Court Remuneration Committee

Terms of Reference

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The Governor and Company of the Bank of Ireland (the "Company" or "Group")
Court Remuneration Committee ("Committee")
Terms of Reference

1. Objectives

1.1. The Committee is established by the Court of Directors of The Governor and Company of the Bank of Ireland (the "Court") to ensure that the Group's (being the Company and its subsidiaries) remuneration policies and practices are designed to support the Group's strategy and promote long-term sustainable success.

1.2. The Committee is responsible for the oversight of the Group-wide remuneration strategy and policy and has responsibility for:

(i) overseeing the design and implementation of the Group's overall Remuneration Strategy and Remuneration Policy for employees and directors, which is designed to support the long term business strategy, values and culture of the Group as well as to promote effective risk management and comply with applicable legal and regulatory requirements;

(ii) overseeing the operation of Group-wide remuneration policies and practices for all employees, with specific reference to Executive Directors, Group Executive Committee Members ("GEC"), Heads of Control Functions[1], the Group Secretary, and Material Risk Takers ("MRT");

(iii) performing any other functions appropriate to a Remuneration Committee or assigned to it by the Court.

1.3 For the purpose of clarity, the remuneration of Non-Executive Directors ("NEDs") of The Governor and Company of the Bank of Ireland Court is not a matter for the Remuneration Committee and is instead reviewed by the Governor in consultation with the Chief Executive Officer, the Chief People Officer, and the Group Secretary. Non-Executive Directors' fees shall be determined by the Court within the limits set by shareholders in accordance with the Articles of Association. Remuneration for all NEDs should not include share options or other performance-related elements. No director should be involved in deciding their own remuneration outcome.

1.4 In framing remuneration policies and practices, the Committee shall:

1.4.1 give full consideration to the Capital Requirements Directives ("CRD V"), the Capital Requirements Regulation ("CRR"), the European Banking Authority ("EBA") Guidelines on Sound Remuneration Policies, the Central Bank of Ireland's Corporate Governance Requirements, the Irish Corporate Governance Code,, the UK Corporate Governance Code, the Corporate Governance Sustainability Reporting Directive ("CSRD") and other applicable laws and regulations and ensure compliance. The Committee is responsible for ensuring that the Group operates remuneration policies and practices which are in line with relevant legal and regulatory requirements. Due consideration shall be given to laws, regulations and any published guidelines or recommendations whilst having regard to any restrictions to which the Company or any member of the Group is subject. Remuneration policies and practices may differ to reflect local geographical and regulatory requirements;

1.4.2 take into account the long term interests of shareholders, investors and other stakeholders in the Group and the public interest;

1.4.3 review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration;

1.4.4 have regard for the Remuneration Restrictions enforced by the Irish Government which impacts the Committee and the Court's autonomy and ability to ensure that the Group's remuneration policies and practices are aligned to the Group's purpose and values, clearly linked to the

[1] the Heads of Risk, Compliance and Internal Audit

successful delivery of the company's long-term strategy and aligned to relevant legal and regulatory requirements.

2 Membership

2.1 The Committee will comprise of Independent Non-Executive Directors ("INED") only, with a minimum membership of three, who have the knowledge, skills and experience to reach an independent judgement on the suitability of the policies and practices, including implications for risk and risk management.

2.2 Membership of the Committee will be reviewed by the Court on the recommendation of the Court Nomination & Governance Committee, in consultation with the Committee Chair. The general aim is to change the membership from time to time to ensure an appropriate balance between continuity and fresh perspectives.

2.3 The Committee Chair will be an INED who has served on a Remuneration Committee previously for a minimum of twelve months. The Committee Chair role will be reviewed by the Board on the recommendation of the Court Nomination & Governance Committee.

2.4 The Governor may serve on the Committee as an additional member (but not chair) if he or she was considered independent on appointment as Governor.

2.5 Directors who perform an executive function shall not be members of the Committee. The Group Chief Executive Officer shall, however, be in attendance, as required.

2.6 At least one member of the Committee will also be a member of the Court Risk Committee.

2.7 The secretary of the Committee shall be a senior representative of the Group Secretariat and Corporate Governance Office.

3 Meetings and Quorum

3.1 The Committee will meet as often as it deems necessary for the discharge of its responsibilities, being at least four times per year.

