

DELIVERING ON OUR PLEDGE TO DO MORE

AIB Group plc
Sustainability Report
for the financial year ended
31 December 2022

Our cover picture has been taken from our recent Sustainability advertising campaign and was shot at Lough Hyne in West Cork. Lough Hyne is home to millions of bioluminescent plankton that glow in the dark by converting light energy from the sun into chemical energy.



BACKING A SUSTAINABLE FUTURE

OUR PURPOSE

TO BACK OUR CUSTOMERS TO ACHIEVE THEIR DREAMS AND AMBITIONS

Helping to deliver a more sustainable future for all is at the heart of AIB's agenda. As a recognised leader of sustainability in Ireland and through our Pledge to Do More, we are committed to building long-term resilience and sustainability for our business, economy and society.

As Ireland's biggest bank, we have significant reach into society, creating value and making impact through our activities – enhancing livelihoods, supporting homemakers, promoting job creation, and enabling communities and society to flourish. Through our work we aim to make real and meaningful change in addressing the many challenges and opportunities that face society today and into the future.



**BUSINESS & FINANCE
IRISH BUSINESS AWARDS
2022**

in association with



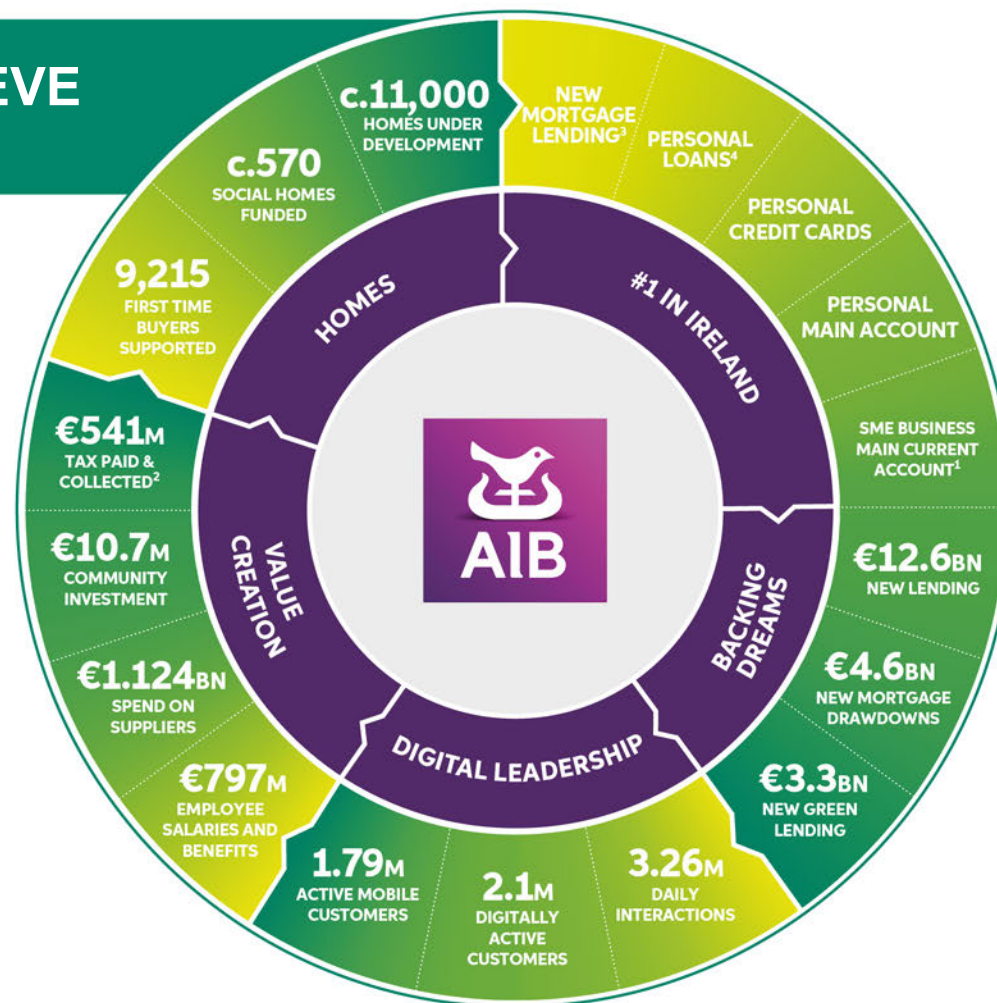
ESG Company of the Year

**ESG Investment Award at the
Business & Finance ESG Awards**

Our scale and reach confer upon us a responsibility and a duty of care towards our customers and the communities we serve. It challenges us to set the pace of a sustainable low-carbon transition, while bringing our customers and stakeholders with us, supporting social and economic inclusion.

Sustainable Communities is a key pillar of our Group strategy across our three areas of focus: Climate & Environment; Economic & Social Inclusion; and Future Proof Business. Our priorities for each area are the result of extensive stakeholder engagement, including an independent biennial materiality and evaluation process.

Governance of our ESG agenda is guided by the principle of transparency, which we believe is fundamental to corporate sustainability. Open disclosure and accountability promote trust and confidence among stakeholders, and so we are committed to building our corporate sustainability disclosures year on year. In addition to our mandatory disclosures, our support for voluntary reporting frameworks provides a means by which our ESG disclosures can be measured and compared with peers globally from all sectors, including financial services. Our Sustainability Report 2022 is externally assured by Deloitte and is reported with reference to the Global Reporting Initiative (GRI) standards. We're on a journey and will continue to develop and enhance our approach as we progress.



Information as of 7 March 2023

Consumer Data Points Source: IPSOS Personal Finance Market Pulse 2022

1. SME Business Main Current Account 1st: Source : IPSOS SMEs Market Monitor 2022 on behalf of AIB

2. 'Tax paid' (€268m) refers to taxes borne by the Group, including corporate tax, bank levy, employer social insurance and irrecoverable VAT. 'Tax collected' (€273m) comprises taxes collected from employees, customers and shareholders..

3. New mortgage lending FY2022

4. Personal Lending (ex car) among banks

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AIB GROUP AT A GLANCE

AIB Group operates predominantly in Ireland and the United Kingdom. Our shares are quoted on Euronext Dublin and the London Stock Exchange and we are a member of the FTSE4Good Index. Our three core operating segments are Retail Banking, Capital Markets and AIB UK. Whether it's adapting to a greener way of living, planning for the future, growing a business or simply navigating day-to-day life, our ambition as a Group is to be at the heart of our customers' financial lives.



RETAIL BANKING
2.9m
Active Customers¹
€34.1bn
Net loans

Retail Banking supports our personal and business customers with a comprehensive range of banking and financial services, delivered through our branch and digital channels with an expanded reach via EBS, Haven, AIB Merchant Services, Payzone, Nifti and AIB life.



CAPITAL MARKETS
Relationship-driven
model
€18.5bn
Net loans

Capital Markets serves AIB's large and medium-sized business customers as well as our private banking customers, providing deep-sector expertise combined with our comprehensive product offering. In 2021, Goodbody became part of Capital Markets.



AIB UK
279k
Active Customers¹
£6.2bn
Net loans

AIB UK operates in the two distinct markets of Great Britain and Northern Ireland. Across both regions, AIB supports our corporate customers with sector-specific expertise. In Northern Ireland, we offer full service retail banking.

OUR BRANDS



AIB is our principal brand across all our geographies. AIB provides a range of products and services to retail, business and corporate customers. AIB holds market-leading positions across key segments.



EBS is a predominantly mortgage-focused brand within AIB Group, helping thousands of customers buy their own homes in Ireland. It offers mortgage, personal banking, savings and investment products and services.



Haven is our mortgage broker channel, providing mortgages through intermediaries on behalf of AIB Group.



Payzone, a subsidiary of AIB Group, provides comprehensive payment solutions to more than 7,500 retail stores, over 100 clients and over 400,000 app users across Ireland.



Goodbody offers wealth management, asset management and investment banking services with quality advice and exceptional client service at the core of its offering.



AIB Merchant Services is a joint venture with Fiserv, a global leader in fintech and payments. It is one of Ireland's largest payment solution providers and one of Europe's largest e-commerce acquirers, with a global customer base.



A joint venture with Autolease Fleet Management, NiftiBusiness and Nifti Personal Leasing promote mobility solutions. NiftiBusiness assists companies in achieving their fleet management goals; Nifti offers personal car leasing to consumers.



AIB life is a joint venture with Great-West Lifeco providing protection, pensions and investments to help customers on their path to financial security one step at a time.

1. Active customers defined as those meeting specific criteria under one or more of three categories: Activity, Balance and Policy.

Operating contribution by segment



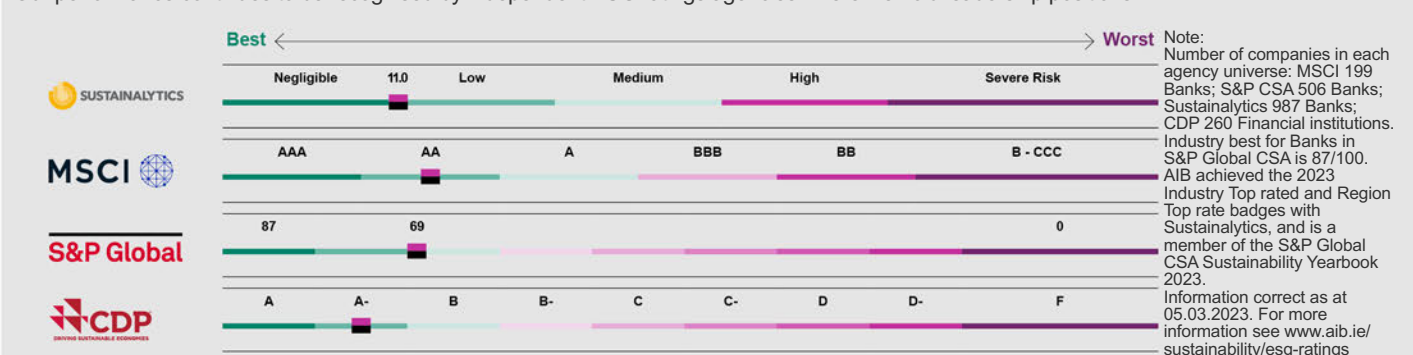
Operating contribution before impairments and exceptional items and excludes Group segment of €40m. For further information see Segment Reporting on pages 56 to 70 in the Operating and Financial Review, Annual Financial Report 2022.

Credit ratings

Moody's: **A3**
S&P Global: **BBB-**

AIB's ESG performance assessed by key agencies

Our performance continues to be recognised by independent ESG ratings agencies where we hold leadership positions



CONTINUING TO BUILD MOMENTUM



In conversation with CEO Colin Hunt on our progress from 2022 and our 2023 priorities

Q. What were the highlights in driving the Sustainability agenda forward in 2022?

CH: By any measure, 2022 was a year of enormous change. In light of the difficult global environment and its cost-of-living impacts, it was imperative that AIB provide financial stability to our customers as well as deliver continuous support for the broader Irish economy. Sustainability sits at the heart of our Group strategy, and in 2022 we consolidated our position as the unrivalled champion of sustainability in Irish financial services by continuing to deliver significant progress.

We firmly believe that enabling our customers to lower their carbon footprint is a priority that can only be achieved through major investment in energy and climate action infrastructure. AIB's green lending book accounted for 26% of all new lending, while our green mortgage products represented 28% of new mortgage lending. This reflects our focus on giving customers more choice and making it easier for them to go green.

In terms of our own operations and achieving Net Zero by 2030, we signed a Corporate Power Purchase Agreement (CPPA) with NTR plc to source energy generated from two new solar farms in Co Wexford. We're the first Irish company to do so, and, as a result, up to 80% of AIB Group's electricity needs will be met, while also providing additional generation capacity into the national grid.

As the demands for greater transparency and accountability for ESG targets continue to grow, we made great progress last year against our two headline SMART targets under the UNEP FI Principles for Responsible Banking. We have also now set Financed Emissions Targets for 75% of our loan book.

I was particularly pleased with the successful launch of our AIB Community €1 Million Fund, which benefited over 70 local charities, nominated by customers and colleagues, and the Gold 'Investors in Diversity' Accreditation AIB received from the Irish Centre for Diversity.

Q. How central is finance in advancing the sustainability agenda?

CH: Sustainable finance is the greatest enabler of climate action and has a pivotal role to play in building a more sustainable economy and society. As highlighted at COP27 in Egypt, climate finance globally is running significantly below what is required to support the Paris agreement. Put simply – we all need to up the pace on the required transition – identifying new ways of doing business and speed to market in supporting our customers with products and services.

We are continuing to do more in this space, and last year AIB issued our fourth green bond raising €750 million, amounting to a combined €3.25 billion of issuances since becoming the first Irish bank to issue a green bond in 2020. With the IMF estimating that the climate action agenda in Ireland alone will require an investment of €20 billion per annum to 2030, AIB is continuing to lead the way with over

€7.9 billion in green finance provided to our customers since 2019.

In 2022, we also raised €1 billion in the first social bond in Ireland followed by a second in early 2023 for €750 million, with the proceeds to be invested in projects with clear social benefits in communities across Ireland including social and affordable housing, healthcare and education. At the time, AIB was only the 19th bank in the world to have launched both green and social bonds.

Q. What are AIB's plans for 2023 to advance this agenda and continue to support customers?

CH: The year ahead is all about continued implementation of our strategy – delivering on our commitments and ambitions through action – not words. Specifically this includes continuing to embed ESG across the organisation to advance our internal transformation while enabling the essential transition for our customers.

The war in Ukraine, which is having an enormous human toll, is redefining the concept of energy security and will accelerate efforts to decarbonise and quicken the pace of transition globally, including Ireland. We are a key enabler of that transition and will continue to play a leading role in funding renewable energy and infrastructure development.

As we do so, we are ever mindful of the role we play in supporting our customers and the wider economy. In 2022, against the backdrop of a rapidly evolving banking market in Ireland, we added a record new c.450,000 customer accounts. Looking to the future, we believe there is a very significant opportunity for AIB to continue to lead the sustainability agenda more widely across the economy and society.

In reflecting on what was a highly successful year across multiple fronts for AIB, we also acknowledge that the year was not without its challenges, including our decision to reverse our

plan to withdraw some cash services as part of a wider branch repurposing project. Notwithstanding our enhanced 'AIB at An Post' arrangement, we accepted that we got it wrong and have committed to remain alert and sensitive to the ongoing needs of our customers.

The impact of this issue has been reflected in our Transactional Net Promoter Score and, as part of our learnings, we need to listen more carefully to what our stakeholders have to say about our plans going forward and to respond effectively.

In summary, notwithstanding current global uncertainties, we are optimistic about the future, and steadfast in our commitment to continue to lead the sustainability agenda within our business, including using our influence more widely across the economy and society as a pioneer of change.

“We are ever mindful of the role we play in supporting our customers and the wider economy”

Colin Hunt Chief Executive Officer



CONTINUING TO BUILD MOMENTUM

CONTINUED



Helen Normoyle SBAC Chair discusses the role of the committee in the oversight of our strategy and ambitions for 2023

Q. What is the role of SBAC in furthering AIB's sustainability agenda?

HN: Since its establishment in 2016, SBAC has been the guardian of AIB's social licence to operate. The sheer breadth and depth of our relationships across our customer base and in our communities keeps us mindful of our responsibilities and focused on delivering sustainable pathways for all our stakeholders. It is a focus which has found expression in our comprehensive sustainability agenda, where we have built a track record of progress over recent years and are acknowledged as a leader in this space in Ireland. The urgency of the climate and social agendas, however, means there is no room for complacency, and we are very aware that there is much more that we and others need to do.

Governance of our sustainability agenda is central to what we do at SBAC, and as Chair I am joined on the committee by three of my Non Executive Director colleagues as well as

the Chief Executive Officer, the Chief People Officer, the Chief Sustainability & Corporate Affairs Officer and the Head of Energy, Climate Action and Infrastructure. Our sustainable communities strategy is implemented by the Group Sustainability Committee, a sub-committee of our Executive Committee. We believe our robust governance structure around this agenda demonstrates how serious and committed we are as an organisation to advancing our sustainability ambitions and plans.

Q. How is AIB using its position to influence wider change and transition?

HN: At AIB, we believe climate change presents an existential threat to sustainability, so we have positioned it as our most urgent priority. With the Government's climate action plans and the introduction of carbon budgets, systemic change is now underway in Ireland which will lead to a transformation of our economy and society. Climate change is a collective problem that requires a collective response so collaboration among different stakeholders is vital if we are to deliver the solutions required to meet these challenges.

We believe business has a key role to play in supporting this wider agenda being set by policymakers and regulators. For AIB, we are leading by example through our target for Net Zero in our own operations by 2030 enabled through initiatives such as the partnership to build a solar farm which will provide 80% of our electricity needs (page 28). Our key responsibility is to provide sustainable finance to enable our customers make that transition in a planned manner. We also believe we must use our influence more widely, through training, awareness programmes and the sharing of best practice from local and global experts as we did in our 6th Annual Sustainability Conference in November. All the time we are focused on driving systemic and positive change.

However, it is a transition that extends beyond climate. The social and governance agendas have been transformed in recent years with the Covid-19 pandemic accelerating pre-existing trends in the domain of ways of working with fundamental shifts to working from home and hybrid working, an expansion of the Inclusion & Diversity agenda, digitalisation and cyber security. At AIB, we have been raising new funds and delivering sustainable finance to advance social and economic inclusion, with a particular focus on social and affordable housing – a problem that needs fixing not just in Ireland but internationally too.

Q. What are your main reflections on 2022?

HN: As we enter the final year of our three-year strategy, we continue to focus on the delivery of our targets and priorities to progress the ESG agenda as outlined on page 12. In 2022 we were also pleased to receive independent, external validation of our progress to date as we maintained a leading ESG rating with ratings agency Sustainalytics, achieving their 2023 Industry Top Rated and 2023 Regional Top-Rated badges. We also received confirmation last year of our A– rating leadership status being maintained by the Carbon Disclosure Project (CDP) for the seventh consecutive year. In addition, AIB was the recipient of a number of ESG awards in recognition of the work that is being done across the Group, and which are outlined throughout this report.

As Chair of SBAC, I am pleased to present our Sustainability Report 2022, which has been assured by Deloitte with reference to GRI. This is our seventh annual detailed report, a measure of the Group's ongoing commitment to developing the sustainability agenda and our determination to embed ESG across the organisation as part of our core business strategy.

Finally, as the Group continues to make progress and deliver on our sustainability and

ESG ambitions, I would like to thank my fellow Committee members, AIB CEO Colin Hunt and all his team, who remain resolutely focused on progressing our agenda of building a sustainable business that backs a sustainable future for all.

“All the time we are focused on driving systemic and positive change.”

