



AIB Group plc *(Holding Company)*

Remuneration Committee Terms of Reference

Reviewed by the Remuneration Committee on 9 December 2024.

Approved by the Board of AIB Group plc on 12 December 2024.

The Remuneration Committee is replicated at both Holding Company and AIB Bank level and their Terms of Reference are identical. Any differences, should they be introduced in future iterations, will be highlighted.

Definitions

- (A) References in this document to **“Board”** mean the Board of Directors of AIB Group plc and to **“Committee”** mean the Remuneration Committee that is a committee of the Boards of AIB Group plc and Allied Irish Banks, p.l.c. from which it derives its authority and to which it regularly reports. References in this document to **“the Company”** mean AIB Group plc and Allied Irish Banks, p.l.c. combined. References to **“AIB”** or **“the Group”** mean AIB Group plc, Allied Irish Banks, p.l.c and all of its subsidiary companies combined;
- (B) AIB Group plc (**“the Holding Company”**) is the ultimate parent financial holding company in the AIB legal entity structure and it is the primary issuer of the Group’s capital instruments, including shares, equity instruments and debt instruments, and any derivatives thereof;
- (C) Allied Irish Banks, p.l.c. (**“AIB Bank”** or the **“Operating Company”**) is the sole direct subsidiary of the Holding Company. AIB Bank continues to be the principal operating and regulated financial services company, with all other companies within the legal structure operating as subsidiaries of AIB Bank;
- (D) Heads of Control Functions in line with relevant EBA Guidelines are considered to be the Heads of the Risk, Compliance and Internal Audit functions.
- (E) Material Risk Takers (**“MRTs”**) are employees whose professional activities have a material impact on the Bank’s risk profile. AIB is required to prepare and maintain a list using a combination of qualitative and quantitative criteria in accordance with the relevant EU regulations and guidelines together with additional criteria specific to the Group’s structure, business activities and risk profile. The list is prepared at Group and subsidiary levels. This follows an annual assessment carried out by Human Resources, in conjunction with the Chief Risk Officer and each business area, in accordance with a documented process for the identification of Material Risk Takers.
- (F) The above definitions apply throughout this document unless the context requires otherwise.



Remuneration Committee Terms of Reference

1 Purpose

The purpose of the Committee is:

- 1.1** to ensure that the Group's overall Remuneration Policy for employees and Directors, is designed to support the long-term business strategy, values and culture of the Group as well as to promote effective risk management, and reward fairly and responsibly, with a clear link to corporate and individual performance, in compliance with applicable legal and regulatory requirements;
- 1.1** to oversee the operation of Group-wide remuneration policies and practices for all employees, with specific reference to the Company's Executive Directors (the "Executive Directors"), the Chief Executive Officer, Group Executive Committee Members, Group Heads of Control Functions, the Group Company Secretary, and Material Risk Takers¹; and
- 1.2** to perform any other functions appropriate to a remuneration committee or assigned to it by the Board.

2 Duties & Responsibilities

The Committee should carry out the duties detailed below for the Company, material subsidiary undertakings and the Group as appropriate.

Operating under the principle that no individual shall be involved in any decisions relating to their remuneration, the Committee shall:

2.1 Remuneration Policy

- 2.1.1** determine the Group Remuneration Policy, the policy for the remuneration of the Executive Directors (the "Director Remuneration Policy"), and any remuneration policies of the Group's subsidiary companies (collectively, the "Remuneration Policy"), taking into account the Group's long-term business strategy and sustainability, applicable regulatory and legal requirements, alignment with the Group's purpose, values and culture and the need to promote sound and effective risk management, having due regard to the interests of shareholders;

¹ The reference to MRTs includes MRTs identified in any subsidiary entity either as Company MRTs or MRTs of the subsidiary entity itself where applicable.