3.2 The quorum for meetings shall be two members.

3.3 Any member of the Committee who has any personal interest in the matters to be considered by the Committee must so declare that interest and must absent himself/herself from any meeting while such issue is being considered.

3.4 Neither the members of the Court nor the Committee may participate in discussions or decisions relating to their own remuneration.

4 Voting

4.1 Questions arising at any Committee meeting shall be decided by a majority of votes, where there is an equality of votes, the Committee Chair shall have a second or casting vote. Votes shall be recorded in the minutes. Where decisions are unanimous, they shall be recorded as such in the minutes.

4.2 Dissensions and negative votes shall be documented in the minutes in terms acceptable to the dissenting person or negative voter.

5 Duties

Without limiting the generality of the Committee's objectives set out in paragraph 1, the Committee shall have the following duties:

5.1 Approve the Group Remuneration Strategy, including the remuneration principles, to enable the Group to suitably incentivise and reward performance, within the Group's risk appetite, to support the Group in attracting and retaining the best talent available in the jurisdictions in which it operates, to enable the Group to meet its strategic objectives now and into the future.

5.2 Approve the Group Remuneration Policy[2], including the approach to MRT identification, and ensure compliance therewith. The design of the Group Remuneration Policy and practices should, as far as possible within any restrictions to which the Company or any member of the Group is subject, support the long-term business strategy, values and culture (including gender considerations) of the Group. It should promote long-term sustainable success, including a formal policy to promote long-term shareholdings by Executive Directors and post-employment shareholding requirements. In approving the Group Remuneration Policy, consideration will be given to all relevant regulatory requirements.

5.3 Approve policies and procedures regarding Executive Director remuneration which:

a. are transparent and promote effective engagement with shareholders and the workforce;
b. avoids complexity and has a rationale and operation that is easy to understand;
c. identifies and mitigates reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans;
d. is predictable in that the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
e. links individual awards, the delivery of strategy and the long-term performance of the company clearly. Outcomes should not reward poor performance;
f. drives behaviours consistent with company purpose, values and strategy; and
g. considers all relevant metrics for performance, in alignment with reporting requirements.

5.4 Oversee the annual review of the Group Remuneration Policy and the approach to MRT identification, with input from relevant risk management functions and Court Risk Committee.

5.5 Review workforce remuneration, including retention risk and loss of talent from the Group, with a view to (i) ensuring that staff are rewarded fairly and competitively, on the basis of gender neutrality and (ii) supporting the Group in attracting, engaging and retaining high-calibre people.

5.6 Approve, on the recommendation of the Governor following consultation with the Court, the Group Chief Executive Officer's annual performance assessment, performance objectives, and remuneration terms.

5.7 Approve the total remuneration package for the Governor, Executive Directors, members of the GEC, the Group Secretary and the Head of Internal Audit, including, where relevant, in each case:

- salary;
- variable payments;
- stock options and awards;
- service contracts
- benefits;
- shareholding requirements (as applicable);and
- pension benefits.

In its deliberations, the Committee will have regard to the ongoing appropriateness and relevance of the remuneration policy, relevant market comparisons and practice, alignment to company purpose and values, retention risk, and successful delivery of the company's long-term strategy, risk culture, together with any other relevant guidance. The Committee's deliberations will also, where appropriate, be informed by a reasonable assessment of the Group's risk profile, financial situation and future prospects based on input from the Court Risk Committee. In the case of the Head of Internal Audit, the Committee will consult with the Chair of the Group Audit Committee. In the case of the Group Secretary, the Committee will consult with the Governor.

[2] *As part of the Senior Executive Accountability Regime, the Chair of the Remuneration Committee holds the Prescribed Responsibility for overseeing the development of the firm's remuneration policies and practices (Prescribed Responsibility 6).*

5.8 Oversee the remuneration of senior officers in independent control functions including senior risk management and compliance officers.

5.9 Review and approve MRT remuneration, noting that the Committee may delegate authority to the Group Chief Executive Officer and Group Chief People Officer to approve remuneration changes for Group MRTs up to specified limits.

5.10 Review and approve the Group MRT List, at least, on an annual basis and confirm that MRTs are and remain appropriate for their role. To support the oversight of MRT suitability, the Committee will be provided with a description of the process undertaken to validate ongoing suitability, confirmation that the process was completed, and confirmation from management as to the ongoing suitability of MRTs.

