

# Permanent TSB Group Holdings plc

## Board Diversity Policy

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# 1. Introduction

## 1.1 Purpose

The Policy sets out the approach to providing guidance and in some instances targets on Board diversity measures taking into account the current circumstances of the Bank and the legal and regulatory requirements to which it complies (or explains).

## 1.2 Objectives

To ensure that the Directors have a clear understanding of its approach to diversity when considering the composition of the Board. The Policy will be used to support Board succession planning; Board recruitment and Board evaluation (and individual and collective suitability assessments as described in the Board Assessment and Suitability Policy); and Board training and development.

## 1.3 Scope

This Policy applies to the Board of Directors of the Bank.

## 1.4 Communication of Document

This Policy will be communicated, via the Company Secretary, to members of the Board. The Board Nomination, Culture and Ethics Committee ('NomCo') will report annually, in the corporate governance section of the Annual Report, on the recruitment and selection process for Board appointments. This will include a summary of this Policy and (as applicable) the measurable objectives set for implementing the Policy and progress made towards achieving a diverse Board. A Policy statement based on this policy will also be made available on the PTSBGH website at: <https://www.permanenttsbgroup.ie/document-centre/year/governance>.

## 1.5 Document Review

This Policy will be reviewed annually by NomCo, which will include an assessment of the effectiveness of the Policy. NomCo will discuss any revisions that may be required and recommend any such revisions to Board for approval.

## 2. Policy Statement

Permanent TSB Group (PTSB) recognises the benefits of having a diverse Board whose members reflect a wide range of knowledge, skills, and experience with differences in educational and professional background, ethnicity, gender, age, cognitive and personal strengths, and other qualities, in order for the Board to be able to discharge its duties and responsibilities effectively, in addition to having a diverse senior leadership and executive management succession pipeline.

PTSB sees increasing diversity at Board level as an important element in delivering on the Bank's stated Purpose and Ambition.

The Board recognises how diversity of thought is necessary to provide the range of perspective, insight and challenge which enhances collective decision-making and reflects positive behaviour, conduct and culture of the Board. The Board aims to engage a broad set of qualities and competences when recruiting Directors, to achieve a variety of views and experiences and to facilitate independent opinions and robust decision-making within the Board. All Board appointments are based on merit, in the context of the aggregate knowledge, experience and skills that the Board as a whole requires to operate effectively.

### 3. Measurable Objectives

The Board Nomination, Culture and Ethics Committee (“NomCo”) is responsible for monitoring and assessing the Board composition on behalf of the Board, in addition to consideration of the senior leadership and executive management succession pipeline. In this regard, it takes into account the importance of diversity in maintaining an appropriate balance of knowledge, experience, and skills on the Board and, in identifying candidates for recommended appointment to the Board, it will consider all candidates on merit against objective criteria in the context of knowledge, skills, experience, independence and other competences. NomCo also oversees the annual performance review of the Board and the Board Committees and will consider, as part of that process, the balance of skills, experience, independence, and knowledge of directors together with the diversity of the Board.

NomCo will review and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption (through approval of this policy).

When setting diversity objectives, NomCo will consider diversity benchmarking results published by competent authorities such as the Central Bank of Ireland, European Banking Authority or other relevant international bodies or organisations. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

## 4. Areas of Diversity

### 4.1 Knowledge, experience and skills.

The composition of the Board should reflect the knowledge, experience, and skills necessary to fulfil its responsibilities. The Board aims to engage a broad set of qualities and competencies when recruiting Board members to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board. To support this, the Board has established a Board Suitability Matrix which sets out the desired mix of director knowledge, experience, and skills appropriate to the current circumstances of the Bank. The Suitability Matrix draws on knowledge and experience expected to support the Bank's business model such as retail/SME banking, accounting, banking regulation, risk management, treasury/capital markets. The Suitability Matrix also describes knowledge and experience in areas such as technology, strategy development, governance, customer experience, culture, sustainable and responsible business, data and analytics, model governance, workforce capability and within these competencies are opportunities to broaden the diversity mindset of the Board through acquiring knowledge and experience from outside the financial services sector.