Helen Normoyle Chair of Sustainable Business Advisory Committee (SBAC)



Investors in
Diversity

GOLD

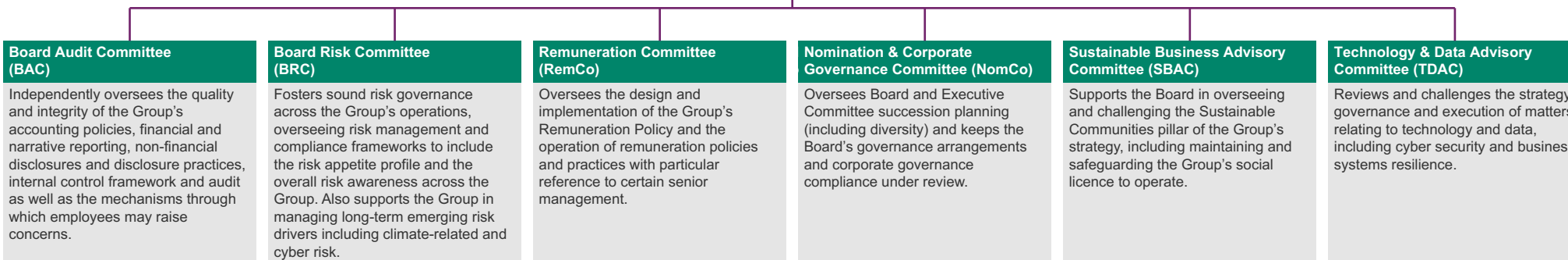
'Investors in Diversity' Gold Accreditation from Irish Centre for Diversity

OUR GOVERNANCE STRUCTURE

Our strong governance structures and frameworks are key to delivering our strategy. AIB's Board of Directors established a number of Board and Board Advisory Committees to oversee specific areas of the Group's operations while the Board retains ultimate responsibility, ensuring a robust approach.

AIB GROUP BOARD

Responsible for promoting the long-term sustainable performance of AIB Group



AIB GROUP EXECUTIVE COMMITTEE (EXCO)

Responsible for the day-to-day operation of the Group, including input on design, development and delivery of our Purpose, strategy and values

Key sub-committees of ExCo that support in the execution of our Group strategy:

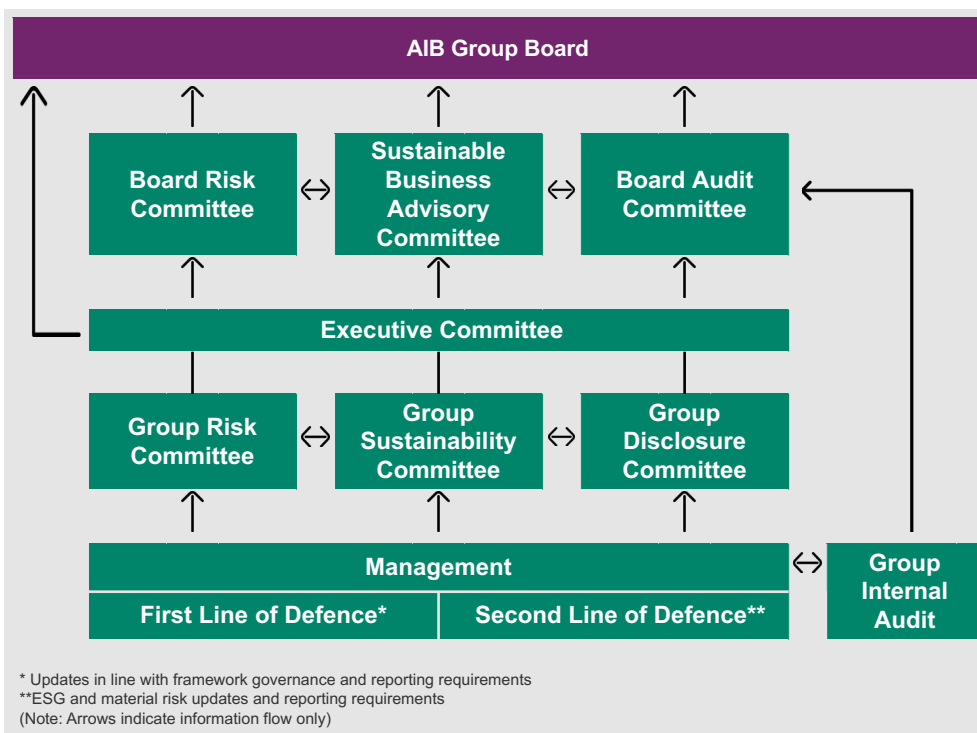


OUR GOVERNANCE STRUCTURE

ESG GOVERNANCE

ESG Governance

The responsibilities for the management and oversight of ESG activities are organised according to the Bank's governance and function structures, and are set out in our **ESG Governance Structure & Information** chart below. Specific details of the activities of our Committees on ESG matters are also outlined on the following pages.



Board and Board Committees

The Board is responsible for promoting the long-term sustainable performance of the Group, setting the Group's strategic aims and risk appetite to support the strategy. The Board is responsible for approving the Group's strategic plans (including divestments and acquisitions), capital investment and financial plans which includes the consideration of ESG and climate factors. These strategic considerations are expressed in the Sustainable Communities pillar of the Group strategy, where Sustainability is a fifth Pillar.

The Board is responsible for the approval of the Sustainability Report and considers the sustainability targets for the Group. The Board ensures that an appropriate system of internal controls is maintained and appointed the Sustainable Business Advisory Committee (SBAC) to assist it in fulfilling its independent oversight responsibilities in relation to ESG matters. The Board receives updates regarding the execution of the Group's sustainability strategy, including the quarterly Group Balanced Scorecard, bi-annual sustainability updates and both the green bond and social bond transactions.

In 2022 the Board approved our ESG Framework, the purpose of which is to ensure that our overall approach to the management of key components of the agenda are clearly defined and well understood. This is to enable the achievement of our strategic objectives in line with our risk management framework while delivering on regulatory requirements and the commitments made to all of our stakeholders. Our ESG framework is focused on Business strategy and processes, Governance and Risk management (see table on page 10).

Sustainable Business Advisory Committee (SBAC)

The SBAC oversees the Group's performance as a sustainable business and delivery of AIB's sustainability strategy and is the overarching Board Advisory Committee responsible for the guidance of our sustainability agenda. The SBAC

is chaired by an independent Non-Executive Director of AIB Group and membership includes three other independent Non-Executive Directors. It also includes members of the Executive Committee. To ensure ongoing awareness of the work of the Committee by all Directors, the Committee Chair provides an update to the Board following each meeting on the key items discussed and considered by the Committee. The Committee meets at least four times in every year and also convenes at regular intervals for ESG training. Its responsibilities include:

- Supporting the Board in the execution of the Group's sustainability strategy in accordance with the approved Group Strategic and Financial Plan; and,
- Considering and advising the Board in the three strategic pillars of Climate & Environment, Economic & Social Inclusion and Future Proof Business.
- Overseeing the external reporting of the Group's sustainability strategy including objectives, policies, measures and progress of implementation as well as review and challenge the Group's Sustainability Report for onward recommendation to the Board for approval.

Board Risk Committee (BRC)

As part of discharging its overall responsibility, BRC ensures that risks within the Group are appropriately identified, reported, assessed, managed and controlled including commission, receipt and consideration of reports on key strategic and operational risk issues. The BRC receives updates regarding the effectiveness of the Group's policies and programmes, which relate to identifying, managing and mitigating ESG risks, including climate risk, in connection with the Group's operations and ensuring compliance with regulatory requirements and industry standards.

OUR GOVERNANCE STRUCTURE ESG GOVERNANCE

CONTINUED

Board Audit Committee (BAC)

The BAC assists and advises the Board in fulfilling its independent oversight responsibilities in relation to:

- The quality and integrity of the Group's accounting policies, financial and narrative reporting, non-financial disclosures and disclosure practices;
- The effectiveness of the Group's internal control, risk management, and accounting and financial reporting systems;
- The adequacy of arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and
- The independence and performance of the internal and external auditors.
- The role of the BAC with regard to the review of certain additional non-financial disclosures included in the Annual Financial Report has been clarified, with the BAC undertaking a detailed review of the disclosures contained in this Annual Financial Report.

Executive Committee (ExCo)

Our ExCo is the most senior management committee of the Group and is accountable to the CEO. Under the stewardship of the CEO,

the ExCo has responsibility for the day-to-day management of the Group's operations, excluding those matters which are reserved specifically for the Board. They operate within the financial and risk limits set by the Board. Led by the CEO, the ExCo has primary authority and responsibility for the day-to-day operations of, and the development of strategy, for the Group.

Key Executive level committees on ESG matters include our Group Sustainability Committee, Group Risk Committee and our Group Disclosure Committee.

Group Sustainability Committee (GSC)

The GSC is a sub-committee of and comprises of members of the Executive Committee in addition to some senior stakeholders from across the business. It is tasked with approval and oversight of aspects of the Group's Sustainable business strategy, including ESG activities, and how the Group responds to our ESG commitments. A key role of the committee is to review and assess current and emerging ESG risks and trends that may materially affect the business, operations, performance or reputation of the Group, and make recommendations to the SBAC on any matters requiring escalation, with interaction with the GRC on relevant matters.

The GSC is chaired by the Chief Sustainability & Corporate Affairs Officer who is the bank's

executive sponsor for Sustainability. Its responsibilities include:

- Overseeing the development and implementation of the Group's Sustainability Strategy
- Monitoring performance and progress on the Group's objectives, goals, initiatives and activities relating to ESG activities and the overall sustainability agenda
- Reviewing and monitoring compliance with relevant policies, targets and metrics
- Reviewing and assessing current and emerging ESG risks and trends that may materially affect the business, operations, performance or reputation of the Group
- Overseeing internal and external communications and engagement with stakeholders regarding the Group's position on or approach to ESG matters as appropriate in relation to all material public and non-public disclosures related to sustainability/ESG matters, including the Group's Sustainability Report
- Monitoring compliance with sustainability and ESG laws, regulations and guidelines and provide oversight of any sustainability driven regulatory change agenda including effective fulfilment of regulatory obligations and reporting

- Reviewing the Group's relationships with key sustainability and ESG stakeholders including sustainability assessment bodies
- Considering and providing input on the design principles and features of "green" products to ensure consistency and alignment to the Group's ESG and sustainability agenda.

Group Risk Committee (GRC)

As part of discharging its overall responsibilities, the GRC receive updates regarding the effectiveness of the Group's policies and programmes, which relate to identifying, managing and mitigating ESG risks, including climate risk financial risks, in connection with the Group's operations, and ensuring compliance with regulatory requirements and industry standards.

Group Disclosure Committee (GDC)

In discharging its responsibilities, the GDC provides oversight of material Group disclosures and market announcements and supports consistency of key messaging made to the public including the Annual Financial Report, Pillar 3 Disclosures and Sustainability Report.

ESG Framework GOVERNANCE

BUSINESS STRATEGY & PROCESSES

Considering ESG factors in strategy setting

ESG Targets, objectives and limits

Current and future investment and lending activities

Sustainable Product Development

Counterparty & Supplier Management

ESG Framework: Ownership, Applicability & Management

ESG Governance Structure

Three lines of defence in relation to ESG

Internal ESG Reporting

Communication & Training

RISK MANAGEMENT

ESG Risk definitions

ESG Risk appetite integration

Policy & framework integration of ESG

Incorporation of ESG within Risk Management Approach

ESG Systems & data

ESG PROGRESS

In AIB, we have been continuously building our approach to sustainability since 2016. In that time, we have made progress across all key areas of the Economic, Social and Governance agendas. Placing sustainability at the heart of our Group strategy - as we did in 2019 - accelerated our focus and determination to lead on this critical issue. This focus has allowed us to build a programme of activity, to international best practice, which is already making a difference to our business, our customers, our staff and many other stakeholders. In the execution of our strategy, we are guided by robust Governance and held to account through both mandatory and voluntary disclosures which assist us in continuing to meet our stakeholders' expectations of us.

		PLEDGE TO DO MORE 2019	NET ZERO TARGETS & AMBITIONS 2020	ESG LEADERSHIP RATINGS (MSCI, SUSTAINALYTICS & S&P) 2021	DELIVERING ON OUR STRATEGY 2022
E	OWN FOOTPRINT	Property migration & retrofit	Reducing energy - Heating, ventilation & air conditioning programme	Group-wide LED lighting retrofit programme	Agreement for Corporate Power Purchase Agreement to support 80% of AIB energy needs
	SETTING TARGETS	€5bn Climate Action Fund	- Net Zero commitment by 2030. 70% new lending to be green or transition by 2030	- Doubling to €10bn Climate Action Fund - Internal emission reduction targets	Set Financed Emissions Targets for 75% of our loan book
	GREEN PROPOSITIONS	Green Mortgage	- Electric Vehicle - Sustainability Linked Loans	- Green Consumer Loans - Electric vehicle leasing - Green Mortgage across brands	- Expansion of Green Living Hub - Dedicated sustainability sector guides - SBCI Energy Efficient Loan Scheme
	GREEN FINANCE	€1.2bn Green lending - Green Bond Framework	€1.5bn Green lending 1st Irish Bank – Green Bond €1bn	€2bn Green lending 2nd Green Bond issued - €750m	- Issued 2 Green bonds, with a total of €3.25bn to date, to support green lending €3.3bn in new Green Lending
S	HOUSING	Redesign of Mortgage customer experience journeys	€300m Social Housing Fund	- Social Housing fund committed - addl. €500m launched - AIB Social Bond Framework launched	€91m invested in social housing projects enabling c.570 new homes - Raised €1bn via first Irish Social Bond issuance
	FINANCIAL LITERACY FOCUS	Vulnerable Customer Programme	Secondary Schools Programme - focus on financial literacy	Secondary Schools Programme - focus on financial literacy	- Ongoing engagement and reach for AIB Future Sparks education programme to c.341K students - Ongoing Vulnerable Customer engagement
	BACKING ENTREPRENEURS	- Women in Enterprise Programme - Brexit Advisors	Covid-19 Payment breaks & supports	Covid-19 Payment breaks & supports	Expansion of the Credit Guarantee Scheme
	COMMUNITY PARTNERSHIPS	Volunteering Programme	- AIB Together Matched Funding €2.4m Covid-19 research	- It's My Business JAI - GOAL Mile partnership launched	€10.7m Community support, including launch of AIB Community €1 Million Fund to support 70 local charities
G	GOVERNANCE COMMITTEES		Continued Board focus via Board subcommittee	Establishment of Group Sustainability ExCo Committee	Approval for ESG Framework to detail our overall approach to ESG matters
	STRATEGY & THOUGHT LEADERSHIP	Sustainable Communities – embedded in strategy	Sustainability 101 Training	Climate Risk Training	6th Annual Sustainability Conference attracting over 6,000 attendees
	COMMITMENTS	- Supporter of Taskforce on Climate-related Financial Disclosures (TCFD) - Founding signatory of UNEP FI Principles for Responsible Banking (PRB)		- UN Global Compact, - WEF Stakeholder Capitalism Metrics. - Net Zero Banking Alliance - Equator Principles	2nd disclosures against voluntary commitments
	REPORTING	3rd Detailed Sustainability Report published	1st disclosures – TCFD and PRB	1st disclosures - EU Taxonomy, - WEF metrics and UN Global Compact	Inclusion of enhanced TCFD disclosures within our Annual Financial Report for the 1st time
	POLICIES & CODES	Project Finance	- Excluded Lending Activities - Responsible Supplier Code - Code of Conduct refreshed - Human Rights Commitment	- Sustainable Lending Framework - ESG Questionnaire - Initial Climate Risk Quantification	- Salient Human Rights topics identified - Enhanced ESG Questionnaire
	INCLUSION & DIVERSITY	Culture Programme	Gender balanced Board and ExCo	LEAD (Leaders Enabling A Difference) Programme	- Gold 'Investors in Diversity' accreditation from Irish Centre for Diversity & Inclusion - Enhanced Inclusion and Diversity Strategy launched

SUSTAINABLE COMMUNITIES – TARGETS, PERFORMANCE AND PROGRESS

Sustainable Communities is one of AIB's five strategic pillars. We are continuing to embed our approach to this agenda throughout our business. Our Group sustainability strategy is overseen by the Sustainable Business Advisory Committee (SBAC), while our ESG agenda is also informed by our stakeholder engagement. To ensure progress is made, the Group has set clear targets which are actively monitored and measured and set out annually in this report. Looking forward, we believe the global ESG agenda will continue to widen and deepen. Our focus remains on leading this agenda and we will remain responsive by further developing and rolling out our plans and activities. In delivering on our ESG strategy, we create the conditions for a sustainable and regenerative business model, while boosting our resilience and risk profile.



CLIMATE & ENVIRONMENT

We're actively integrating risks and opportunities relating to climate change into our business to accelerate our understanding, strengthen our strategy and clarify our actions. We're reducing our own carbon footprint and committing to being Net Zero by 2030. We're supporting our customers and communities in their transition to a low-carbon economy with an ambition that green and transition products will account for 70% of all our new lending by 2030.

TARGETS

2023	2030	2040
€10bn CLIMATE ACTION FUND	NET ZERO IN OUR OPERATIONS	NET ZERO AMBITION
In new green & transition lending (€2bn per year)	Ambition of 70% of new lending to be green	Customer portfolio lending (Agri. 2050)

2022 PERFORMANCE

€7.9bn Green lending since 2019	10% reduction in operational emissions ³ in 2022	FINANCED EMISSIONS TARGETS SET FOR 75% OF LOAN BOOK ⁴
€3.3bn green lending in 2022	40% reduction since 2019 26% of new lending was green	

PRIORITIES FOR 2023

- Continue to support all AIB customers in the transition to a low-carbon future through product & proposition development and engagement
- Complete the energisation of our Power Purchase Agreement with NTR plc, with energy generation due to commence in Autumn 2023
- Continue to execute AIB operational emissions reduction programme
- Ongoing focus on embedding Climate Risk management into the business



ECONOMIC & SOCIAL INCLUSION

We recognise the responsibility that comes with the scale and impact of our business. We aspire to contribute and advocate for a fairer society that is socially and economically inclusive. We do this by investing and raising awareness in access, education and innovation for our customers, our colleagues and our communities.

TARGETS

2024	2023	ONGOING
€800M	500K	AIB in our community
Finance for social housing	Customers supported financial literacy	Ongoing strategic focus

2022 PERFORMANCE

€437m Allocated against target since 2020	341k	€10.7m
€91m in 2022	Secondary schools programme since 2021	Supporting community causes in 2022

PRIORITIES FOR 2023

- Deliver further progress towards our 2024 target for social housing construction
- Deepen our community support through the AIB Community €1 Million Fund and partnerships including TASC, GOAL & FoodCloud
- Continue progress to embed identified AIB salient human rights impacts into relevant processes
- Enhance focus on the delivery of financial literacy through current customer activities



FUTURE PROOF BUSINESS

Our future sustainability depends on our ongoing investment in our business, people and processes. We want to give our customers the best possible banking experience – we're always learning and improving. In an increasingly digitalised world, we are focused on keeping our systems resilient and our data secure.

TARGETS

2023	2023	ONGOING
+53	>2.25m	GENDER BALANCED²
Transactional NPS ¹	Digitally active customers	All Management

2022 PERFORMANCE

+39	2.1m	GENDER BALANCE MAINTAINED
Transactional NPS 2022	Digitally active customers	

PRIORITIES FOR 2023

- Deliver enhanced banking experiences, focusing on priority customer journeys
- Continue to embed Inclusion & Diversity through enterprise-wide campaigns, and partnerships including Open Doors and AsIAm
- Ongoing focus on compliance for incoming cyber legislation (DORA)
- Continued focus on gender balance throughout the organisation
- Ongoing focus on ESG governance

1. Transactional Net Promoter Score (NPS) is an aggregation of 20 customer journeys across Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking.