5.11 Consider the implications of remuneration policy/commitments for Executive Directors and members of the GEC (including the Group Secretary) and the Head of Internal Audit in the event of early termination, in order to ensure that any such payments are fair, reasonable and appropriate to all parties. In the case of the Head of Internal Audit, the Committee will consult with the Chair of the Court Audit Committee. In the case of the Group Secretary, the Committee will consult with the Governor. The Committee should ensure that compensation commitments in service contracts do not reward poor performance.

5.12 As part of the annual performance review process, assess whether the GEC's collective knowledge and expertise remains appropriate given the Group's risk profile.

5.13 Determine the recruitment criteria for and appoint any Remuneration Consultants, and evaluate the performance of such consultants on an annual basis.

5.14 Review from time to time the level of board fees paid to Tier 1 subsidiary boards and recommend any changes to the Court for approval.

5.15 Review and approve annually the following, where they exist:

(1) long-term incentive programmes;

(2) Variable pay schemes, including the Group Performance Scheme;

(3) employee stock plans; and

(4) general pension increases.

5.16 Approve the fee for the Chair of the Bank Staff Pension Fund.

5.17 Oversee the Tier 1 subsidiary entities' Remuneration Committees and consider the minutes of their respective deliberations and changes to their remuneration policies.

5.18 Review the overall remuneration of the top earners within the Group each year.

5.19 Approve any contract of employment or related contract, and any proposed amendments to these (including salary changes), for any Executive Director of the Company.

5.20 Consider and recommend to the Board any policy on shareholder disclosure and related matters for all remuneration issues including the contents of the Directors' Remuneration Report ("DRR") contained in the Annual Report and Accounts, acknowledging the Committee's responsibility for the preparations for the DRR and for ensuring it is put to a shareholders vote at least every four years. Ensure that such disclosure is clear, accurate, transparent and reflects required disclosures under the application regulations and laws.

5.21 Approve the publication of remuneration disclosures, including the Pillar 3 disclosures, the Remuneration Report, the CSRD remuneration disclosures, and the Group's Gender Pay Gap Report, and oversee actions to address any gender pay gap.

5.22 Approve the report on the Committee's activities for inclusion in the Corporate Governance Statement within the Annual Report.

5.23 Consider scenarios which might test the variable remuneration system's ability to react to future external and internal events.

5.24 Perform any other duties or responsibilities relating to remuneration issues delegated to the Committee by the Court from time to time.

5.25 Review, on an annual basis, the Committee's Terms of Reference and recommend to the Court any amendments thereto.

5.26 In performing its duties, the members will comply with all applicable legal and regulatory requirements, including the Common and Additional Conduct Standards under the Central Bank of Ireland's Individual Accountability Framework and the Senior Executive Accountability Regime.

6 Authority

6.1 The Committee will operate under delegated authority from the Court and the Chair of the Committee will report to the Court on the Committee's proceedings after each meeting. Committee minutes will also be circulated to the Court.

6.2 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Group Secretariat for assistance as required. As and when required the Committee may access professional advice and may commission both informal and formal remuneration studies to assist its formulation of remuneration policy. The Committee should be responsible for the appointment of any remuneration consultants and should consider whether they have any other connection with the Group. The consultants should be identified in the Annual Report. The Committee must exercise independent judgment when evaluating the advice of external third parties and when receiving views from Executive Directors and senior management.

6.3 The Committee will seek relevant advice from the Court Risk Committee where appropriate, for example, in considering incentives which are based on future revenues whose timing and likelihood are uncertain. The Chief Risk Officer will be invited to attend at least one Committee meeting per year to report on the Group's risk profile, its financial condition and future prospects, and to consider the implications of remuneration policies for risk and risk management within the Group. On the occasion of his/her presentation to the Committee, the Chair of the Court Risk Committee will be invited to attend the Committee meeting.

6.4 The Committee may invite any Director, Executive or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objectives.

6.5 The Committee is authorised to seek any information it requires from any employee of the Group to enable it to discharge its responsibilities.

6.6 The Committee Chair should seek engagement with shareholders on significant matters related to work of the Committee, particularly to understand shareholder views on governance and performance against the strategy, following agreement with the Court.

7 Performance Evaluation

7.1 On a yearly basis, the Committee shall review the effectiveness of its operations and report to the Board on its findings and recommendations.