- 2.1.2 oversee the operation and effectiveness of the Remuneration Policy and conduct an annual review of same to ensure that it operated as intended and that there was an appropriate level of risk management, including the application of risk adjusted performance measures to variable remuneration arrangements;
- 2.1.3 oversee the annual central and independent internal review of the Remuneration Policy with appropriate input from the Group's risk management and compliance functions;
- 2.1.4 liaise with the Board Risk Committee and the risk management function on the adequacy of risk adjusted performance measures to confirm that the Remuneration Policy is in line with sound and effective risk management, including the identification and mitigation of reputational and other risks;
- 2.1.5 determine, in conjunction with the Board Risk Committee and the risk management function, the application and the effective enforcement of any risk adjustment to variable pay outcomes either at a Group, individual or collective level. In respect of individual adjustments (including the application of malus and clawback), the Committee will have oversight over those individuals within its remit as set out under 1.2;
- 2.1.6 review and approve the remuneration outcomes for those individuals set out at 1.2, with discretion to override formulaic outcomes from incentive plans where such outcomes are not considered to reflect corporate performance or in other relevant circumstances;
- 2.1.7 review an annual report from the risk management function to enable an assessment of the impact of the Remuneration Policy on the risk profile of the Group;
- 2.1.8 include measures in the remuneration approach to ensure conflicts are not generated and that remuneration arrangements are commensurate with promoting ethical behaviour and do not encourage risk-taking that exceeds the Group's risk appetite;
- 2.1.9 periodically review a number of possible scenarios to test how the remuneration system will react to future external and internal events;
- 2.1.10 consider such other matters relating to the Remuneration Policy, practices and processes as are periodically brought to the Committee's attention;

2.2 Directors

- 2.2.1 the Committee is empowered to use its discretion to override formulaic outcomes from incentives plans that may be available to those individuals set out at 1.2 where such outcomes are not considered to reflect corporate performance or in other relevant circumstances;

- 2.2.2 determine, in the absence of the Chair of the Board if that person is a member of the Committee, the total remuneration package of the Chair of the Board;
- 2.2.3 determine the total remuneration of the Chief Executive Officer, including fixed and variable pay components, pension arrangements and exit payments;
- 2.2.4 determine, in consultation with the Chief Executive Officer, the total remuneration of each Executive Director (excluding the Chief Executive Officer), including fixed and variable pay components, pension arrangements and exit payments. The Committee should assess the impact of any changes to all Executive Directors' pensionable remuneration and alignment of same to the employee arrangements in place;
- 2.2.5 approve the terms of service contracts, performance measures and targets, performance assessments and associated remuneration outcomes for each Executive Director;
- 2.2.6 approve proposals relating to any changes to the remuneration of Non-Executive Directors ("NEDs") of material Irish subsidiary companies and AIB Group (UK) p.l.c.², for onward submission to the Board;
- 2.2.7 approve the policy for authorising claims for expenses incurred by the NEDs of the Board; consider and recommend for Board approval any fees payable to NEDs that fall outside the basic fixed fee determined by the Board for NEDs;

2.3 Group Executive Committee

- 2.3.1 determine, in consultation with the Chief Executive Officer, the total remuneration of each member of the Group Executive Committee and the Group Company Secretary, including fixed and variable pay components, pension arrangements and exit payments;
- 2.3.2 approve, in consultation with the Chief Executive Officer, the terms of service contracts, performance measures and targets, performance assessments and associated remuneration outcomes for each member of the Group Executive Committee and the Group Company Secretary to ensure that they are fairly but responsibly rewarded for their individual contributions;

2.4 Heads of Control Functions (Risk, Compliance and Internal Audit)

- 2.4.1 determine the total remuneration of the Group Heads of Control Functions, including fixed and variable pay components, pension arrangements and exit payments;

² The remuneration of all other AIB Group subsidiary NEDs is managed by the relevant business area and will only be submitted for the Committee's consideration should this remuneration equal or exceed the fees payable to the Group's material subsidiaries. AIB Group employees do not receive a fee for serving as Directors on subsidiary boards.

2.5 Material Risk Takers

- 2.5.1 approve the process for identifying Group employees as MRTs for both the Company and any relevant subsidiary, including an assessment of the criteria used in the identification process, and recommend annually the list of employees identified as MRTs for onward submission to the Board as the forum responsible for endorsing the appointment of people who may have a material impact on the risk profile of the credit institution and monitoring on an on-going basis their appropriateness for the role³;
- 2.5.2 approve any notification to, or request for approval from, any regulatory authority to exclude an individual from the list of MRTs;
- 2.5.3 approve annually the remuneration approach for MRTs to ensure that risk and remuneration are appropriately aligned, it being noted that the Committee delegates authority to management to approve individual remuneration proposals operated within the agreed policy, as considered appropriate, for MRTs outside the scope of Executive Directors, members of the Group Executive Committee, Group Heads of Control Functions, and the Group Company Secretary;