**Target:** A majority of Non-Executive Directors, the Board Chairperson together with the Chairpersons of the Audit and Risk and Compliance Committee should have core relevant banking and/or financial services knowledge and experience (obtained working for a financial institution or through the provision of services to a financial institution).

### 4.2 Geographic Location

The Bank has adopted an Ireland only business model and has no operations outside of Ireland. Therefore, to execute its mandate effectively, the Board will comprise directors who understand the social, economic, business, and cultural environment in which the Bank operates. However, the Board also understands the benefit of having an 'external' perspective, to draw learnings and insights from other jurisdictions and cultures to support independent and effective decision making.

**Target:** Between 20% - 30% of the Non-Executive Directors should be in a position to draw on current or recent knowledge and experience obtained from having lived or worked outside of Ireland.

### 4.3 Age and Ethnicity

Knowledge and experience are acquired over time, and this has driven the desire for Boards to appoint directors who have acquired this knowledge and experience over extended periods. This has tended to place value on longer tenure (and therefore age) when making board appointments. The Board of PTSB recognises that in addition to tenure on knowledge and experience, value should also be placed on the timing of when knowledge and experience is acquired. This is ever more relevant where rapidly evolving developments in technology, innovation and customer behaviour will play an ever greater role in delivering the Bank's Ambition. The Board also recognises the importance that diversity on the Board brings particularly given the diverse age and ethnic profile of the Bank's colleague and customer

base. Having a Board with a collective independent mindset that is capable of understanding the drivers of customer behaviour is a key facilitator in delivery of the Bank's purpose to build trust with customers.

**Guidance:** For each Director appointment, the Board will consider age, ethnicity and other demographics of the Bank's customer and colleague base together with relevant Board composition benchmarking data to inform the design of the role profile.

While relevant industry experience remains a priority for appointments, the Board will also have regard to the expectations set out in the UK Financial Conduct Authority's Listing Rules and The Parker Review regarding ethnic diversity on boards. The Board will take these considerations into account on a "comply or explain" basis, recognising the value of both experience and diversity in achieving effective Board composition.

#### 4.4 Board Gender

The Board understands that gender is an essential component of Board diversity facilitating a more independent mindset at Board bringing together richer more informed debate and challenge. The Board has in place a transparent recruitment and selection process based on merit of the candidates. Where two candidates of different genders are equally qualified, preference shall be given to the underrepresented gender on the Board. In setting the target below, the Board understands that its gender composition should act as a role model for the wider organisation.

**Target:** The Board aims to achieve and maintain gender balance.

#### 4.5 Board Officers

In addition to gender balance on the Board and cognisant of its role model ambitions for the rest of the Bank, the Board shall ensure that gender diversity is extended to senior Board positions within the Bank.

**Target 1:** At least one of the Chairperson, Chief Executive Officer, Senior Independent Director, or Chief Financial Officer) positions will be held by a female (including those self-identifying as female).

## 5. Monitoring of Adherence to Policy and Reporting

The NomCo are responsible for monitoring the effectiveness of this Policy and will review its design and implementation on an on-going basis. The NomCo shall receive reports on actions taken by the Bank to foster a more inclusive, equitable and diverse organisation including colleague surveys and customer experiences.

### 5.1 Reporting on Policy Breach

A breach of this Policy shall be reported to the Chairperson of the Board who shall determine the appropriate remedy in line with this Policy.

## 6. Key Definitions

Key definitions contained in the Policy are set out below.

### **Bank/Company**

Bank/ Company refer to Permanent TSB Plc (“PTSB”) and Permanent TSB Group Holdings Plc (“PTSBGH”) as appropriate.

### **Board/ Board of Directors**

The Board/ Board of Directors refer to members of the Boards of PTSB and PTSBGH.

### **Diversity**

Can be defined as the visible and non-visible differences between individuals. These differences can be related to race, ethnicity, religion, age, disability, sexual orientation, and gender, as well as the many differences in values, attitudes, beliefs, cultural views, skills, knowledge, education, background, employment, parenthood, marital status, and life experiences of every individual.

### **Experience**

Experience is practical and professional experience gained in previous positions.

### **Knowledge**

Knowledge is achievement in education, training, and practice.

### **Skills**

Skills are personal attributes, how a person is capable of behaving and acting.