2. The Equileap annual Gender Equality Global Report & Ranking equates "gender balanced" with between 40% and 60% women.

3. Absolute Scope 1 & 2 GHG emissions.

4. As at 31.12.2021



ENGAGING

- 14** STAKEHOLDER ENGAGEMENT
- 16** ENGAGING OUR CUSTOMERS ON THEIR SUSTAINABILITY JOURNEY
- 17** OUR MATERIAL TOPICS
- 18** OUR SUPPLY CHAIN

STAKEHOLDER ENGAGEMENT

As a Group operating predominantly in Ireland, we are deeply rooted in our economy and society with market leading franchises and an extensive range of relationships. Engaging systematically and effectively with our stakeholders is a responsibility and the focus of AIB's approach to ESG. Our stakeholder management and engagement programme is a continuous process which is overseen by our Executive Committee (ExCo).

Global events of recent years – the Covid-19 pandemic, war in Ukraine, energy security, cost of living pressures, and the existential threat posed by climate change – mean that truly meaningful engagement with stakeholders has never been more important.

In our most recent materiality exercise, which we completed in 2021, our stakeholders told us that climate change, cyber security and responsible lending were among their most pressing priorities. In 2023, we will once again conduct an independent biennial ESG materiality exercise. In engaging formally with stakeholders this year, we will do so against the backdrop not only of global uncertainties, but also of a significantly evolving and changing banking landscape in Ireland with the departure of a number of competitor banks.

Set against this narrative of change, and as we seek to continuously improve our knowledge, we will engage widely and use the forthcoming independent ESG materiality exercise to listen intently to our stakeholders and respond effectively.

In this report, we demonstrate how we continued to respond in 2022 to the issues raised by our stakeholders and how on an ongoing basis we use this engagement to back our customers and stakeholders towards a sustainable future for all.

	 OUR EMPLOYEES	 OUR CUSTOMERS	 OUR SUPPLIERS
Key areas of interest	- Engagement, Inclusion & Wellbeing - Recognition - Future of work - Our own operations - Net Zero plan	- Access to banking facilities - Cost of Living - Responsible Lending - Climate Action supports - Data and Cyber Security	- Responsible Supplier Code - Supply Chain support - Geopolitical impacts
How and when we engaged	- Face to face interactions - Employee surveys - Employee resource groups - Programme of Leadership Engagement & Development - AIB Connect (internal communications channel) - Performance review process - Speak-up and Grievance process - Industrial Relations partner engagement - Net Zero awareness campaigns	- Average Branch footfall per day - 38K - Voice of the Customer surveys - 70K - Incoming digital customer messages - 160K - Digital customer conversations - 53K - Interviews with consumers to better understand banking needs - 35K - Dedicated Focus Groups held - 40	- Face to Face interactions - ongoing - Third Party Management - Annual attestation for larger suppliers - Information requests and direct approaches and campaigns
Key outcomes	- Flexible hybrid working model enabled by clear principles and best in class technologies 1 in 10 employees certified as mental health advocates - Agreement with Financial Services Union on a three-year pay deal that provides certainty on pay to 2025 - Additional support to assist with the cost-of-living impact	- Ongoing customer engagement - Amended branch repurposing approach - Local branch customer digital training evenings - Dedicated Fraud support - Green Living Hub expansion - SME lending schemes - Onboarding of Ulster Bank/KBC customers	- Completion of supplier attestations - Response to information requests and direct approaches and campaigns - Engagement of CDP programme to support suppliers
Measuring our progress	- Hybrid working available to 78% of employees 77% satisfied with AIB as a place to work - First Irish Bank to achieve Gold Investors in Diversity accreditation	- Customer NPS Score: +39 - Customer engagement with everyday supports - Growth in Green lending	- Ongoing supplier engagement - Increase in suppliers reporting under CDP - Increase in suppliers availing of supports

STAKEHOLDER ENGAGEMENT

CONTINUED

	 OUR INVESTORS	 REGULATORS	 SOCIETY & COMMUNITY	RESPONSIBLE ENGAGEMENT
Key areas of interest	- Changing operating environment (interest rates and inflation), inorganic initiatives, new customer onboarding, closing out legacy items and balance sheet resilience - ESG alignment with and integration into business strategy and processes	- Consumer support in a consolidating market - Strategy execution - Impact of economic uncertainty - Integration of acquisitions - AIB's Business model - Climate Risk Management	- Access to banking facilities - Financial literacy & inclusion - Environmental transition supports - Community support	We are committed to engaging with stakeholders directly and indirectly in a responsible manner. As well as engaging directly with our stakeholders, we also engage through representative industry groups. We are members of and actively participate in the:
How and when we engaged	- Ongoing annual structured investor relations engagement programme including Chairman, CEO, CFO, CSO and other executive management. - Financial/non-Financial reporting – AFR & DSR - Dedicated market updates - IR website supported by ongoing engagement as needed	- Regular and structured annual engagement on the above areas of interest - Meetings with Board and Management (>200) - Regulatory examinations (12) - Information requests (c1,400)	- Vulnerable customer strategy & supports - Direct partnerships and two-way dialogue through ongoing local & national engagement - Representation on community (e.g. TASC) and industry (BPFI) groups	- Banking & Payments Federation Ireland - European Banking Federation - Institute of Bankers - Financial Services Union - IBEC - Irish Paper Clearing Company* - Irish Payments Council* - Institute of Bankers* - Cyber Defence Alliance* - United Nations Environment Programme Finance Initiative.
Key outcomes	- Strengthened relationships and mutual understanding of progress - Access to ESG-focused capital and wider investor base e.g. inaugural social bond - Enhanced ESG inclusion for briefings and AIB narrative	- Constructive engagements - Alignment on key areas of focus and risks facing the Bank - Discussion on strategic opportunities and execution - Settlement of legacy issues - Climate Stress test completed	- Development of AIB Community Fund - Amended branch repurposing approach - Agreement on salient Human Rights issues - Enhanced supports for customers in vulnerable circumstances - Annual AIB Sustainability Conference	In the UK we actively participate in UK Finance. These memberships support and are aligned with our strategy; however, we do not provide funding beyond membership. We are also members of and active participants in other sector-agnostic groups, including the 30% Club and Open Doors.
Measuring our progress	- Credit Rating agency and ESG ratings 2022 Green & Social Bond issuances totalling €2.5bn	- Annual supervisory assessment process (SREP) - Response to information requests - Alignment on areas of mutual importance	- Impact of AIB Community €1 Million Fund – 70 local charities supported - AIB Representation on community/industry groups 4,535 customers in vulnerable circumstances supported €10.7m Community Investment (incl €1m Community fund)	Lobbying activity in Ireland is recorded on the lobbying register. AIB is registered as a lobbyist, albeit we do not actively lobby (www.lobbying.ie/organisation/803/aib-group). Our approach to lobbying is covered in our Conflicts of Interest policy, Financial Crime policy which are publicly available, and our internal Lobbying policy. In addition, political donations are prohibited under our Conflicts of Interest policy.

* AIB holds a governance position with these groups

ENGAGING OUR CUSTOMERS ON THEIR SUSTAINABILITY JOURNEY

As a champion of sustainability in Ireland, we are keenly aware of our role to engage and support our customers and other stakeholders in the transition to a low-carbon economy.

That's why we place such focus on getting out to talk, present and collaborate with partners.

KEY HIGHLIGHTS FROM 2022 INCLUDE:

Limerick Chamber and CEO Event in Adare
CEO Colin Hunt spoke on the topics of local economics and sustainability.

Irish Times interview

CEO Colin Hunt interview which focused on AIB and the wider opportunity for global banking to support the green transition.



National Ploughing Championships

AIB hosted Shed Talks focused on 'Conversations about a Greener Tomorrow' with 300 attendees to the talks.

Climate Finance Week Ireland 2022

Headline sponsor



AIB Sustainability Conference – No Time to Waste

6,000+ hybrid attendees listening to global keynote speakers, national pioneers and AIB business customers who shared their ambitions and goals for a sustainable future.

January – March



UCD AgTech Accelerator Event

CPA Webinar – Sector Team Hospitality Overview to 200 CPA members.

Irish Hotels' Federation (IHF) Annual Conference and Showtel Exhibition 2022 'Our New Lens- Rebuilding Tourism'.

AIB 2021 Sustainability Report – Published across all AIB Communications channels.

April - June

Launch of AIB Manufacturing Report at the National Manufacturing & Supply Chain Conference.

Sustainable Irish Retail Action (SIRA) e-guide 'Sustainability in Retail Handbook' in partnership with Retail Excellence Ireland.



July – September

Agri Sustainability Breakfast Briefing

In conjunction with the Teagasc Signpost Programme – an industry-led initiative that provides best-in-class information and advice, through 100 demonstration farms, to improve on-farm sustainability.

CPA In Person Breakfast Briefings

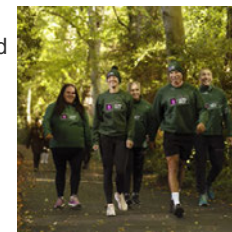
Sector Team along with colleagues from Retail and Business Banking participated and presented regarding various Sectors in 3 CPA in person breakfast briefings in Cork and Limerick.



October – December

AIB GOAL Mile

25,000 people registered for the 2022 event, highlighting the impacts and connectivity between the developed and developing worlds



Plan it with Purpose

Online Sustainability Hub and diagnostic toolkit for micro and small businesses.

Nursing Homes Outlook

Building a Sustainable Future – launched at the Nursing Home Ireland (NHI) conference at which 3 AIB customers spoke about their sustainability journey.

Irish Farmers Journal and AIB CAP Seminars

1,600 farmers attended information events in October and November to update members of changes to the programme.

OUR MATERIAL TOPICS

AIB undertakes a biennial annual, independent materiality exercise which informs and drives our Sustainability strategy and reporting approach. Our Sustainable Communities strategy is based on the most recent exercise, which started in Q4 2021 and was approved by the Sustainable Business Advisory Committee in Q1 2022.

Through the materiality exercise, we considered 26 topics, agreed following internal and external best practice review.

The exercise had three distinct phases – identification of issues, prioritisation through stakeholder engagement (qualitative and quantitative) with our 6 stakeholder sets, and a final challenge and validation process through both internal and external focus groups. The process also included agreeing weighting for each stakeholder set. Recognising their impact on our business, suppliers were a new addition to the most recent process.

The process drew responses from circa 680 individual stakeholders and determined 12 topics of material importance for both our stakeholders and AIB, which align to our strategy and commitments, and on which we base our reporting. Given our relevance and the strategic focus we place on the role of AIB in our communities, we are also reporting against our broad Community Strategy and impact.

How we manage our agreed material risks within the context of our risk framework is set out in the relevant areas of this report (see the Risk Management sections of each of our material topics).

We expect to complete our full biennial materiality exercise update in H2 2023, which will enable us to take into fuller consideration the enhanced impact materiality requirements of the GRI 2021 Universal Standards as we transition to fully reporting on the updated Standards.

As we prepare the groundwork for mandatory ESG reporting required under the Corporate Sustainability Reporting Directive (CSRD), we intend that the materiality exercise will also take into consideration its double materiality requirements.

We intend to incorporate consideration of the financial materiality requirements of the International Sustainability Standards Board's sustainability-related disclosure standards.

We are committed to continuing to enhance and improve our sustainability reporting and disclosures in order to maintain transparency, as well as fully meet the emerging mandatory ESG disclosures.

2022 Material Issues and Final Plot



CLIMATE & ENVIRONMENT

- 1 Ensure a climate resilient and responsive business model
- 2 Products and services to address environmental issues
- 3 Responsible lending and investments
- 4 Decarbonisation of company's footprint
- 5 Circular economy
- 6 Biodiversity and ecosystem



ECONOMIC & SOCIAL INCLUSION

- 7 Usability of services and accessibility of products
- 8 Enable customers to make better informed financial decisions
- 9 Financial inclusion
- 10 Community support
- 11 Stakeholder engagement
- 12 Products and services to address economic and social issues
- 13 Housing



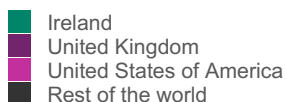
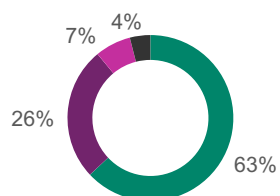
FUTURE PROOF BUSINESS

- 14 Diversity and inclusion
- 15 Customer experience
- 16 Digitalisation and interconnectivity
- 17 Cyber security and business system resilience
- 18 Protect our customers data and privacy
- 19 Comply with laws, codes and regulations
- 20 Talent attraction, retention and development
- 21 Corporate governance and accountability
- 22 Ethics and integrity
- 23 Employee engagement
- 24 Business leadership and vision
- 25 Employee health, safety and wellbeing
- 26 Responsible procurement

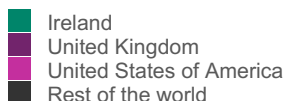
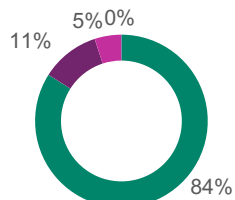
OUR SUPPLY CHAIN

Suppliers play a significant role in helping AIB to deliver our products and services to our customers. We employ a broad range across multiple supplier categories, with our greatest footprint in Ireland, where we have our most significant operations.

Location of Suppliers we transacted with in 2022



Spend on Suppliers in 2022



Our database of suppliers is comprised of c.4,000 active suppliers. In 2022, we transacted with 2,071 of our suppliers. Our most significant impact is on our Irish supplier base, as 63% of our suppliers are based in Ireland. A further 26% are based in the UK and the remaining 11% are in other locations, mostly in other European countries, USA and India. Our suppliers are mainly professional services, business services and IT service providers, and include categories such as consultants, contractors, subcontractors, re-sellers, and brokers. There have been no significant changes to the location or structure of our supply chain in 2022.

How we manage our supply chain

We segment our supplier base into five tiers based on the criticality of suppliers and the potential risks involved in the provision of the services. Our most critical services in the highest tier (Tier 1) are the most closely managed, while the lowest tier (Tier 5) suppliers typically provide low value transactional type goods and services. Market intelligence together with specific selection criteria and best-in-class supplier selection tools help us to select the most appropriate suppliers for the services we require.

Due diligence and risk assessments are carried out during the onboarding stage with all suppliers. We complete due diligence for supplier selection prioritised according to the nature, value, complexity, and criticality of the service being procured. For high value or high risk services, specific diligence checks are performed on the supplier and the proposed service model.

All suppliers must adhere to all legal obligations in each jurisdiction in which they operate or provide services (e.g. environmental and labour law) as well as any specific requirements included in AIB's policies as requested in the contract.

Our risk assessment process evaluates multiple aspects of supplier risk. These include determination of financial risks or sanctions in place against a supplier, or negative media commentary associated with a supplier. Critical and Important Outsourcing suppliers must attest

annually to AIB's key policies, or clauses in them that are relevant to our supply chain. These include our Code of Conduct, Conflicts of Interest Policy, Data Protection Policy, Speak Up Policy, Inclusion & Diversity Code, Financial Crime Policy and Human Rights Commitment.

We also comply with the UK Modern Slavery Act and publish a statement on an annual basis outlining how we mitigate Human Rights breaches in our Supply Chain.

Our Code of Conduct commits us to actively avoid causing, financing or contributing to any business activity that is known to breach human rights or fair practices, including taking steps to address any situations we become aware of where this has occurred. We don't partner with or buy from organisations which we know to breach human rights or fair practices. The intent of the code extends to our supply chain, and in the past year our critical outsourcing suppliers attested to compliance with the Code of Conduct along with 12 other relevant AIB policies.

Through our Third Party Management, our Board has oversight of our approach to supply chain management.

Human rights pilot project

By the nature of AIB's industry, geography and services employed, we are generally not at high risk of having modern slavery in our business or supply chain. However, we ensure that, when engaging with suppliers operating in industries that may have an elevated risk of compromising human rights (such as those linked to low-skilled industries, e.g., textile manufacturing, construction, or agriculture) appropriate checks and measures are completed.

In 2022 AIB engaged with Shift, the leading centre of excellence on the UN Guiding Principles, to establish a process of identifying Suppliers most at risk of enabling Modern Slavery. Using this process, we completed an exercise to evaluate our supply chain. In 2022, through our human rights due diligence exercise, we identified 40 suppliers which may represent higher risk for modern slavery due to their industry. As a result, we have commenced enhanced due diligence on these suppliers to enable us to determine whether they represent

an actual high risk and if any further action will be required.

Supplier interactions

AIB wants to support an inclusive ethical supply chain and ensure that individuals and companies throughout our supply chain work responsibly, sustainably, and safely.

We will only engage with suppliers who adhere to our Responsible Supplier Code. Our Responsible Supplier Code sets out our expectations for our suppliers, including that they must operate at all times in an ethical and fair manner in line with AIB's values and abide by all national and international laws as applicable (including the International Bill of Human Rights and the International Labour Organisation conventions), as set out in our contractual agreements and purchasing transactions with our suppliers. We also expect our suppliers to, in turn, conduct business in a fair and honest manner with all their stakeholders, employees, subcontractors, and any other third parties. Our Code is publicly available on our Suppliers Portal and at www.aib.ie/sustainability

Our Suppliers Portal was set up to improve transparency for our suppliers, providing them with access to information on how to become a supplier.

We encourage our suppliers to report their carbon emissions through the CDP (Carbon Disclosures Project). In 2022 the number of suppliers who requested to participate in reporting to CDP increased by 9% to 98, and the number of suppliers submitting responses increased by 12 to 66.

→ [Read more: Responsible Supplier Code](#)



RESPONDING

- 20 CLIMATE & ENVIRONMENT
- 35 ECONOMIC & SOCIAL INCLUSION
- 50 FUTURE PROOF BUSINESS



CLIMATE & ENVIRONMENT

We're actively integrating climate change considerations into our business to accelerate our understanding, strengthen our strategy and clarify our actions.

This chapter covers our climate & environment related disclosures and our 2022 response and progress on the following material topics:

- Ensure a climate-resilient & responsive business model
- Products and services to address environmental issues
- Responsible lending and investments

OUR TARGETS

2023
€10bn
IN GREEN AND
TRANSITION LENDING

2030
NET ZERO
IN OUR OPERATIONS
INCLUDES SCOPE
1 & 2 EMISSIONS

2040
NET ZERO
AMBITION
CUSTOMER PORTFOLIO
LENDING (AGRI 2050)





CLIMATE & ENVIRONMENT - 2022 PROGRESS

Ensure a climate-resilient and responsive business model

- The AIB Loan Book covers key sectors including Residential Mortgages, Commercial Real Estate, Corporate Portfolio Coverage and Electricity Generation.
- Aligned to Net Zero target in our own operations by 2030, committing to reducing absolute Scope 1 GHG emissions to 34% by 2027 and increasing annual sourcing of renewable electricity to 100% by 2030.
- Appointment of NTR plc for the development of a Corporate Purchase Power Agreement (CPPA) to source energy generated from two dedicated solar farms to be built in Co Wexford, Ireland. AIB is the first Irish company to conclude such an agreement which, once operational, will provide up to 80% of our electricity needs
- Reviewed and updated 18 key policies/frameworks for ESG factors as part of the ongoing integration of climate risk into our overall approach to Risk Management.
- Development and internal publishing of the AIB ESG Framework to further underpin and embed our approach to ESG Risk across the AIB business.