2.6 Remuneration Schemes

- 2.6.1 determine, by agreement with the Board, the design of any short or long-term incentive plans for which those individuals set out at 1.2 are eligible and monitor the ongoing operation of such schemes to ensure that they are aligned with the Group's purpose, values, culture and regulatory requirements;
- 2.6.2 determine, by agreement with the Board, the design of any share plans, including employee share plans, and consider the level of shareholder dilution arising from such plans;
- 2.6.3 determine and review the design of such other variable or commission schemes⁴ as deemed appropriate and monitor the ongoing operation of such schemes to ensure that they are aligned with the interests of shareholders; the Group's purpose, values and culture; and regulatory requirements;
- 2.6.4 approve annual bonus pools and ensure that the proportion of risk-adjusted profits awarded in the form of variable remuneration is appropriate;

2.7 Reporting, Disclosure & External Engagement

- 2.7.1 review and recommend to the Board those sections of the Annual Financial Report relating to matters within the Committee's remit, ensuring

³ Where material changes are recommended to the MRT process, such changes should be reviewed in association with the Board Risk Committee.

⁴ As agreed at the Committee meeting of October 2019, any minor changes to variable commission schemes may be made without the Committee's prior approval. An annual review including details of any minor changes made to such schemes in the preceding 12-month period will be presented to the Committee.

that all statutory and regulatory disclosure requirements are fulfilled. The Directors' Remuneration Report, as published in the Annual Financial Report, shall be put to an annual shareholder vote at the Annual General Meeting as an advisory resolution. At least once every four years, the Director Remuneration Policy shall be put to a shareholder vote at the Annual General Meeting as an advisory resolution;

- 2.7.2 approve the remuneration disclosures for inclusion in the Group's annual Pillar III Reports (under the Capital Requirements Directive and Regulation (CRD IV) and the Investment Firm Directive) on remuneration policies, practices and the aggregate remuneration of MRTs, for onward submission to the Board;
- 2.7.3 review and approve gender pay gap reporting for publication;
- 2.7.4 set the criteria and appoint any external remuneration consultants or similar specialist advisors who may be appointed by the Group, seeking advice or input from the Board Risk Committee or Compliance function where appropriate regarding any potential conflicts of interest;
- 2.7.5 assess how executive remuneration aligns with the wider employee remuneration policy and the culture of the Group and ensure remuneration policies and practices are transparent to the wider employee population; and
- 2.7.6 the Chair of the Committee, or, in their absence, a Member of the Committee shall engage, as appropriate, with investors, shareholders and other stakeholders on remuneration matters and should be available at all general meetings to respond to related enquiries as required.

3 Authority

The Board authorises the Committee to:

- investigate any matter falling within its Terms of Reference or undertake or consider on behalf of the Chair of the Board or the Board such other related tasks or topics as the Chair of the Board or the Board may from time to time entrust to it, and make any recommendations to the Board which it deems appropriate on any area within its remit where action or improvement is needed;
- call on whatever resources (including external professional or legal services) and information it considers necessary to so do, and shall receive appropriate funding to that effect, and the Board directs that all Directors and all employees co-operate with any requests made by the Committee. If the proposed professional advisor provides statutory audit or internal audit services to any part of the Group, discussion shall be had with the Chair of the Audit Committee before the proposed appointment is agreed;
- have access to all relevant information and data necessary to perform their role;

- where it applies to the remit of the Committee, receive regular reports, ad hoc information, communications and opinions from the heads of internal control functions in relation to the current risk profile of the institution and its risk culture and decide on the information on risk to be provided to them;
- seek any information it requires from any employee of the Group;
- sub-delegate any of its powers and authority as it sees fit, including, without limitation, the establishment of sub-committees to analyse particular issues or themes and to report to the Committee, to facilitate the effective discharge of its responsibilities; and
- give due regard to any relevant legal or regulatory requirements, and associated best practice guidance, as well as to the risk and risk management implications of its decisions.

The Committee does not have authority with respect to the basic fixed fee payable to NEDs which is determined by the Board and within the limits set by shareholders in accordance with the Articles of Association. Any proposals with regard to the basic NED fixed fee shall be a matter for the Chair of the Board in consultation with the Chief Executive Officer, the Chief Financial Officer, the Chief People Officer, the Group Chief Risk Officer and the Group Company Secretary.

4 Membership

4.1 Number of Members

The Committee shall comprise at least three NEDs, all of whom shall be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment. Recognising the benefit of cross-committee membership and interaction, at least one member of the Committee shall be a member of the Board Risk Committee and, where board membership allows, at least one member of the Committee shall be a member of the Nomination & Corporate Governance Committee (“NomCo”).

