.2 Where the Chairperson of the Committee is unable to attend, the remaining members present shall elect one of their number to chair that particular meeting, and perform such functions as would be expected of the Chairperson of the Committee;</p> <p>9.3 The Committee will endeavour to make its decisions through achieving consensus amongst its members following robust review and challenge. Any member of the Committee may call for a vote on any matter that is before the Committee and any dissention or negative vote will be recorded in the minutes and subsequently notified to the Board by the Committee Chairperson; and</p> <p>9.4 Where a vote is held, each member of the Committee has one equal vote. Decisions of the Committee shall be made by a majority of votes cast in</p>

	<p>person at the meeting. No votes can be cast on behalf of another Committee member who is absent from the meeting. In the case of equality of votes, the Chairperson of the Committee (or, in their absence, the Chairperson of the meeting) shall have a second or casting vote.</p>
<p><b>10. Meeting Procedures</b></p>	<p>10.1 The Committee will meet at least twice a year and otherwise as required. Committee meetings should be scheduled to facilitate timely and considered reporting of the Committee’s activities to the Board;</p> <p>10.2 Meetings of the Committee shall be called by the Company Secretary at the request of the Chairperson of the Committee;</p> <p>10.3 The Committee will work, at minimum, to a forward looking calendar as agreed by the Chairperson of the Committee with input from the CHRO &amp; CD Director;</p> <p>10.4 Unless otherwise agreed by the Company Secretary, Agendas and all relevant material for the meeting shall be uploaded to the Board Portal at least five business days in advance of the meeting date;</p> <p>10.5 Members of the Committee shall not be involved in any discussions and decisions relating to their own remuneration arrangements. The remuneration of the Chairperson of the Board will be considered without the Chairperson present;</p> <p>10.6 The Committee will meet separately as a Non-Executive Director Committee, without management or other stakeholders present, at least once each year. The members of the Committee may also meet by themselves at the beginning and/or end of scheduled Committee meetings;</p> <p>10.7 The Committee will also meet independently with the Chief Risk Officer once a year to discuss the management of risk and its link with rewards, and to ensure remuneration arrangements do not promote excessive risk taking. The Committee may also meet with the Chair of the Board Risk and Compliance Committee regarding this topic.</p>
<p><b>11. Advice/Training/ Information and Data</b></p>	<p>11.1 The Committee is entitled to both internal and external advice which is independent of advice provided by or to management and it may also select and appoint external remuneration consultants to advise the Committee or Board. Aggregate annual expenditure on advisors exceeding €400,000 or any expenditure exceeding €200,000 per individual party, must be approved in advance by the Board;</p>

	<p>11.2 The Committee will be provided with appropriate training to ensure that it is able to fulfil its purpose and functions, both when new members are appointed and on an on-going basis for all members. The Committee shall decide on the nature of such training, and work with the CHRO &amp; CD Director to source it in a timely and cost effective manner; and</p> <p>11.3 The Committee will have access to all Company information and data that it may require to perform its duties, including information and data from relevant corporate and control functions and other competent internal functions, where necessary; and</p> <p>11.4 The Committee shall periodically review and decide on the content, format and frequency of the information, including information on risk, to be reported to them.</p>
<p><b>12. Board Reporting</b></p>	<p>12.1 The Chairperson of the Committee will provide a written or verbal report to the next scheduled meeting of the Board on any pertinent issues that should be brought to its attention including any decisions the Committee is recommending to the Board for approval. A copy of the Committee minutes will be shared with the Board once approved by the Committee;</p> <p>12.2 The Chairperson of the Committee will be available to answer questions that relate to the remit of the Committee at the annual general meeting of the Company; and</p> <p>12.3 Through the Chairman of the Board, the Committee will ensure that the Company maintains contact as required with its principal shareholders about remuneration.</p>