→ **Read more:** Ensure a climate resilient and responsive business model

Products and services to address environmental issues

- Enhanced our Green Mortgage offering across our Group Brands to include EBS, further developed our AIB mortgage 'Top Up' for home improvements.
- Continued growth of AIB's Energy, Climate Action and Infrastructure portfolio with a net balance sheet growth of c.40% in 2022. Clear focus on renewable energy projects which accounts for c.€1.25bn of our loan book.
- Continued to actively promote adaptation to lower-carbon business models across all our key sectors including housing, transport, agriculture, manufacturing and leisure industries.
- Extensive stakeholder engagement through 2022, culminating in our 2022 Annual Sustainability Conference – No Time To Waste – which attracted over 6,000 attendees.
- Development of relevant business and sector specific guides to support our customers in the transition to a low-carbon economy. AIB continued to support the Dublin Chambers Sustainability Academy with over 700 participants – the academy is focused on improving knowledge and understanding of sustainability matters.

→ **Read more:** Products and services to address environmental issues

Responsible lending and investments

- Delivered €3.3bn of green lending against our agreed €10bn climate action fund, supporting our customers in their transition to a low-carbon future.
- Issued €1.5bn in two separate Green Bonds in 2022 as well as issuing our inaugural €1bn social bond – the first Irish Bank to do so. We issued a second social bond in January 2023 bringing our cumulative total of Green and Social Bonds to €5bn since we launched our programme in 2020. Our bond frameworks are guided by industry experts including commissioning of second party opinions on both.
- Approval from the Central Bank of Ireland for Goodbody Asset Management Funds UCITS Funds to be classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR). Services offered through Goodbody were extended in 2022 to include advisory services to corporate clients on ESG debt/sustainable finance.

→ **Read more:** Responsible lending and investments

TARGETS

€10bn in climate and environment lending

2022 PROGRESS



○ On target ● In progress ○ Achieved

TARGETS

Net Zero in our operations

2022 PROGRESS



○ On target ● In progress ○ Achieved

TARGETS

Net Zero Ambition: Customer portfolio lending (Agri. 2050)

2022 PROGRESS



○ On target ● In progress ○ Achieved

CLIMATE & ENVIRONMENT

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

Global climate and environmental challenges are unlike anything any of us have encountered in our lifetime, therefore AIB's ambition remains steadfast to its continued sustainability leadership. The importance that we place on the climate and environmental agenda was reflected with the addition of Sustainable Communities to our strategic pillars at the end of 2019.

OUR TARGETS

**NET ZERO
2030 – OWN
OPERATIONS**

**NET ZERO
2040 – LENDING
PORTFOLIO**
(EXCL. AGRICULTURE)

**NET ZERO
2050 – LENDING
PORTFOLIO**
(INCL. AGRICULTURE)

STRATEGY

In 2020, we set some very ambitious goals for the future of our own operations, the emissions relating to our loan portfolio and to provide our customers with access to the finance they need to support their own ambitions. To that end, we have made significant progress and have set Financed Emissions Targets covering 75% of customer loans (as at 31.12.2021).

The Group strategic planning process incorporates five key elements as part of formulating the strategy:

1. The Group strategic ambition remains customer-focused, reflecting shareholder expectations, responsive to competitive realities and cognisant of our regulatory and environmental responsibilities. The ambition for sustainable communities as a fifth pillar of our Group strategy remains for AIB to play a leadership role in creating innovative propositions and partnerships to help our customers in the transition to a low-carbon economy, and making a meaningful contribution to the sustainability of the societies in which we operate.

2. A review of the external environment was undertaken, incorporating analysis of customer needs, Irish economic and societal outlook, regulatory and legislative horizon and the Irish competitive landscape.

3. As part of the strategic options and evaluation stage, all strategic items being considered for investment were assessed using a weighted scoring system where Sustainability was a key factor. In advance of the evaluation stage, a review of the climate opportunities was undertaken to strategically review and assess the areas of focus over the short, medium and long term. This exercise involved stakeholders from across the Group to agree the prioritised list of opportunities for consideration, to help provide climate solutions for our customers.

4. As part of the integrated strategic and financial plan, ESG considerations were a key part in formulating the financial plans. The annual financial planning methodology outlined elements for each business area in considering the ESG risks and opportunities. There was a specific focus on integrating Financed Emissions Targets in Financial Planning. Financed Emissions Targets were set for the Residential, Commercial real estate, Electricity Generation and Corporate Other portfolios and were integrated into the Financial Plans over the next three years. This involved providing targets on the percentage of green lending required as part of new lending for each portfolio.

5. In terms of implementation and monitoring, the quarterly Group Balanced scorecard that gets reviewed by ExCo and Board was refreshed to monitor the delivery of the strategy against agreed targets. The Group scorecard presents a RAG status and commentary based on key milestones and KPIs. One of the additions to the Group scorecard in 2022 was the tracking of the Financed Emissions Targets for the Residential mortgage portfolio in particular.

The climate-related risks and opportunities we have identified are set out in our TCFD section in our Annual Report 2022, pages 30 – 41. The IMF estimate that the climate action agenda in Ireland alone will require an investment of €20bn per annum to 2030. In 2019, we launched our Climate Action Fund committing €1bn per year over five years to support Green and Transition lending. In 2021, we increased the fund to €10bn in total by 2023, to reflect the financial implications of this opportunity for our business (see page 29).

Understanding our Financed Emissions

In 2022 we developed our Financed Emissions Targets for c.75% of our group lending portfolio as at 31.12.2021 comprising Mortgages 50%, Commercial Real Estate (CRE) 10%, Electricity

generation 3% and the Corporate portfolio 12%. Under our planned decarbonisation scenario, we expect to see the following progress by 2030:

- a significant reduction in emissions intensity for Mortgages (58% per m²) and CRE (67% per m²); and
- loan volume covered by emissions targets in our Corporate Portfolio to increase from 12% to 54%.

Our Electricity generation portfolio is primarily comprised of renewable energy assets such as offshore wind and is therefore starting at a very low level of intensity of emissions (21g CO₂/kwh), which is already aligned to IEA decarbonisation pathways that deliver a 1.5°C outcome.

AIB has limited exposure to fossil fuels with <1% with less than of the loan book classified as fossil fuels (where a company is included as fossil fuels if more than 5% of revenues come from those activities).

The goals of the Paris Agreement are to limit global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. Our approach for Mortgages, CRE and Electricity generation is striving to limit warming to 1.5°C. For more detail on our targets and our methodology for developing them, see pages 25 - 27.

For each of the portfolios covered by the Financed Emissions Targets the business areas are required to develop transition plans considering the delivery of the targets within the business planning process. This includes ensuring appropriate products and services are in place to support customers to transition, education, training and customer engagement. We intend to report on our progress against our emissions targets in our 2023 reporting.



CLIMATE & ENVIRONMENT

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

CONTINUED

Own operations

Over the last year we have made significant progress on our ambition to reach Net Zero in our own operations by 2030. Building on the work completed in 2021 to develop emissions targets for our operations, we modelled two targets committing to (from a 2019 base year):

- reducing absolute Scope 1 GHG emissions to 34% by 2027; and
- increasing annual sourcing of Renewable electricity to 100% by 2030.

Property strategy

We understand the contribution of buildings to carbon emissions, and in 2018 embarked on a rationalisation strategy of our operations starting with those based in older, inefficient buildings. Any new buildings we seek to occupy must have high energy efficiency and limited environmental impact. We are continuously improving our existing branch and office building estate to reduce its energy consumption and carbon footprint. Initiatives, including embracing the hybrid working model and, across our building estate in Ireland, UK and USA, upgrading lighting systems to LED, and replacing older, less efficient air conditioning systems, have helped to deliver significant benefits to date. To date 51 branches and two head office buildings have been upgraded. The expected completion date for the remaining locations is 2024.

We have also developed a Net Zero Strategy for the Group's remaining property portfolio and, as a pilot, we refurbished one of our main locations in Eyre Square, Galway and have completely eliminated fossil fuel use in this building.

Renewable electricity

While AIB purchases electricity on green tariffs from our utility suppliers, we recognise that this is not sufficient to ensure that we reach Net Zero or to provide traceability for the renewable electricity we purchase. In 2022 we completed a Corporate Power Purchase Agreement (PPA) with NTR plc. Under the agreement, we will source renewable electricity generated from two solar farms in Wexford, Ireland. This partnership

will help us to deliver on our commitment to source 100% of our power requirements from certified renewable energy sources by 2030. It is expected the solar farms, once operational, will eliminate up to 80% of our Scope 2 emissions and provide additional renewable energy on the electricity grid. In addition, we continue to invest in energy efficiency projects. Initiatives underway for 2023 include the development of our strategy to transition our corporate fleet to electrical vehicles.

Water and waste management

We have a keen eye to all aspects of our operations, including water use and waste management although, due to the nature of our business, they are not material considerations for AIB.

Water is one of Earth's most important natural resources. Under our water management programme we apply good practices to optimise water use and have installed water saving infrastructure to improve the efficiency of our water consumption across our buildings. In our newer buildings we established grey water systems to reuse water for landscaping and cleaning external surfaces. We monitor consumption trends to identify possible leaks, preventing excessive use.

Our approach to waste management prioritises waste prevention and reduction, in line with the waste hierarchy. Our philosophy is that valuable materials can be reused, recovered or recycled. To support this, our aim is to increase the quality of our segregated materials, reduce our waste volumes and tackle single-use plastics.

Ireland is moving to a circular economy, where resources are reused or recycled as much as possible, and the generation of waste is minimised. AIB's Waste Action Plans prioritise waste prevention and reduction. Our current focus is to further embed circular economy actions in our Waste Management Programme and increase awareness among staff on how to manage waste responsibly.

The return scheme for reusable take-away containers was fully operational in three of our

seven head office catering facilities. Our plans are to launch this circular initiative in 2023 in two buildings that have full catering and we are exploring its feasibility in the remaining two office locations which have a café-style catering.

Biodiversity and ecological sensitivity

Awareness around biodiversity loss and the declining environmental condition of the planet is higher than ever before. Conscious of our responsibility to nature in the communities in which we operate, we analysed our building estate (in Ireland, the UK and the USA) to determine whether we have any sites in/ adjacent to protected or Key Biodiversity Areas (KBA) and, if so, whether our sites represent heightened risk of adverse impacts on biodiversity.

In 2021 our analysis included our properties in Ireland and Northern Ireland, and in 2022 we expanded it to cover our full property estate. Based on our analysis, we have one site adjacent to a KBA, however our operations do not represent a heightened risk of adverse impacts on biodiversity. See ESG Supporting Data (Operations Data) for more details.

Green procurement

We strive to source paper products that are recycled or certified to the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). In 2022 11% of paper products were recycled, 74% were FSC certified and 11% were PEFC certified.

Stakeholder interaction

We engage with our stakeholders to ensure we are building a climate-responsive and responsible business model.

In 2022, regulatory engagement included the completion of the ECB 2022 Climate Risk Stress Test analysis which was based on the scenarios of the Network for Greening the Financial System (NGFS). These included quantitative forecasts for short and long term transition risk,

short term drought/heath risk and short term flood risk.

We support and participate in key national and international commitments that align with our strategy.

Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD), to improve and increase reporting of climate-related financial information. AIB is actively implementing the recommendations of the TCFD, disclosing how we mitigate and govern the risks of climate change in AIB. We became a TCFD supporter in 2019 and since 2020 have reported annually on our implementation of its recommendations. For our most recent TCFD report, see our Annual Financial Report 2022 pages 30 – 41.

→ **Read more:** TCFD report in our Annual Financial Report 2022

CLIMATE & ENVIRONMENT

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

CONTINUED

United Nations Environment Programme Finance Initiative Principles for Responsible Banking (UNEP FI PRB)

The UNEP FI PRB is a sustainable banking framework which encourages banks to align their core strategy, decision-making, lending and investments with the UN Sustainable Development Goals and international agreements such as the Paris Climate Agreement. AIB is a founding signatory. PRB requires banks to align their strategy to support challenges for the societies in which they operate, with a focus on the areas where they can have the most significant impact. For Ireland, the location of our most significant operations, the main challenges for society, and the areas where AIB can make the most significant impact, include climate change and housing (for the latter see Housing on pages 43 – 45).

We report annually on our progress implementing the PRB – see pages 80 – 90.

Net-Zero Banking Alliance (NZBA)

In 2021 AIB joined the NZBA, which is driving a climate initiative to accelerate climate target setting and develop common practice. NZBA is the banking alliance within the global efforts on net zero across the finance industry. Members commit to aligning their lending and investment portfolios with net zero emissions by 2050.

RISK MANAGEMENT

The management of climate risk is integrated into our overall approach to risk management, as set out in our TCFD disclosures in our Annual Financial Report 2022.

Our Material Risk Assessment (MRA), which is completed at least annually, identifies the Principal Risks and emerging risks facing the Group, the assessment considers the impact of climate risks for AIB, our customers and the societies in which we operate and determines a suitable risk appetite. The MRA is a key input into the Group's risk management processes including the Risk Appetite Statement (RAS), which sets out the maximum amount of risk the Group is willing to accept. ESG risks continue to be identified as key risk drivers impacting all of the Group's principle risks, especially Credit Risk.

Climate stress testing

We commenced development of our Climate Stress Testing capabilities in 2021, focusing initially on short and long term transition risk credit stress tests and a short term physical risk credit stress test.

The scope for the initial internal stress testing calculations was based on the outcome of internal heat maps which identified the lending portfolios within the Group most exposed to transitional and physical risk. In addition, early development work took place in 2022 on Climate Risk Stress Testing for market risk and liquidity risk.

AIB was one of 41 institutions which completed all three modules of the ECB 2022 Climate Risk Stress Test, out of a total of 104 participating institutions. For more on AIB's participation in the three modules see page 38 in the TCFD section of our Annual Financial Report 2022.

Physical risks

We have taken steps to develop our understanding of flood risk for AIB owned operations across the ROI and UK. Based on 2020 flood data, c.22% of properties (out of 284 properties in our building estate) are in higher flood risk areas and this increases to 24% by 2080 under Representative Concentration Pathways (RCP) 8.5. The relatively high percentage is due to AIB-owned operations being located in town centres (the majority in Dublin and Cork, both located near rivers which have a high flood risk score). AIB has a comprehensive Property Damage Insurance programme (which covers the buildings and contents) insuring the premises owned and operated by AIB Group against loss or damage caused by flood, which mitigates this risk for the Group. We expect an update to this exercise to be completed in 2023 based on latest industry developments which continue to evolve.

We continue to be focused on flood risk as the most significant physical risk for our own portfolio and have developed initial metrics to track and to better understand this risk for our property-related exposure in both Ireland and the UK. Our approach is subject to further evolution based on industry developments and as supervisory and regulatory expectations continue to evolve over time.

Transition risks

Transition risk categories include policy, legal, technology, market and reputational risks. The severity and timing of the transition risk will depend upon the nature and speed of transition within different sectors based upon underlying variables and drivers. Some key examples of transition risk include increases in carbon taxes and adoption of often competing new low-carbon technologies. For more detail see our TCFD disclosures in our Annual Financial Report 2022, pages 33 – 34.

40%
REDUCTION
SCOPE 1&2 GHG EMISSIONS
(SINCE 2019)

26%
NEW GREEN LENDING
2022



CLIMATE & ENVIRONMENT

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

CONTINUED

2022 METRICS

Emissions Targets

In an enhancement to our Greenhouse Gas (GHG) emissions reporting to date, AIB will report on financed emissions relating to our lending portfolio in this year's reporting.

Financed emissions are reported under Scope 3 Category 15 ('Investments') of the GHG Protocol. 'Investment' includes both lending activities and investment activities. We are reporting financed emissions at a Group level, and reported for FY2021 as our Scope 3 GHG emissions data is reported one year in arrears.

There is a detailed methodology in place for setting emissions targets. See page 27 for more on this.

Our Financed Emissions Targets provide a clearly defined pathway for how we plan to reduce GHG emissions in line with a 1.5°C scenario.

The emissions targets we have set and validated for our Own Operations are:

- reducing absolute Scope 1 GHG emissions by 34% by 2027; and
- increasing annual sourcing of renewable electricity to 100% by 2030.

We selected a 2019 baseline for our operational emissions targets as neither 2020 or 2021 reflected a standard year's operation due to pandemic-related reductions.

We selected a 2021 baseline for our Financed Emissions Targets as we report information on financed emissions one year in arrears and 2021 emissions data is our most recent information.

The Financed Emissions Targets we have adopted for our Financed Emissions, are set out page 26 of this report.

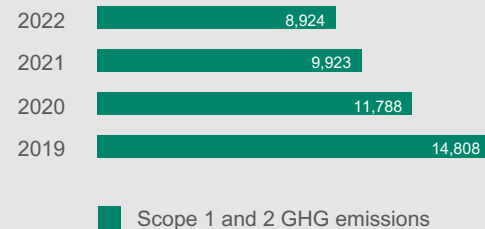
We intend to commence reporting on our progress against these targets in our FY2023 reporting.

We monitor and regularly report on our Greenhouse Gas (GHG) Emissions for our own operations.

Absolute GHG Emissions (tCO ₂ e)	2022	2021	2020	Baseline Emissions	Baseline Year
Scope 1: Direct emissions	3,004	3,978	4,213	4,784	2019
Scope 2: Indirect emissions	5,920	5,945	7,575	10,025	2019
Total Absolute Scope 1 and 2 GHG emissions	8,924	9,923	11,788	14,808	2019
Scope 3:					
Category 1 - Purchased goods & service		2,319	2,422	488	2019
Category 2 - Capital goods		926	3,557	129	2019
Category 3 - Fuel & energy-related activities		3,906	2,410	5,512	2019
Category 5 - Waste generated in operations		39	106	199	2019
Category 7 - Business travel		342	884	3,845	2019
Category 8 - Employee commuting		2,008	2,360	4,287	2019
Category 15 - Investments (Financed Emissions)		2,570,000	NR	2,570,000	2021

Net zero target

Scope 1 and 2 GHG emissions tCO₂e



In 2020 we announced our target of Net Zero in our operations by 2030. Our property strategy and energy efficiency investments have been instrumental in reducing our GHG emissions to date. By 2022 we have already delivered a 40% reduction in absolute Scope 1 and 2 GHG emissions from a 2019 Baseline of 14,808 tCO₂e:

For more detail on our GHG Emissions, see ESG Supporting Data on page 99.