4.2 Quorum

The quorum for meetings shall be two Members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the powers exercisable by the Committee. A Member’s participation in a meeting by video link or audio link shall be regarded as valid for these purposes.

4.3 Membership

The Board Chair may serve on the Committee as a Member (but not chair) if they were considered independent on appointment as Board Chair. Membership of

the Committee will be reviewed each year by the NomCo, in consultation with the Chair of the Committee, and changes as required will be recommended to the Board at that time. Members shall have the appropriate knowledge and skills concerning remuneration practices and policies, including in relation to the alignment of remuneration to the Group's risk profile. The Committee shall work and liaise as necessary with all other Committees of the Board.

4.4 Chair

The Chair of the Committee shall be appointed by the Board on the recommendation of the NomCo, subject to the Central Bank Fitness and Probity assessment, and shall be an independent NED. As outlined in the UK Corporate Governance Code 2018, the person appointed as Chair of the Committee should ideally have at least 12 months' experience serving as a member of a remuneration committee.

The Chair of the Committee will be responsible for leadership of the Committee and for ensuring its effectiveness in all aspects of its role. The Chair of the Committee should also facilitate the effective contribution of all Members.

In the absence of the Chair of the Committee from any meeting, the remaining Members present shall elect one of their number to chair the meeting.

4.5 Secretary

The Group Company Secretary, or their nominee if approved by the Chair of the Committee, shall act as the Secretary of the Committee and attend all meetings.

4.6 Attendees

Appointed Members are the only individuals entitled to attend Committee meetings. The Group Chief Risk Officer ("CRO") shall have an open invitation to attend all meetings of the Committee to allow for appropriate input from the CRO into remuneration matters generally, except where the Committee is discussing the CRO's remuneration or that of peers. In addition, the CRO shall present an annual report on the risk exposure of the bank, including in relation to the management of risk and its link with rewards, and to ensure remuneration arrangements do not promote excessive risk taking. This presentation may coincide with the Committee's consideration of items relating to the Remuneration Policy and Remuneration Schemes if deemed appropriate.

The Chief Executive Officer and Chief People Officer ("CPO") have open invitations to attend all meetings. In addition to appointed Members, the Chair of the Committee may invite other persons to attend for all or part of any meeting.

4.7 Training

The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on a continual basis for all Members. The CPO and the Group Company Secretary will be responsible for ensuring this training is provided and this may form part of the wider Board Continuous Education Programme.

5 Voting

Each Member present shall have one vote and will be entitled to vote on all matters, save for those where a perceived, potential or actual conflict of interest exists. All decisions will be by way of simple majority. In the event of a split decision, the Chair of the Committee shall exercise a casting vote.

6 Meetings & Minutes

The Committee shall meet at least twice a year. Additional meetings may be held as the Chair of the Committee or the Committee deem necessary. The Chair of the Committee or any other Member of the Committee may each request that a meeting be held at any time. Notice shall be given to each Member of the venue, time and date of the meeting.

As a general rule, the agenda and papers shall be circulated to Members five business days in advance of the meeting. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and the existence of any conflicts of interest. Draft Minutes of meetings will be circulated to the Committee Chair within a reasonable timeframe following the holding of each meeting for review and comment in advance of their formal circulation to the Committee at the time of the next scheduled meeting for review and if appropriate, approval.

7 Reporting

The Chair will report verbally or in writing on the key aspects of the proceedings of the Committee to the subsequent full meeting of the Board and the minutes of the Committee should be tabled at the Board as soon as possible for noting and/or discussion as necessary unless there is any matter therein which would make it inappropriate to do so, in which case, redacted versions shall be shared with the Board.

Outside of this reporting cycle, the Committee shall ensure the Board is informed promptly of all matters of material concern to the Committee. Committee papers will be made available to all Board Members via an online portal.

8 Responsibility of Management

The Committee shall be entitled to rely on the integrity and expertise of persons providing information to the Committee and on the accuracy and completeness of such information.

Management will ensure that all information relevant to the discharge by the Committee of its responsibilities is provided to the Committee. Management will also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought to the attention of the Committee promptly.

9 Review of Operations

The Committee shall conduct, in line with agreed Board policy and processes, an annual review of its effectiveness and its Terms of Reference and make recommendations to the Board for changes where it deems them appropriate.