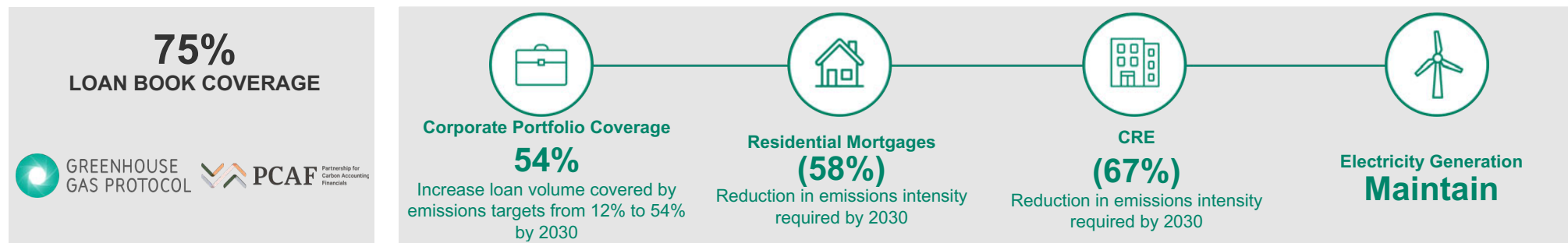
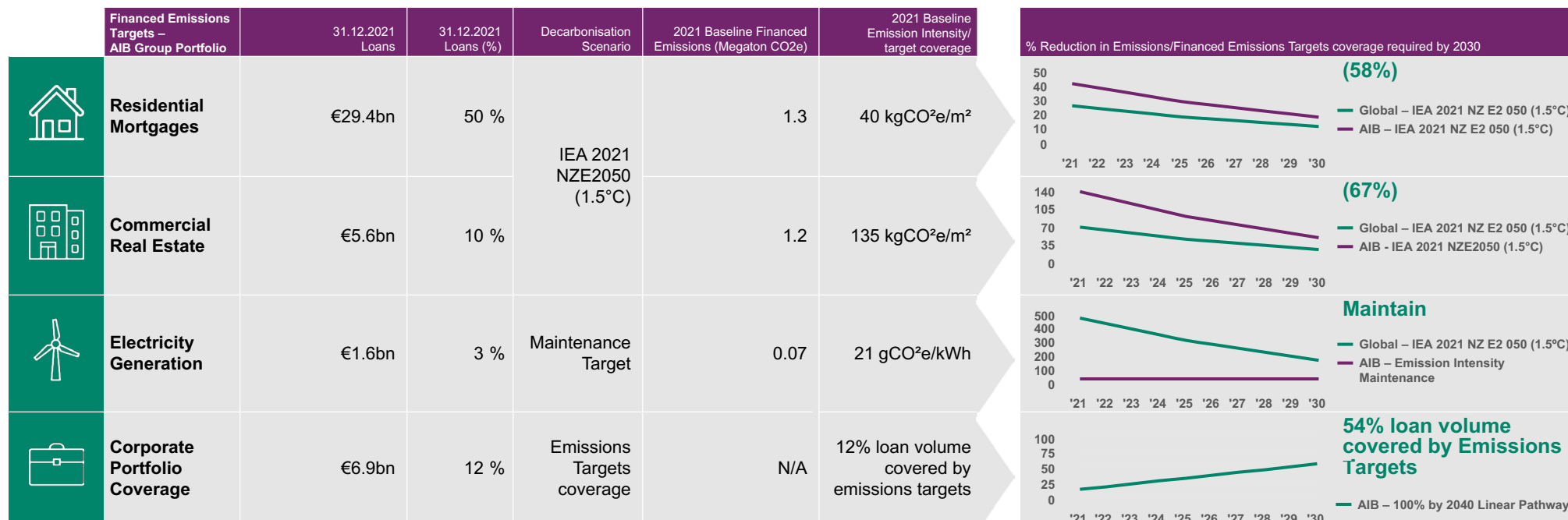
We also report on the energy we consume in our business, the water we use and the waste we generate (see page 100).

CLIMATE & ENVIRONMENT

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

CONTINUED

Targets for Financed Emissions



Notes:
It should be noted that the approach to setting Financed Emissions Targets and associated data collection is still evolving and is subject to change over time. As such, the figures disclosed may evolve in line with industry best practice.
AIB Group plc's portfolio targets cover 36% of its total investment (Balance Sheet) and lending activities as of 2021. Within its loan portfolio, AIB's portfolio targets cover 75% of its lending activities as of 2021. Outside of the loan book coverage AIB does not have material investments.
Total listed equities / bonds of €0.5bn (0.3% of B/S), not proposing to disclose this target for 2022 year-end reporting 2022.

CLIMATE & ENVIRONMENT

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

CONTINUED

Methodology for setting Financed Emissions Targets

There is a detailed methodology to be followed to set Financed Emissions Targets. The first step is to combine actual AIB and wider market data with a set of assumptions and decarbonisation levers to provide a baseline financed emissions position and associated emission reduction targets. Subsequent steps include:

- calculation of each lending portfolio's baseline emissions in line with Partnership for Carbon Account Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry
- calculation of absolute and intensity requirement based on standardised industry (IEA) decarbonisation pathways
- determination of AIB and national decarbonisation 'levers' to reduce emissions, e.g. decarbonisation of the electricity system as a national 'lever' and continued leading "Green mortgage" market proposition as an AIB-specific lever
- quantification of the impact of each 'lever' on emissions across counterparty Scope 1, 2 and 3 emissions
- internal governance and approval of portfolio targets and the relevant business metrics and actions
- short term (annual) portfolio level Financed Emissions Targets set in-line with medium term Net Zero ambitions regularly monitored.

In addition, measurable business actions and metrics have been put in place that will be monitored to ensure progress is made towards achieving them. For property-based lending, the emission reduction metric for measurement purposes is the proportion of new lending to properties with Building Energy Rating (BER)/Energy Performance

maintenance target focuses on emission intensity and ensuring that new lending is primarily to renewable electricity projects.

To set emissions reductions targets covering 75% of our loan book Cross Cutting Assumptions and Portfolio Assumptions were made (see across) and decarbonisation levers applied. A significant proportion are outside of AIB's direct control and rely on, amongst others, regulation, policy, technology adoption, market trends and consumer behaviours.

Data quality considerations

As part of the emissions target setting process, baseline financed emissions must be calculated according to the PCAF GHG guidance. Given the significant data challenges for financed emissions calculations, it is acknowledged that proxies are required when direct customer emissions data is not available. The PCAF guidance includes a data quality matrix where 1 is certain and 5 is uncertain and enables financial institutions to develop a strategy to improve their data quality over time.

For each asset class, there are various approaches when selecting the data used to calculate baseline financed emissions, with each having an associated PCAF data scores. For example, property-based emissions can be calculated using official EPC/BER certificates which would be classified as a PCAF score of 3, whilst assigning the average based on property attributes such as location or type would correspond with a PCAF score of 4.

It should be noted that PCAF data scores haven't yet been fully integrated into AIB's Financed Emissions calculation methodology, but an assumed score has been provided based on the data sources used for each asset class. Work is ongoing to embed these data scores in line with PCAF guidance so that official scores can be published in the future.

Note: Because methodologies, data quality and reference scenarios are always evolving, figures presented here may change over time.

Sector	Cross Cutting Assumptions
Market	AIB maintains natural market share as a pillar bank and achieves fair share of green and transition lending
	AIB is not moving materially ahead of the speed of decarbonisation in the wider market
Technology & Renewables	New technologies will be adopted by consumers and deployed at scale e.g. electric vehicles and rooftop solar
	Increase in the share of renewables on the electricity grid is a key assumption for all sectors, and especially property. Target is for 80% of the grid to be renewable by 2030
Other	The data required to measure emissions is not complete and industry proxies have been used to develop Emissions Baselines e.g. BER certificates
	Speed of decarbonisation is aligned to the Irish Government's Climate Action Plan and relevant UK plans
	Governments consistently focus on the transition to a low carbon economy and steadily increase the price of carbon

Portfolio	Portfolio Assumptions	Control
Residential Mortgages	There is enough supply chain capacity and finance to deliver c.350k cumulative deep domestic retrofits by 2030	3
	Housing stock up 0.5% at c.38k homes p.a. in line with national housing plans	2
Commercial Real Estate	1/3 of the building stock in Ireland will be A+B rated building energy rating by 2030	3
	By 2030 on average the rate of retrofit for commercial buildings will be 3% of market stock p.a.	2
Electricity Generation	80% of the electricity grid will be renewable energy by 2030	3
	AIB will increase the Renewable book at historical levels to 2030	1
Corporate Other Portfolio	Key sectors will decarbonise in line with the Government's Climate Action Plan	3
	Corporate counterparties with >500 FTEs will set their own emissions targets in the medium term	2

Portfolio	Assumed Data Quality Score (1 is high, 5 is low)	Key Comments & Limitations
Residential Mortgages	3	Building energy certificates only available for c.40% of Irish properties
Commercial Real Estate	4	
Electricity Generation	2	Granular emissions data at asset level, internal AIB measurement to be further automated
Corporate – Portfolio Coverage	N/A	Data score does not apply as methodology is not emissions based

It should be noted that the greening of the national grid, so that 80% will be renewable energy by 2030, is a key assumption across both the Residential Mortgage and Commercial Real Estate portfolios. In addition, the delivery of c.350k cumulative domestic retrofits in RoI by 2030 is also a key assumption for the delivery of the Residential Mortgage targets.

CLIMATE & ENVIRONMENT

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

CONTINUED

CASE STUDY:

POWER PURCHASE AGREEMENT

AIB has a target to reach Net-Zero in our own operations by 2030. While we continue to make progress, we know we must do more to meet our target. Following a review of international best practice, we identified a solution to the development of our own renewable energy supply.

NTR CEO Rosheen McGuckian & AIB CEO Colin Hunt announcing AIB CPPA



Following a tender process, we entered into a Corporate Power Purchase Agreement (CPPA) with NTR plc to source energy generated from two dedicated solar farms. AIB is the first Irish company to conclude such an agreement, helping us to deliver on our commitment to source 100% of our power requirements from certified renewable energy sources by 2030.

Q. How is this topic connected to the Sustainable Communities Strategy?

Delivery of this agreement is an enabler of our strategic target and proves to our customers and stakeholders our commitment to making the necessary transition ourselves to renewable energy. This partnership demonstrates innovative thinking – enabling two new solar farms to be built, guaranteeing that AIB's electricity will be certified to a fully traceable, renewable energy source.

Q. Key activities undertaken to deliver the project?

AIB issued a tender for the supply of renewable energy via a power purchase agreement in 2020. A dedicated, specialist cross-functional working group was established to run the project from tender issuance to final selection process. The project had full executive oversight throughout.

Q. What was the impact/result?

The two solar farms will result in 21.4 GWh of new renewable energy being placed in the Irish grid. This will provide up to 80% of AIB's electricity needs while providing additional generation capacity into the national grid. This agreement supports the delivery of the Irish Government's Climate Action Plan which has set a target of 15% of all electricity demand being met by renewable generators contracted under CPPAs by 2030. The agreement also ensures AIB has a sustainable and secure energy supply at a fixed price for 15 years, contributing to our long-term cost management agenda.

Q. Were there lessons learned from the work?

AIB is the first Irish company to conclude a CPPA agreement. As such, this project required collaboration across the group with in-house experts and leading external advisors to ensure a successful conclusion. Further learnings will be sought through 2023 as construction commences and energy is generated.

Q. What's next as a result of the project?

Construction will commence in early 2023 with expected energisation in Autumn 2023.

LOOKING AHEAD

In 2023, our focus will include the following:

- In our business operations, a key focus in 2023 is on the progress on our Corporate PPA and to further progress the existing branch and office building estate to reduce its energy consumption and carbon footprint programme with our branch and office building estate.
- In relation to Scope 3 emissions, we will also progress work to capture the recent acquisitions.
- AIB will prepare for reporting against the mandatory reporting of the European Sustainability Reporting Standards and the Corporate Sustainability Reporting Directive, which are expected to apply for reporting periods commencing on or after 1 January 2024.
- Continued integration of climate risk management into our risk management framework
- Transition planning for our emissions reduction targets
- Further deepening our understanding of physical risk.



CLIMATE & ENVIRONMENT

PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL ISSUES

Providing products and services to help make a positive environmental impact ranked highly across all of our stakeholders in our materiality exercise.

OUR TARGETS

2023
€10bn
CLIMATE ACTION FUND
(€2BN PER YEAR)

2030 AMBITION
70% NEW
LENDING
TO BE GREEN AND
TRANSITION

28%
GREEN MORTGAGE
LENDING
2022

STRATEGY

We have a key role to play in helping to address the environmental issues where we operate. We do this through many ways, including:

- providing finance to renewable energy generation through our multi-disciplinary Energy, Climate Action & Infrastructure team
- providing finance for energy efficient homes, through our Green Mortgage products
- supporting sector-specific initiatives to aid carbon transition, such as the Teagasc Grass10 multi-year initiative for farmers, and the Signpost programme which promotes 100 demonstrator farms and their sustainable farming practices. These programmes support primary producers to transition to net zero by 2050 and AIB has been proactive and engaged in them, being a key sponsor/partner in a number of industry initiatives
- through our Sustainability Linked Loans, actively encouraging our corporate customers, through a small margin incentive in new financing contracts, to progress their own sustainability and transition actions
- providing finance for retrofitting less energy efficient homes through our Green Consumer Loan and mortgage options
- providing access to energy efficient loans for SMEs via the SBCI scheme launched in 2022
- supporting customers to move away from transport options reliant on fossil fuels.

Green Living Hub

Interest in sustainability matters continues to grow amongst our stakeholders. Our Green Living Hub sets out some practical tips as well as information on products and grants available for sustainable lending and home improvements.

Climate action fund

We recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. In 2019, we launched our Climate Action Fund committing €1bn per year over five years to support Green and Transition lending. Following strong demand, in 2021 we increased the fund to €10bn in total by 2023.

Across the Retail, Capital Markets and UK segments of our business, we provide a comprehensive range of products and services to address environmental issues.

Green mortgages

The AIB Green Mortgage was introduced in November 2019, and subsequently we launched our EBS and Haven Green Mortgages. Green Mortgages are available to customers who have invested or are investing in a home that has a BER energy rating of B3 or higher. They are a key product for our business and collectively account for 20% of mortgage drawdowns in 2021 in Ireland (up from 14% in 2020).

Energy efficient homes have an immediate positive environmental impact on GHG emissions and the lower interest rates of our Green Mortgage products can also provide positive impact for our customers' economic position through the lower financing and running costs associated with energy efficient homes.

Green personal loans

The AIB Green Personal Loan, launched in 2021, is relevant to consumers looking to purchase a new electric/hybrid vehicle or make green home improvements to increase the energy rating of their home. Amounts of between €3,000 and €60,000 (over 1 to 10 years) are available.

Other Retail initiatives in 2022

AIB launched the Strategic Business Corporation of Ireland (SBCI) Energy Efficiency Loan Scheme (EELS) in September 2022. This is a low-cost loan scheme that aims to help eligible SMEs and farmers reduce their carbon

emissions and cut their energy bills by investing in energy-saving measures

Through our Nifti offering, we provide a fleet management proposition for AIB business customers. This will help them transition from reliance on fossil fuels by providing affordable solutions for electric and hybrid vehicles.

In Q4, a new preferred finance partnership with Electric Ireland Superhomes was launched to support customers deep retrofitting their homes.

Renewable energy finance

AIB is an active lender to renewable energy projects across Ireland, UK, Europe and most recently the USA. Technologies supported include Onshore and Offshore wind, Solar and Battery Storage. Renewable energy has a significant positive impact as it displaces the need for fossil fuels, mitigating climate change, as well as supporting security of energy supply in each country where the generation capacity is located. We have provided lending to renewables generation projects for a number of years now, so are well-established in this area and continue to have, we believe, the largest and most active renewable energy teams in the Irish market.

The Energy, Climate Action and Infrastructure portfolio continued to be one of the fastest growing lending books in AIB, with net balance sheet growth of c.40% in 2022.

Energy efficient homes and offices

Our Capital Markets segment also provides financing for the development of energy efficient homes and offices.

In 2022, our Real Estate Finance team launched an initiative to incentivise developers to build homes that go beyond current regulations and take into account a broader range of sustainability factors. Our Sustainable Communities Offering rewards customers who build developments that meet the Irish Green Buildings Council's Home Performance Index or equivalent standard with discounted finance.



CLIMATE & ENVIRONMENT

PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL ISSUES

CONTINUED

Sustainability linked loans (SLLs)

AIB supported the first Sustainability Linked Loan (SLL) in the Irish market in January 2019. While SLLs are used for general corporate purposes, they are commonly aligned in the market with the sustainability-linked loan principles and enable lenders to incentivise the sustainability performance of the customer as well as support positive changes in environmental and/or social matters. Typically, SLLs incentivise customers to achieve their own predetermined sustainability performance targets, for example to use less energy or water or generate less waste. They do this as a small margin of the interest rate of the SLL is linked to the customer achieving the agreed sustainability targets/objectives set out at the start of the loan agreement. Performance against those targets/objectives is monitored through business as usual portfolio management activities. SLLs materially benefit both the bank and the customer as both proactively transition to a better, more resilient business and lending prospect. In 2022, we saw continued activity in SLLs to the Food and Agriculture, Healthcare, Manufacturing and Utilities sectors in particular but expanding across other sectors including Transport.

Monitoring and oversight

All Product areas are asked to consider sustainability across the product lifecycle. This is reviewed at governance stage, at Group Product and Propositions Committee, via a sustainability template, to ensure we align to our sustainability strategy, and continue to raise awareness across our stakeholder groups, and to accelerate the transition to a low-carbon economy. Our Board receives periodic Sustainability updates on the progress of our green products and utilisation of our Climate Action Fund via the Balanced Scorecard and updates on the Group Sustainability Programme.

No time to waste

The AIB Sustainability Conference is an annual event where the Bank hosts global and local leaders to share insights, learnings and best

practice with over 6,000+ attendees, about how business can address the issue of climate action as part of a broader Sustainability approach. During the event we heard from international environmental activists Cate Blanchett and Dr. Jane Goodall about the actions they have taken in their respective industries.

RISK MANAGEMENT

Sustainable Lending Framework

Our Sustainable Lending Framework (SLF) enables the classification of customer loans as green, transition or social. The SLF was developed to provide transparency on the criteria that AIB employs in reporting on green and transition lending to help us achieve our ambition that 70% of new lending should be green or transition by 2030. It is based on industry best practice and is aligned, where applicable, to the EU Taxonomy regulation and will evolve as the EU Taxonomy develops.

Equator Principles

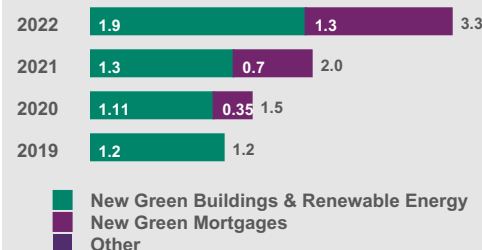
The Equator Principles (EP) are a voluntary set of standards adopted by financial institutions for determining, assessing, and managing environmental and social risks in project-related transactions. In October 2021, AIB adopted a formal commitment to apply these principles to all applicable lending, which includes our Project Finance lending in Ireland, Europe, the UK and North America.

As a recent signatory to the Equator Principles, the Bank has a grace period to implement the EP across the relevant areas in the organisation. This involves training all applicable staff and updating procedures and processes where required. These steps will form part of our Implementation Plan, which is due to be submitted to the Equator Principles Association in July 2023.

2022 METRICS

New green lending

€bn



Note: Green lending figures are subject to rounding.

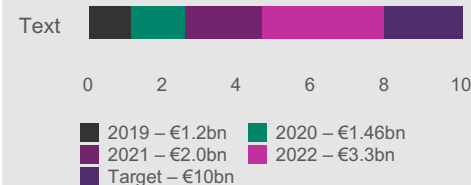
New green lending in AIB was €3.3bn in 2022 (2021: €2.0bn). It is primarily comprised of finance for new Green Buildings & Renewable Energy and new Green Mortgages.

In 2022 new Green Mortgages accounted for €1.3bn (2021: €0.7bn) and new Green Buildings & Renewable Energy for €1.9bn (2021: €1.3bn). New Green Mortgages represented 28% of all new Mortgage Lending across the Group. The increase in new Green Mortgages has been driven by our product offerings for EBS and Haven. For Renewables & Green Buildings we continue to see strong business momentum as demand for green finance grows.

Progress against our targets

Climate Action Fund

€10bn by 2023

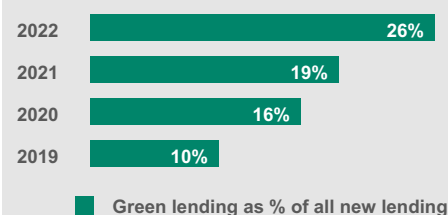


In 2019 we launched our Climate Action Fund, committing €1bn per year over five years to support green and transition lending. In 2021, we increased the fund to €10bn in total (€2bn per year) by 2023. In 2022, we exceeded the €2bn per year target for our Climate Action Fund.

Since our Climate Action Fund was launched in 2019, we have drawdown €7.9bn in new green lending, which has enabled us to make significant progress towards our 2023 target of €10bn.

New green and transition lending

70% by 2030



2022 represented a strong year for new green lending, with significant progress in both Green Mortgages and in finance for Green Buildings & Renewable Energy.

In 2022, new green lending represented 26% of all new lending in the Group (2021: 19%).



CLIMATE & ENVIRONMENT

PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL ISSUES

CONTINUED

CASE STUDY:

RENEWABLE ENERGY

AIB is a key provider of finance to support Enerpower, an Irish based company that delivers renewable energy solutions to a range of Irish and international businesses. One such project was to install a solar farm at the Cork base of Eli Lilly, a global pharmaceutical organisation based in Ireland since 1978, in order to reduce their energy consumption and carbon footprint. Lilly Kinsale is home to a unique 50-hectare manufacturing campus where the worldwide supply of active pharmaceutical ingredients for many of Lilly's innovative medicines is made.



Lilly chose Enerpower to carry out an audit of their energy consumption, who suggested that a solar farm would be the best option based on the results of the energy audit. The development was completed over two phases and in total AIB provided funding of c.€2.25m to support the delivery of the project. Enerpower specialise in the provision and maintenance of energy efficient technologies for industrial, commercial, agricultural, and domestic customers. They offer a complete service involving assessment, design, supply and installation of Wind Turbines, Biomass Boilers, Fuel Supply, District Heating and Solar panels. They have a wide range of experience in projects large and small - ranging in scale from Ireland's largest Solar PV system at the time for Eli Lilly Pharma in Cork, to Lidl in Newbridge, to a Wind Turbine and Solar Photovoltaics for Flahavan's Porridge.

Q. How is this topic connected to the Sustainable Communities Strategy?

The commercial funding of this environmentally sustainable project is aligned to our sustainability strategy. Our aim is to support our customers and communities in their transition to a low-carbon economy. Furthermore, the funding of this development supports our ambition that green and transition products will account for 70% of all our new lending by 2030.

Q. Key activities undertaken to deliver the project?

AIB worked with Enerpower during the development and execution of the project via the supply of capital through the cycle. Through our Finance & Leasing team we financed over

12,600 individual solar panels as well as the inverters for the solar farm. Business Banking provided core funding with the balance funded from equity and SEAI grants.

Q. What was the impact/result?

The project produces up to 5.6MW of power – allowing Eli Lilly to reduce its annual use of electricity from carbon sources by almost 6,000 MWH. In turn, its carbon footprint was reduced by over 2,300 tonnes. The second phase adds an additional 5.1MW to the project and effectively doubled the size of the project.

Q. Were there lessons learned from the work?

The collaborative approach between AIB and our customers to achieve such a project with clear benefits provides a template for AIB to use in further opportunities.

Q. What's planned as a result of the project?

AIB will continue to identify opportunities to support our customers in their transition to a low-carbon economy through the provision of green lending.

LOOKING AHEAD

- We are collaborating with an international third party to explore how we can provide more informed support to our Commercial Real Estate customers who require funding to retrofit their buildings, making them more energy efficient.
- A Sustainability Linked Loan Governance Framework is under development, due to be completed in 2023.
- More lending for renewable energy in Ireland and the UK to support the decarbonisation of the energy section and the transition to a low carbon economy.
- Supporting innovations to make it easier for customers to finance a green home.
- Develop sector specific supports and continue to build out our sector expertise and ESG insights.
- Continue to provide education and support for our customers, leveraging platforms such as the Green Living Hub to enable and support their transition.



CLIMATE & ENVIRONMENT

RESPONSIBLE LENDING AND INVESTMENTS

Ensuring responsible lending and investment through the integration of ESG considerations into the Bank's risk management and decision-making frameworks is important to our stakeholders.

€1bn
FIRST SOCIAL BOND
2022

€1.5bn
2 GREEN BOND ISSUANCES
2022

STRATEGY

Integration of ESG considerations into our risk management and right across our business is critical for the success of our sustainability strategy and the future of our business. As part of this we ensure that customer considerations are at the heart of business decision-making.

Responsible lending

Our Credit Risk team develops and maintains policies designed to establish responsible lending practices. Core principles are also enshrined in our policy for customers in arrears and the management of distressed credit to ensure that customers are treated fairly, objectively, sympathetically, and consistently.

Our Excluded Activities list sets out a range of business activities that are considered to be incongruent with Group Strategy, and relate to the following sectors:

- energy and climate action
- animal welfare
- ecosystem protection
- healthcare/genetic engineering
- surveillance/arms-related/military (including 'any activity that adversely impacts Human Rights defined by the UN' as listed on the UN website: <https://www.un.org/en/universal-declaration-human-rights/>)
- adult entertainment

For climate and environmental matters, the excluded activities include exploration, extraction and upgrading of oil sands projects; nuclear power generation; nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste. The policy rule prohibits providing new money for any term lending facilities to businesses, or any of its subsidiaries, involved in the excluded business activities. This rule applies to all business customers with a Gross Connected Exposure of >€£300k and are relationship managed.

Lending related to fossil fuel-related activities (including coal, oil and gas-related activities) represents <1% of our lending activities, and is therefore considered immaterial for our business. Lending for renewable energy generation is a key strategic priority for AIB (see page 29 for more information).

→ [Read more: Excluded Activities List](#)

Residential mortgages represent the highest proportion of our lending portfolio, and therefore we can play a significant role in helping to address environmental issues through providing Green mortgages particularly in the Irish market (see page 29).

We incentivise our personal customers to purchase energy efficient homes and through our Sustainability Linked Loans (SLLs) we incentivise our corporate customers to achieve their own predetermined sustainability performance targets (see page 30 for more details).

Responsible investments

SRI Bond Portfolio

The purpose of our Socially Responsible Investment (SRI) Bond Portfolio is to fund domestic and international projects aimed at global sustainability, carbon emission reduction and social improvement. We favour issuers with strong governance structures and frameworks in place, and who continually strive to improve and progress in areas including board diversity, transparency, accountability, audit practices, executive pay and business ethics.

Wealth management

In 2022, the Goodbody Asset Management UCITS Funds received Central Bank approval to be classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR). Article 8 Funds are defined as 'Funds which promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices'. This reclassification

represents a clear investment offering for new and existing clients. We expect increased demand in ESG investments and Goodbody offers an Article 8 investment fund to clients.

Investment Banking services offered through Goodbody were extended in 2022, and now include advisory services to corporate clients on ESG debt/sustainable finance.

We have had an ethical investment portfolio available to our private banking customers since 2016 and launched dedicated ESG portfolios for this client cohort in 2021.

Supporting wider society

With a focus on supporting communities, for the vulnerable across society and job creation, AIB provides lending for healthcare, (including residential care, hospitals, intellectual disability services and primary care), education, student accommodation social housing and SMEs.

Support for SMEs

SMEs are considered to be the lifeblood of every economy. AIB provides SMEs with access to payment services and to finance. We are also focused on providing support to SMEs operating in disadvantaged areas and fostering innovation. We support SMEs in Ireland and in Northern Ireland.

In 2022 we provided a cornerstone investment of €30m to the AIB Foresight SME Impact Fund, which aims to raise €75m to stimulate job creation and ensure a greener future across the island of Ireland. The Fund will typically provide equity investments of €2m to €5m but it will have the ability to make larger or smaller investments.



CLIMATE & ENVIRONMENT

RESPONSIBLE LENDING AND INVESTMENTS

CONTINUED

Microfinance refers to lending developed for those who cannot access the traditional banking channels. Microfinance supports social and financial inclusion because it enables entrepreneurs and very small businesses to benefit from access to credit outside mainstream banking. When business credit applications meet our credit criteria, we provide finance through our own network. For those cases that we cannot support, and who meet the criteria for micro finance, we refer them to Microfinance Ireland (MFI) as appropriate. Microfinance Ireland, through its funding of business, seeks to create and grow jobs across Ireland.

Financing healthcare

Healthcare is a sector of strategic and social importance to AIB with dedicated healthcare teams in our ROI and UK businesses. Regularly publicly awarded and recognized for excellence in healthcare financial services delivery, our teams are focused on providing financial solutions that are helping to address healthcare needs and service access within our communities.

AIB provides loans and services to support hospitals, primary care centers, residential care for the elderly and citizens with challenged healthcare needs.

Funding and liquidity

Our Green and Social Bond programmes support the bank's Capital and Minimum Requirements for own Funds and Eligible Liabilities (MREL) issuance programmes - aligning our funding and liquidity plans with the bank's sustainability agenda and having a Debt Capital Markets offering for socially responsible investors.

In 2022, AIB issued two Green bonds - both €750m Senior Non-Preferred transactions - bringing the total green bonds in issue to EUR3.25bn across four transactions. In addition, in March 2022, we issued our inaugural Social Bond - a €1bn transaction. The overwhelmingly positive feedback from ESG analysts was

reflected early in the orderbook, with interest from over 20 different countries. In January 2023, we issued an exceptionally successful second Social bond, a €750m transaction that marked the largest orderbook of all AIB's outstanding Senior debt. Since this issuance in January, AIB's total ESG-formatted issuance now stands at €5bn.

The Green and Social Bond Frameworks commit that an amount equal to the net proceeds from Green and Social Bond instruments issued by AIB will be used to finance and/or refinance a portfolio of eligible loans as defined by the eligibility criteria of each framework respectively. Management are responsible for the annual review of frameworks and the underlying programme.

RISK MANAGEMENT

Our Risk Appetite Statements for Business model risk and Credit risk reflects set out that the Group will take ESG considerations into account when formulating and implementing the Group's strategy and in material lending decisions to customers assessed as being high ESG risk.

In 2022, our credit processes were further enhanced and ESG requirements included in the risk policies and processes for the other Principal Risks impacted by climate risk in particular.

Frameworks, policies and codes

Green and Social Bond Frameworks

Our Green and Social Bond Programmes are underpinned by comprehensive Green and Social Bond Frameworks (GBF and SBF).

The eligibility criteria, used to define the Green Loan Portfolio, is based on the International Capital Market Association (ICMA) Green Bond Principles, as well as best market practice. The eligibility criteria also takes into account EU Taxonomy regulation, and the EU Taxonomy

Climate Delegated Act, both of which are reflected within our framework to the greatest possible extent. This was verified in our most recent Second Party Opinion (SPO) from Sustainalytics, where an EU Taxonomy alignment exercise was also completed.

In 2021, we published our Social Bond Framework. This remains the only such framework produced by an Irish institution. The eligibility criteria, used to define the Social Loan Portfolio, is based on the International Capital Market Association (ICMA) Social Bond Principles, as well as best market practice. The framework is opined on in our latest SPO from ISS ESG, where alignment to the Sustainable Development Goals is considered.

The eligible categories for our Green Bond and Social Bond pools are clearly set out in each of our frameworks. Both are updated annually, with complete pool replenishment and published allocation and impact reports. We also complete and publish independent assurance reports, for our allocation reports, with an independent third party.

We review, challenge and, where required, update the composition of our pools, to align with evolving standards. This can result in assets that would have previously qualified for our Green/Social pools, being removed as the qualifying criteria has become more stringent. An example of this is the tightening criteria in the area of energy efficient buildings. For buildings built prior to 2021 the top 15% criteria applies. However, the top 15% becomes more restrictive as more energy efficient buildings are built and join the top of the market. Therefore, previously qualifying building loans may no longer be eligible and would be removed from the pool.

SRI Bond Framework

The SRI Bond Portfolio is underpinned by our SRI Bond Framework. In our SRI Bond Framework we explicitly set out our minimum investment criteria when considering bonds in the ESG space. The criteria ensures that only high quality issuers, measured on key

sustainability metrics, qualify for consideration in our SRI Bond Framework. Our SRI Bond Framework is a live document and will continue to evolve in response to market changes in what is a new but rapidly expanding sector.

→ Read more:

[Green Bond Framework](#)

[Social Bond Framework](#)

[SRI Bond Framework](#)

2022 METRICS

AIB issued €1.5bn in Green Bonds during the course of 2022, as well as issuing our inaugural €1.0bn Social Bond. This brought our cumulative total of Green and Social Bonds issued to €4.25bn since we commenced our programme in 2020.

For more information on our Green and Social Bond issuances, and on up to date information on Bond allocations, see our ESG Supporting Data (Sustainable Finance) on page 98.

CLIMATE & ENVIRONMENT

RESPONSIBLE LENDING AND INVESTMENTS

CONTINUED

CASE STUDY:

SOCIAL BOND

AIB's Inaugural Social Bond Issuance

Following the success of AIB's Green Bond Programme, we were once again at the forefront as the first Irish bank to issue a social bond. Planning commenced in April 2021 and the first major milestone was reached in the following July when we launched Ireland's first and only 'Social Bond Framework' (SBF). A key consideration underpinning the SBF was connecting AIB's Sustainability Strategy with our activity in debt capital markets, building on the success of our Green Bond Framework. Following an intensive round of engagement with investors, including ESG focused investors, the bond was issued in March 2022.



Q. How is this topic connected to the Sustainable Communities Strategy?

Social bond proceeds are used to finance the healthcare, education, social and affordable housing sectors, and to provide loans to SMEs in socioeconomically disadvantaged areas in communities across Ireland. AIB believes that social bonds offer a way to create transparency around this type of financing that contributes to a fairer society which is socially and economically inclusive.

Q. Key activities undertaken to deliver the project?

The SBF was prepared by a cross functional Working Group comprising relevant business areas within AIB. With our aspiration to support a fairer society at the forefront of our thinking, an important area of focus was ensuring the social impact of the eligible financing makes a meaningful contribution by reaching target populations. These include individuals with specific physical and/or mental health conditions, the elderly, students and low-income individuals.

The SBF was verified by second party opinion provider ISS-ESG, which assessed alignment with the International Capital Market's Association (ICMA) Social Bond Principles and confirmed that the use of proceeds contributes 'significantly' to the relevant UN Sustainable Development Goals (SDGs).

Q. What was the impact/result?

Our inaugural social bond was very well received by investors and raised €1bn in March of 2022.

Q. Were there lessons learned from the work?

Our Social Bond Programme has enhanced AIB's ability to attract ESG focused investors. The quality of the investor base of our inaugural social bond issuance was very satisfying with excellent participation by ESG focused investors.

Q. Is there a Phase 2?

At the end of 2022, AIB's Green and Social bonds totalled €4.25bn raised. These Bond Programmes emphasise our steadfast commitment to the creation and delivery of sustainable economic, social and environmental development in towns and communities across the country. We anticipate a continued strong presence in the Green and Social Bond markets in 2023 and beyond.

LOOKING AHEAD

- We are introducing a number of dedicated Sustainability resources across the business, including a Head of Sustainability in Corporate Banking and Real Estate Finance and in the SME and Agri space, to increase the level of customer and market engagement and support the delivery of key strategic initiatives in 2023.
- Additional disclosures under the Sustainable Finance Disclosure Regulation (SFDR), which come into effect from 1 January 2023, were finalised during 2022, with further reporting (Principal Adverse Impact Statement) required by June 2023 based on FY2022.
- We are now reviewing our medium-term target for SRI Bond Portfolio and will incorporate an upwardly revised target in our SRI Bond Framework.



ECONOMIC & SOCIAL INCLUSION

We aspire to contribute to, and advocate for, a fairer society that is socially and economically inclusive.

This chapter covers our economic & social inclusion-related disclosures and our 2022 response and progress on the following material topics:

- Usability of services and accessibility of products
- Enable customers to make better informed financial decisions
- Housing
- Community support

OUR TARGETS

2023
500k

CUSTOMERS SUPPORTED
FINANCIAL LITERACY

2024
€800m

FINANCE FOR SOCIAL
HOUSING

ONGOING STRATEGIC FOCUS

AIB IN OUR COMMUNITY





ECONOMIC & SOCIAL INCLUSION – 2022 PROGRESS

Usability of services and accessibility of products

- Introduction of a Customer Vulnerability Operational Model to provide enhanced ongoing operational support. In 2022 we supported 7,000 calls to the helpline and employees completed 30,000 hours of vulnerability training.
- Ongoing availability of the Basic Bank Account initiative across all channels in Ireland; 61K Basic Bank Accounts opened in 2022.
- Rapid establishment of a support programme for Ukrainian refugees arriving into Ireland resulting in over 12,000 bank accounts being opened through 2022.
- Enhancement of the existing AIB Credit Guarantee scheme and participation in the SBCI Brexit Loan Scheme to support small businesses to continue to trade through the current economic challenges.

→ **Read more:** When customers need a little extra support.

Enabling customers to make better informed financial decisions

- Continued focus on the end-to-end process to support our customers from new product development through to dedicated customer language review for all marketing and customer communications materials.
- Expansion of our Future Sparks Programme – an online secondary school programme – to over c 621 schools and an estimated average of 341,000 students (vs c. 545 schools in 2021).
- Availability of AIB on-line 'future sorted' quiz – designed to engage our customers to start thinking about their financial planning needs - 45K customers have completed the quiz.
- Continued availability of the 'Banking – How To' guide, an introduction to banking to support support customers with a learning difficulty.

→ **Read more:** Promoting Financial literacy

Housing

- 9,215 First Time Buyer Mortgages drawn for AIB representing a 20% increase on 2021.
- Delivery of €91m in social housing funding against our target of €500m by year end 2024, enabling the construction of c.570 homes to date.
- Actively supporting customers in mortgage difficulty through available schemes including Mortgage to Rent.

→ **Read more:** Housing

Community support

- Establishment of AIB Community Framework enabling understanding of AIB's opportunity for real impact.
- Launch of the AIB Community €1m Fund supporting over 70 local charities nominated by our colleagues and customers.
- Development of AIB partnership with GOAL – over 28% increase yoy for the GOAL Mile with €420k raised.
- Expansion of partnership with TASC – enabling dialogue at community-level on the challenges and opportunities presented by Climate Change.

→ **Read more:** Community Support

TARGET

500K Customers supported Financial Literacy by 2023

2022 PROGRESS



○ On target ● In progress ○ Achieved

TARGET

€800m finance for social housing by 2024

2022 PROGRESS



○ On target ● In progress ○ Achieved

TARGET

Ongoing focus on AIB in our community

2022 PROGRESS



○ On target ● In progress ○ Achieved



ECONOMIC & SOCIAL INCLUSION

USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS

CONTINUED

Making products and services personal, relevant, easy to use and accessible to all, anywhere at any time, is a material topic for our stakeholders and ranked highly in terms of regulatory expectations.

3.26m
DAILY INTERACTIONS
2022

7,000 CALLS
CUSTOMER VULNERABILITY
HELPLINE
2022

STRATEGY

Two key pillars of our business strategy are Customer First and Simple and Efficient. These pillars are about developing products and services that consumers need and ensuring simplicity of use and widening accessibility. These pillars are core to the success of AIB and go beyond regulatory requirements.

Access to products and services

In AIB, our main products and services offerings are mortgages, personal, SME and corporate lending, payment services, credit card services and deposits. Where we provide non-core banking products, we typically partner with market leaders.

It is important to our stakeholders that our products and services are personal, relevant, easy to understand and accessible. The Product and Proposition design guide, which includes consumer testing of new propositions, is used to ensure this. Product owners use tools and insights to clearly identify customer needs and suitability, taking into consideration that we are treating customers fairly, supporting vulnerable customers as we consider the design of processes and ensuring a good customer experience throughout the overall product lifecycle.

We strive to make our products and services accessible to all our customers. In Ireland, we currently have 170 AIB branch locations and six campus locations, as well as 66 EBS branches and a contact centre open during normal business hours with some services available 24/7. We provide counter transaction services for cash lodgements (via the AIB debit card and pre-encoded credit paper), cash withdrawals up to €1,500 (via the AIB debit card), and cheque lodgements (via the AIB cheque lodgement bag) for both personal and business customers across all c.920 An Post locations. In addition, customers are supported through our EBS network and Payzone infrastructure nationwide. Our four mobile Community Banks service 29 rural locations. In the UK, AIB has seven branch

locations in Northern Ireland. In addition, AIB UK personal and business customers can access cash lodgement and withdrawal, cheque encashment and cheque deposit services through the Post Office network of over 11,500 locations in the UK. Our management oversees the relationships with An Post in Ireland and the Post Office in the UK and monitors service levels.

Our 'Voice of the Customer' programme and NPS scores allow us to monitor our products and services and ensure they are easy to use and accessible for our customers.

In 2022, following the announced exit of Ulster Bank/KBC from the Irish market, customers had to find a new banking provider. It is estimated that some 1 million customers were impacted, needing to switch their bank accounts. This represented a significant opportunity for our business to support new customers, however processing the volume of account opening applications was a significant challenge even though we put in place enhanced account opening processes to meet the demands.

Day-to-day banking services in Ireland

In recent years there has been a significant increase in the use of digital banking services. In AIB's experience, 75% of our customer base are now digitally active, and online payments have increased by 85% over the five years up to 2021. In addition there has been a 36% decline in cash withdrawals from ATMs and a 50% fall in cheque usage over the same period.

It was in the context of this evolving banking environment and the opportunity to enhance our longstanding relationship with An Post that, in 2022, we moved to remove cash services from 70 of our branches in Ireland. However, recognising the customer and public unease that this caused, we decided not to proceed with the proposed changes to our services. We continue to retain our 170-strong branch network in its entirety and will also continue to offer banking services through our relationship with An Post.

When customers need a little extra support

Everyone should have access to their bank in a way that makes them most comfortable. At AIB our customers have a choice of channels including branches, the contact centre, ATMs, phone/mobile banking and online banking, as well as through An Post (in Ireland) and the Post Office (in the UK). For customers with sight difficulties:

- we provide telephone access through the contact centre, accessible card readers for transactions that require further security
- on our website all the text is scalable
- we offer account statements in braille or in larger print format
- all AIB ATMs have an adapted keypad with a raised pip on the number 5 button for central positioning and universal raised icons on the function keys for Enter, Clear and Cancel.

For customers with hearing difficulties:

- AIB Internet or Mobile banking channels have a range of features that provide access to banking, securely when and where it suits.
- Sign language users can contact AIB using the Irish Remote Interpreting Service (IRIS).

AIB is a JAM Card friendly bank. The Jam Card, developed by the NOW Group, allows people with learning difficulties, communication barriers or autism to ask for 'Just A Minute' discreetly and easily in customer service situations.



ECONOMIC & SOCIAL INCLUSION

USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS

CONTINUED

Support for vulnerable customers

Banking is for everyone and in AIB we consider the needs of customers in vulnerable circumstances to ensure that they can access and manage their banking.

Our customer vulnerability strategy was built on customer needs and the experience of employees who support customers every day. Our approach to vulnerability focuses on key areas including financial abuse, addiction, dementia, mental health, accessibility, and economic resilience. The objective is to take exceptional care of our customers when they need us most and to foster a culture of inclusion and support in everything that we do. All of our customer-facing employees are trained to recognise and respond to customers in need of additional support.

During 2022 AIB introduced a Customer Vulnerability Operational Model to provide enhanced ongoing operational support and focus on the delivery of vulnerability initiatives. It includes the following functions:

- A Vulnerable Customer Support Team who assist with complex customer cases
- A dedicated Customer Vulnerability Helpline for customers and their carers
- A Strategy and Propositions team with responsibility for the ongoing delivery of vulnerability solutions.

Stakeholder interaction

It is important that we support access to banking for those in society who are unbanked. The Basic Bank Account is an EU-wide financial inclusion initiative, to ensure every EU citizen can get access to a bank account. It is a payment account which is available to customers that are EU residents aged 16 or over. Basic Bank Account holders get a payment card, and there are no charges for everyday banking or maintenance fees for the first year. The account holder can make deposits, withdraw cash and receive/carry out payments. The Basic Bank Account is available across all channels in Ireland, including in-

branch and remotely via our Mobile Banking App.

At the beginning of the Ukrainian crisis, we recognised the difficulties many refugees would face in accessing banking. Many would not have the documents typically needed to open an account and most would not have a permanent address. To make the account opening process as straight forward as possible, we:

- established an account opening process for those without standard documentation
- prioritised account opening in-branch
- extended remote account opening to Ukrainian passport holders
- published Account Opening Guides in Ukrainian and Russian and introduced a Direct Helpline with Ukrainian speaking employees.

In addition, we delivered training in partnership with the charity Surviving Economic Abuse. We also work with two other UK charities, Gamcare and Alzheimer's Society, to provide training to our customer-facing employees on key areas of vulnerability.

In Ireland, AIB works closely with industry bodies, including the Irish Banking Culture Board and the Banking and Payments Federation Ireland, to ensure access to financial services is available to all and to address issues impacting vulnerable customers. In 2022, we announced our partnership with AsIAm. AIB will be supporting AsIAm to roll out more support services to autistic people in Ireland, while AsIAm will work with AIB's Abilities Network to establish training and supports that will help make AIB more accessible for customers, colleagues and job candidates.

→ **Read more:**
[Help and guidance \(RoI\)](#)
[Help and guidance \(UK\)](#)

2022 METRICS

To assess the effectiveness of our approach, we measure account opening activity and vulnerable customer supports. In 2022:

- 304k new current accounts opened including 12k accounts opened for Ukrainian refugees and 61k Basic Bank Accounts
- 30,000 hours of vulnerability training completed by our employees
- 7,000 calls to the Customer Vulnerability Helpline
- 4,535 customers flagged for additional support

12,000
ACCOUNTS OPENED
SUPPORTING UKRAINIAN
REFUGEES
2022





ECONOMIC & SOCIAL INCLUSION

USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS

CONTINUED

CASE STUDY:

CREDIT GUARANTEE SCHEME

The AIB Credit Guarantee Scheme (CGS) was launched in September 2020 when our SME business customers needed support as a result of the Covid-19 outbreak. We launched the SBCI Brexit Loan Scheme (BILS) to assist small businesses, including farming and fishing, in November 2021. This scheme was a key support to businesses as they adapted to a new post-Brexit trading environment. The BILS scheme was initially due to run to June 2022 and was extended to December 2022 and expanded to include customers impacted by Covid-19 (as the Covid-19 CGS scheme had by then closed).



Q. How is this topic connected to the Sustainable Communities Strategy?

Both the CGS and BILS schemes are aligned with our Strategy as enablers in supporting social and economic inclusion by supporting our customers to trade and receive support throughout the current challenges. Through these schemes, AIB has ensured that SME customers were adequately funded to counter the impacts of Brexit/Covid-19 and support the ongoing viability of their businesses.

Q. Key activities undertaken to deliver the project?

The design and development of the schemes required cross-collaboration with a wide range of internal and external stakeholders. Recognising the challenges of travel restrictions and remote working, AIB introduced a streamlined and digital application form enhanced by DocuSign (e-signature) capability, which allowed customers to complete the application process online. Customers are actively supported through a dedicated Centre of Excellence to ensure the schemes are provided as effectively and efficiently as possible.

Q. What was the impact/result?

Data published by the Department of Enterprise, Trade & Employment indicates that AIB has granted c. 58% of the overall drawdown value in the CGS fund since launch. This equates to support for over 6,000 customers and over 60% of applications. The BILS scheme closed in December 2022 with AIB having utilised its full allocation.

Q. Were there lessons learned from the work?

Customer research indicates that 7/10 customers 'felt valued' as a result of their experience of the CGS scheme, resulting in an NPS score of +63. Customers cite ease of process, helpful employees and good customer service as key elements of the journey leading to an exemplary customer experience at a time when our customers needed us more. The learnings from both schemes will continue to inform and shape continuous improvement across all aspects of our business.

Q. Is there a Phase 2 of the project?

A new variation of the scheme – Ukraine CGS – is expected to launch in Q1 2023. This scheme is being introduced as the Irish Government's response to the negative impact of the additional costs to businesses arising from the war in Ukraine, supply chain issues and increased cost including energy costs. The scheme is designed to support economic activity by ensuring that the flow of credit is maintained.

LOOKING AHEAD

The Assisted Decision Making Act (ADMA) is due to commence during 2023. This gives effect in Ireland to the UN Convention of the Rights of Persons with Disability. In AIB the focus will be on supporting the introduction of this Act and in further developing the support for customers and their carers who need support with their decision-making.

Our new joint venture with Great-West LifeCo has received full authorisation from the Central Bank of Ireland (CBI) to act as an insurance company in the Irish market, offering a range of life protection, pensions, savings and investment options. The launch of this new proposition in 2023 will increase the usability of, and accessibility to, our financial planning services by delivering enhanced digital engagement, supported by dedicated qualified financial advisors.



ECONOMIC & SOCIAL INCLUSION

ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS

Enabling our customers to make better informed financial decisions is a key imperative for our stakeholders and for us. We are aware of the importance of providing our customers with suitable products that are transparent, easy to understand and meet their needs.

OUR TARGET

**2023
500K
CUSTOMERS SUPPORTED
FINANCIAL LITERACY**

STRATEGY

Our role in AIB is to enable and empower our customers to make the best financial decisions to suit their lives, supporting their financial health. We do this by developing high-quality products and services that are clear, transparent, and easily understood. We deliver this through a robust product governance, trained financial advisors and a responsible approach to our customer communications. We have a dedicated Customer First pillar as part of our Group strategy which underpins all we do.

Customer First approach

Our Code of Conduct is a core framework that underpins our values and culture. It sets out clear expectations of how we behave and how we do business. One of the five standards of Our Code of Conduct is that we act in the best interest of customers and treat them fairly and professionally. And we deliver on this in a number of ways, including:

- promoting fair customer outcomes by always putting their needs first in our advice and in our decision-making
- designing products and services that are suitable for our customers
- providing customers with information which is both accessible and transparent to support and enable them in making informed decisions.

Individual employee breaches of the Code of Conduct are managed through a strict disciplinary process where sanctions up to and including dismissal are applied. Details of the volume of non-compliance with our internal staff Code of Conduct are presented to the Board Audit Committee each year.

Promoting fair customer outcomes

Our policy requires that employees involved in the development, distribution and fulfilment of products are trained appropriately. Minimum competency requirements are in place to ensure customers get the required level of service from employees who provide advice and information on retail financial products for and on behalf of regulated firms. Our customer-facing employees involved in the distribution of products must have and maintain relevant qualifications to comply with Minimum Competency Code requirements specific to the products they distribute. For example, our Mortgage Experts must hold a Qualified Financial Advisor (QFA) qualification or Accredited Product Advisor (Loans) qualification. Employees maintain their qualifications through Continuous Professional Development. Management monitor that employees maintain the appropriate qualifications for their role.

We have a wide range of sector specialists in place including a network of c.11 dedicated Agri Advisors, specific Sector Teams within Business Banking and for large corporates, our sector specialist relationship management teams engage directly with our customers and industry stakeholders, providing expert knowledge and insight across all economic sectors.

Designing suitable products and services

We are aware of the importance of providing our customers with suitable products to meet their needs and have robust product governance to support this. Our approach, aligned with our policy, which applies for both retail and non-retail customers, is that their needs are considered right throughout the development and management of products. When designing new products and propositions, we also factor in regulatory requirements and ensure we are compliant. Increasingly customers are interested in products/services with sustainability considerations, and this is also included in our product governance. Regular, ongoing monitoring of customer feedback with deep dive analysis of errors helps inform us about the appropriateness of the product/proposition and its delivery channels.

**45,000
FUTURE SORTED QUIZ
SINCE 2020**



ECONOMIC & SOCIAL INCLUSION

ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS

CONTINUED

Accessible and transparent information

In marketing our products and services, aligned with our Conduct Risk Framework, we place our customers at the centre of our communications.

When advertising or selling our products, we disclose all relevant information to our customers, including charges. We aim to ensure our advertising is clear, fair, accurate and not misleading. Our product advertising carries warnings to alert our customers of any potential negative consequences of changes to their loan agreement – for example, if they do not keep up their repayments their account will go into arrears and this may affect their credit rating and their ability to access credit in the future.

We have a Customer Language review process in place where the goal is to ensure our customer communications are clear and easy to understand.

Sometimes we are not able to provide our customers with the finance for which they applied for. While this might be disappointing for the customer, we will be open with them and let them know the reason(s) why.

Promoting financial literacy

We have a keen focus on financial literacy. Financial literacy means being able to understand financial terms and use various financial skills including managing finances, budgeting, operating a bank account, saving/ investing and borrowing. Being financially literate is really important to help our customers get the most out of their finances.

Many aspect of improving financial literacy benefit greatly from taking a collaborative approach and working with wider stakeholders.

Key initiatives we use to promote financial literacy include:

AIB Future Sparks Programme

An online programme for post primary schools consisting of 'conversation sparking' real life examples of key transferable life-skills. Includes educational teaching resources specifically developed by teachers to support the Junior and Leaving Cert. curricula across subjects such as Financial Wellness, Business, Economics, SPHE, Home Economics and Career Guidance.

'Banking - How to' guide

We launched an Easy Read 'Banking - How To' guide in 2021, aimed at making banking easier for any adult that would benefit from information being provided in a simple user-friendly format. It continues to be a helpful tool to support financial inclusion for everyone, regardless of where they choose to bank, as it provides general banking information.

The guide was originally developed at the request of the HSE for inclusion in a training course for adults with a learning difficulty. Now anyone can access it at www.aib.ie.

It was developed with support from colleagues across AIB who provided the content, presentation and sign language interpretation. In addition, the NOW Group, an organisation that provides services to support people with learning difficulties and autism, provided feedback during its development. Their input was extremely valuable in helping us to ensure the information was clearly explained.

Financial Planning Tool

It is important that customers plan for a secure financial future. Our 'FutureSorted' quiz which can be accessed from www.aib.ie is designed to engage our customers to start thinking about their financial planning needs. Customers can request a call back to book an appointment for a financial review with a Financial Advisor who will look closely at their life and illness cover, mortgage protection requirements, retirement planning and any savings and investment needs

to see how the customer can plan for their future.

→ [Read more: FutureSorted quiz](#)

2022 METRICS

In 2020 we set a target of 500K customers supported financial literacy by 2023. We measure our progress towards our target as follows:

- c.341K students reached. Our Future sparks programme had 621 second-level schools registered out of a universe of 728 schools, representing a penetration of 85% of the universe of second-level schools in the Republic of Ireland;
- Since 2020 45K consumers have completed our FutureSorted quiz.

We monitor incidents of non-compliance with regulations concerning product and services information and labelling. In 2022, no incidents of non-compliance with regulations concerning product and service information and labelling resulted in a fine, penalty, or a warning for AIB. AIB has not identified any non-compliance with regulations or voluntary codes concerning product and service information and labelling for the reporting period of 2022.

621 SCHOOLS
FUTURE SPARKS
PROGRAMME
2022



ECONOMIC & SOCIAL INCLUSION

ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS

CONTINUED

CASE STUDY:

SUPPORTING UKRAINIAN REFUGEES

As Ireland responded to the unfolding events as a result of the war in Ukraine, AIB supported over 12,000 Ukrainian refugees arriving into Ireland through the opening of bank accounts and supporting their banking needs. Many refugees didn't have the official documents required to open accounts, and the majority didn't have a permanent address at the time they wanted to open their accounts.



Q. How is this topic connected to the Sustainable Communities Strategy?

It was important to AIB to make the account opening process as straightforward as possible for these customers. This is a key element of our financial inclusion agenda to ensure all people living in Ireland have access to basic financial services. It aligns to our Sustainability Strategy where we aspire to contribute and advocate for a fairer society that is socially and economically inclusive. We do this by investing and raising awareness in access, education and innovation for our customers, our colleagues and our communities.

Q. Key activities undertaken to deliver the project?

A taskforce was instigated to identify and address the banking needs of the Ukrainian refugees. AIB established an account opening process for Ukrainians without standard documentation, prioritised account opening in branches and extended Remote Account Opening to Ukrainian passport holders. We published Account Opening Guides in Ukrainian and Russian and introduced a Direct Helpline with Ukrainian speaking staff. In addition, AIB branch employees visited a number of accommodation centres to open accounts for Ukrainian residents.

Q. What was the impact/result?

Over the course of the ten months from March to December 2022 AIB opened 12,724 accounts for Ukrainian customers, 34% of which were opened via the AIB mobile app.

Q. Were there lessons learned from the work?

It was important for our employees working with these customers to understand the unique challenges faced by people in this situation and tailor support to their needs. Speed of response was key as the situation unfolded so quickly and the Ukrainian customers urgently needed bank accounts in Ireland. This situation galvanised the organisation and enabled the delivery of key support tools within a very short timeframe. Internally, the level of support from our colleagues ensured the bank was able to prioritise supports for our Ukrainian customers.

Q. What's next as a result of the project?

Access to banking for refugees is important to AIB and a number of supports delivered during this time have now been extended beyond the Ukrainian situation – for example remote Account Opening is now available to all non EEA passport holders and the contact number for a dedicated Customer Vulnerability Helpline is listed on our Refugee Account Opening guide.

LOOKING AHEAD

- Ensuring an ongoing focus on financial literacy, working with wider stakeholders.
- Ongoing alignment of marketing products and services with our Conduct Risk framework - keeping our customers at the centre of our communications.
- Continued support for the professional development of employees, to maintain the appropriate qualifications for their roles.



ECONOMIC & SOCIAL INCLUSION HOUSING

This material topic resonated with our stakeholders, specifically in relation to how AIB is helping to improve the availability and affordability of housing. Housing is a key strategic priority for us as a pillar bank in Ireland, representing 49% of our loan portfolio. We understand that we have a key role to play in supporting and increasing the housing supply in Ireland. How we contribute to this topic is a key imperative for us and many of our stakeholders.

OUR TARGET

**2024
€800m
SOCIAL HOUSING FUND**

STRATEGY

In terms of our impact, AIB is one of the biggest providers of housing and mortgages in Ireland and our housing strategy is aligned to Sustainable Development Goal (SDG) 11 'Sustainable Cities and Communities'. Our strategic focus on housing is reinforced through the work we have undertaken as signatories of the UNEP FI Principles for Responsible Banking. We recognise that housing is a significant challenge in a national context in Ireland.

AIB is helping to support Ireland's housing needs through its involvement in the housing value chain, which includes financing of development land, supplying funding for social housing construction and for mortgages.

Supplying funding for housing construction

We understand that through the provision of finance we have an impact on increasing the housing supply in Ireland.

In Ireland, our Real Estate Finance team within our Capital Markets segment is a specialist lending unit of c.75 people consisting of lenders, engineers, surveyors and economists. The team provides funding for:

- Housing developments;
- Social and affordable housing schemes; and
- Private Rented Sector (PRS) developments

In 2021, AIB joined the Irish Green Building Council as a Platinum member and we continue to deepen this relationship. Capital Markets is the primary funder on current developments that will deliver c.11k homes. AIB also provides finance for development land.

We recognise that increasing housing supply has a very significant positive social impact and acknowledge that we also need to consider any potential negative environmental impacts from construction.

Financing mortgages

Mortgages are a critical financial product to support our customers to acquire their own home. Our mortgage products are targeted at Irish resident adults, typically aged 25 – 55 years, with sufficient sustainable income to service the debt over the life of the mortgage. We provide support to customers who are buying their first home, moving home, switching or carrying out upgrades to their existing home. In 2022 in Ireland we supported 9,215 First Time Buyers with finance to help them to buy their first home.

We aim to make the mortgage journey as straightforward as possible for all our customers. Expert information is available over the phone or in-branch. On our website, new and existing customers can find lots of information to help them on their way. Some of our first time buyer customers have shared their positive mortgage experience which is available on our website.

AIB is unique in maintaining three distinct mortgage brands – AIB, EBS and Haven. This enables us to offer the broadest set of mortgage propositions, addressing a diverse set of customers' needs. Across our brands we continuously strive to be competitive. Each of our mortgage brands offer Green mortgage products which encourage and reward our customers for investing in energy efficient housing and supports the reduction of CO2 emissions.

[→ Read more: AIB Mortgages](#)

UNEP FI Principles for Responsible Banking

The UNEP FI Portfolio Impact Analysis Tool is used to help banks to identify the areas in which they have the most significant impact. It takes into consideration national needs across 20 impact areas. As Ireland is our most significant location of operation, we focused on the national needs of Ireland.

Continued investment in social and affordable housing is an ongoing need in Ireland as the housing shortage is now a critical barrier to growth in the Irish economy (Source: IBEC). It points to a lack of housing supply to buy or rent in the private sector, high cost of building, and affordability of house prices as a high need nationally and has led to negative economic and social implications for Ireland, as low-income people, youth and non-homeowners are most affected.

Considering the impact areas with highest or very highest need for Ireland, along with the profile of our business, we determined that AIB can make the most significant impact on climate change and housing. Under PRB we set two SMART targets – one for climate (see page 29), and the other for housing. Our housing target relates to providing lending approvals that support the provision of social housing in Ireland.

All new houses constructed that we provide finance for are A-rated in terms of energy efficiency, in-line with the Nearly Zero Energy Building (NZEB) standard, which reduces household energy costs and the number of people in energy poverty.

This is relevant in a national context because the Irish Government's Housing for All Plan is targeting to build 33,000 new homes annually between 2021-2030 to address affordability and supply issues. As a pillar bank with a significant market presence in Ireland, we recognise we have a role to play in helping to address these housing issues. We report annually on our progress implementing the PRB – see the UNEP FI Principles for Responsible Banking Self-Assessment & Reporting template in this report.



ECONOMIC & SOCIAL INCLUSION HOUSING CONTINUED

Supporting affordable housing schemes

The First Home Scheme (FHS) is a government-led initiative under the 'Housing for all' Strategy which supports first time buyers and promotes home ownership in middle to lower income ranges. It is designed to help bridge the gap between the customers' deposit and mortgage, and the price of the customers' new home. AIB is a participating lender and played a central role in the initiation, design and delivery of the FHS which was launched to the market in 2022. AIB contributes to the private equity fund to fund the equity element of the house purchase and also provides mortgage finance to customers. By year end 2022 AIB Group has supported over 60 families to acquire a new home under the FHS scheme. It is anticipated that there will be a significant step up in numbers in 2023 on the back of a strong pipeline of FHS applications. AIB will also be a key stakeholder in the Government-led Local Authority Affordable Purchase Scheme which aims to support people who are on a list to buy a Local Authority house. Through these types of initiatives we can support our customers to purchase a home that otherwise they could not afford. For more information on the FHS, see our case study on page 45.

→ [Read more: First Home Scheme](#)

Support for mortgage customers in difficulty

When a customer is worried about paying their mortgage or has missed a mortgage payment we encourage them to contact our Arrears Support Unit as soon as they can. We promise to listen, be open-minded and not to judge. We work with our customers to find a resolution and available options include interest only periods, fixed repayments, split mortgages and more. These are set out in our Mortgage Arrears Resolution Process booklet.

All customers in mortgage difficulties are entitled to engage with independent third parties or have third parties engage with AIB on their behalf. AIB engage with the relevant government and customer advocacy organisations (MABs, Abhaile, IMHO) where required, and our customer correspondence contains details of options to engage with these parties. AIB has consistently demonstrated a proactive approach to ensuring our solution suite and our resolution strategies evolve and remain appropriate for supporting our customers in difficulty.

One of the options available to customers is the Mortgage to Rent (MTR) Scheme which is designed to help people remain in the same house when they are unable to meet their mortgage repayments. The solution provides customers with peace of mind by facilitating the sale of their home to a MTR Provider, who then rents the property back to the customer at a rent that is affordable for them. The customer continues to live in the same house with minimum disruption to family life. The scheme also enables the Bank to deliver a sustainable solution to non-performing debt and releases capital, which supports new lending and growth of the overall economy. AIB remains an active supporter of the MTR solution.

→ [Read more: MARP booklet](#)

Social housing

Development funding for new social housing is managed by our Real Estate Finance team while our specialist Corporate Banking Social Housing Sector Team focuses on the provision of lending solutions to Approved Housing Bodies (AHB) and other social housing providers. Lending activities support the acquisition of new build BER A-rated, second-hand and Mortgage to Rent (MTR) homes.

These teams supported the provision of c.570 new and second-hand homes to the social housing market in 2022.

€800m Social Housing fund

During 2021 we fully allocated our €300m Social Housing fund for both development and investment funding, which was launched in October 2020 with the aim of funding 2,000 social housing units. In July 2021, we launched an additional €500m Social Housing fund to back the provision of a further 3,000 social houses. Utilisation of the fund is monitored on a quarterly basis. The aim is to fully allocate these funds by YE 2024 which will bring our total Social Housing fund to €800m by 2024.

2022 METRICS

UNEP FI Principles for Responsible Banking SMART Target for Housing is to provide €800m in lending approvals that supports the provision of social housing over the period 2020 - 2024 (€300m fund launched in 2020 and €500m fund launched in 2021). The Social Housing fund target is tracked on the Capital Markets scorecard.

Since the launch of our second tranche of €500m in July 2021, we have provided funding of €132m supporting the delivery of a further c.860 homes. This means that, since we announced our fund, a total of €437m funding has been provided, supporting the delivery of 2,998 homes. Our aim is to fully allocate the funds by YE 2024 through a combination of Social Housing development and investment and to deliver c.5,000 homes.

Social Housing buildings that we finance are considered eligible for the pool of assets underpinning our Green Bond and Social Bond programme.

€437m
SOCIAL HOUSING SUPPORT
SINCE 2020

ECONOMIC & SOCIAL INCLUSION

HOUSING

CONTINUED

CASE STUDY:

FIRST HOME SCHEME

The First Home Scheme (FHS) is part of the Irish Government's 'Housing for All' strategy. The scheme is a focal point of the strategy, aiming to assist members of the population to address their housing affordability issues. The FHS is available to first time buyers and eligible homebuyers seeking to purchase a newly built home in a private development anywhere in the Republic of Ireland, thus providing greater access to homes that would otherwise be deemed unaffordable. The FHS is designed to help bridge the gap between their deposit and mortgage, and the price of their new home. AIB Group is a participating lender under the FHS and has played a central role in the initiation, design and delivery of the FHS. The FHS is funded and supported by the Irish Government in partnership with Participating Lenders.



Q. How is this topic connected to the Sustainable Communities Strategy?

Our participation in the FHS is directly connected to the delivery of our Strategy by helping to address the problem facing first time buyers in the Irish housing market. Addressing the housing supply deficit is one of the most urgent social and economic issues the country is facing. As the largest mortgage provider to the Irish market, we actively seek ways to partner and participate in schemes which enable more people with the opportunity to own their first home.

Q. Key activities undertaken to deliver the project?

The design and development of the FHS involved the cross collaboration of a wide range of customer-facing internal and external stakeholders. On agreement of the scheme, a strategic engagement and communications plan was developed to support customers through the FHS journey with AIB. In particular, all AIB Homes advisers received training on the product and branch employees were supported via cascade information.

Q. What was the impact/result?

The FHS was launched in July 2022. By year end 2022 AIB Group has supported over 60 families to acquire a new home under the FHS scheme. It is anticipated that there will be a significant step up in numbers in 2023 on the back of a strong pipeline of FHS applications.

Q. Were there lessons learned from the work?

The ability of like-minded stakeholders to work together to collectively deliver real solutions to customers who otherwise would be unable to buy their own home. This is a tangible example of a solution that truly puts the customer first and enables AIB to live our Purpose.

Q. What's next?

We will enhance our customer journey to continue to support customers availing of the Local Authority Affordable Purchase Scheme – another initiative under the Government's Housing for All Plan aimed at customers who buy new builds on Local Authority land for a discounted purchase price.

LOOKING AHEAD

- While the outcomes from the Macro Prudential Measures review were announced in October 2022, the Central Bank of Ireland's targeted changes will not impact customers until 2023.
- AIB will be a key stakeholder in the Government-led Local Authority Affordable Purchase Scheme (LAAPS).
- Continue to progress towards our 2024 €800m Social Housing Finance target.



ECONOMIC & SOCIAL INCLUSION COMMUNITY SUPPORT

In AIB, we want to back our communities to achieve a more sustainable tomorrow. We know that when we come together, we can make a meaningful difference. We contribute to the social and economic development and prosperity of local communities by supporting projects and initiatives in the local communities in which we operate.

OUR TARGET

ONGOING FOCUS AIB IN OUR COMMUNITY

STRATEGY

We are committed to making a positive contribution to the communities in which we operate.

Through our community investment, our community partners and support programmes, we are focused on reinforcing our social impact, demonstrating how we aspire to be a fairer society that is socially and economically inclusive.

We ensure that all community initiatives and activities align to our overall Group strategy. We completed research through Behaviours & Attitudes where these insights to local initiatives provided direction on how AIB could best support local communities.

Our research demonstrated key areas where AIB could make a real impact, and these are reflected in our areas of focus:

- Sustainability
- Youth & Opportunities
- Digital & Financial Inclusion

The Community Framework sets out our approach to implementing our community commitments. We can also identify opportunities and scope to allow elements to change over time, maintaining the same overarching framework for consistency and impact. ESG considerations are taken into account when formulating and implementing our approach to supporting communities, which is an important aspect of the Sustainable Communities pillar within our overall Group strategy.

Employee volunteering

Volunteering provides a great opportunity to make a real contribution to society and can help our employees, teams and our wider organisation to develop diverse perspectives, skills and experiences. Our employees can request up to two paid days as time off from the working week in any calendar year to volunteer with our Community partners or other not-for-profit/community based organisations.

Initiatives

Under our community framework, we have a number of key partnerships and initiatives, including our AIB Community €1 Million Fund, GOAL, FoodCloud, Junior Achievement Ireland, AslAm, TASC, the GAA and Kaleidoscope.

AIB Community €1 Million Fund

The AIB Community €1 Million Fund was launched in May 2022. The fund supported over 70 charitable organisations in communities across Ireland and the UK. We asked our customers and the wider public to nominate registered charities that connect with causes that matter most to them and their communities. AIB has allocated €700,000 to charities chosen by its customers and the public while €300,000 has gone to charitable organisations chosen by our employees.

The fund enables and supports local organisations to deliver vital work in their local communities.

AIB provides matched funding for employees, encouraging fundraising to support charitable organisations. Examples of this include funds raised in support of GOAL's Ukraine Emergency Response and the Irish Red Cross appeal for Creeslough in 2022. We have put in place communication and marketing plans to build awareness of the work of our community partnerships and how our support has directly contributed to delivering social impact.

GOAL

GOAL is an international humanitarian response agency established in Ireland over 40 years ago. Working in 14 countries, GOAL reaches the most vulnerable communities with emergency response, food and nutrition security, resilient health and sustainable livelihoods.

AIB's support for the GOAL Mile campaign has enabled GOAL to connect to more communities. The AIB campaign encouraged customers, employees, and the public to participate and raise funds. Results included a significant increase in fundraising amounts and participation for the GOAL Mile. Our relationship with GOAL enabled AIB to respond quickly to the Ukraine Crisis in March 2022.

FoodCloud

AIB and the social enterprise FoodCloud have a shared vision of building more sustainable communities to support the just transition to a low carbon economy, and an Ireland where no good food goes to waste. In 2022, we continued to support FoodCloud in reaching their targets with AIB's direct support resulting in over 23 million meals redistributed to over 650 charities.



ECONOMIC & SOCIAL INCLUSION COMMUNITY SUPPORT CONTINUED

Junior Achievement Ireland

Junior Achievement Ireland (JAI) is helping to prepare young people for their futures. It partners with a large number of schools and businesses to promote work readiness, financial literacy, entrepreneurship and to emphasise the value of studying STEM. AIB has supported JAI since its foundation in 1996 and has released employees every year to work on structured JAI programmes which help students make the connections between what they learn in school and how it can be applied in real life. In 2022, the AIB 'It's my Business' programme was delivered across participating schools with Junior Achievement Ireland and AIB volunteers where primary school students learned how to turn an idea into a business.

AslAm

AslAm is Ireland's national autism charity. The charity is working to create a society in which every autistic person is empowered to reach their own personal potential and fully participate in society. AslAm believe that by developing the capacity of the autism community and addressing the societal barriers to inclusion we can make Ireland the world's most autism-friendly country. The organisation provides direct support to autistic people and families.

In December 2022, we announced our partnership with AslAm. We will be supporting the charity to roll out more support services to autistic people in Ireland, while AslAm will work with AIB to put in place training and supports.

TASC

TASC (Think-tank for Action on Social Change) is an independent think-tank whose mission is to address inequality and sustain democracy by translating analysis into action. Through its work, TASC seeks to increase public knowledge of economic and social policy, improve working conditions, facilitate a just transition to advance climate action and protect livelihoods and communities, and more generally, contribute to positive social change in Ireland and the EU. AIB is represented on TASC's Advisory Committee, established in 2022.

In 2022, in progressing Ireland's transition to a low-carbon economy, TASC engaged two very different communities – Phibsborough on Dublin's Northside, and the village of Ardara in West Donegal – the first to sign up to TASC's pioneering new People's Transition project, supported by AIB. Following the success of these two pilots, in 2022 we extended our partnership for the People's Transition project to expand to more communities throughout the island of Ireland over the next three years.

The GAA

AIB is one of the longest continuous sponsors of the Gaelic Games, a relationship which goes back over 30 years and 2022 – 2023 was our 32nd season as sponsors of the GAA All-Ireland Club Championships. AIB is also in its 9th season as sponsor of the AIB Camogie Club Championships and has played a key role in the support and elevation of the women's game at grassroots level. Together, the Club Championships see 65,000 players compete from more than 2,500 clubs nationwide.

Since 2014, AIB has also sponsored the GAA All-Ireland Senior Football Championship, the country's premier football competition, which sees AIB present throughout the Gaelic Games calendar. The GAA and Camogie partnerships are of strategic importance to AIB as crucially there is a Gaelic Games club at the heart of every local community in Ireland. AIB has activated its sponsorship of all three competitions under the platform #TheToughest, which was named best sponsorship of the decade by marketing professionals in 2019.

AIB and Kaleidoscope

Kaleidoscope is Ireland's first 'for families' camping, music and arts festival with a Sustainability focus. In 2022, it brought together 15,000 families from all across Ireland to enjoy music, arts, culture and talks, including the AIB 'Green Living' experience. This activation allowed families to visit three sections, focused on nature and the planet, recycling and upcycling and biodiversity, before arriving at the AIB Pledge Tree where visitors could make a pledge to 'Do More' – which is the AIB communications platform for Sustainability – to change their behaviour in one simple but tangible way to benefit the planet.

**COMMUNITY
FOCUS AREAS**
SUSTAINABILITY
YOUTH & OPPORTUNITIES
DIGITAL & FINANCIAL
INCLUSION

70 CHARITIES
AIB COMMUNITY
€1 MILLION FUND
2022

€420K
AIB GOAL MILE
2022



ECONOMIC & SOCIAL INCLUSION COMMUNITY SUPPORT CONTINUED

We engage with Group Risk to ensure Community activities align with the relevant Group risk policies.

Our Community framework sets out how we drive meaningful impact, aligned with our Pledge to Do More and demonstrating our ESG credentials. The framework outlines our approach to community commitments, investments and assets through the amplification of our community programmes including social impact reporting.

AIB supports and promotes employee volunteering. Our volunteering activity is managed under our Volunteering Policy.

All community partnerships go through robust assessment process. Goals are agreed with our partners at the outset, and regular reviews to track performance against them. Before engaging in any community partnerships, potential negative impacts of donations, fund-raising and sponsorships decisions on environment, social and governance factors are considered. We also consider potential negative impacts that may arise from partnering with third parties, for example, potential reputational risk, legal risk and regulatory risk. We support charitable organisations that support good governance practice. One way we mitigate such risks is that only registered charitable organisations are eligible to be nominated in the AIB Community €1 Million Fund initiative.

All partnerships must adhere to governance through contract management outlining expectations for partnership agreements. Our Community partners are supported through our internal Supplier Relationship Management and our Third Party Management systems and we follow responsible supplier code policies.

→ **Read more:** Information on our community partnerships

2022 METRICS

In 2022, our Community investment totalled €10.7 million, including:

- 70 charitable organisations received funding in 2022 under the new AIB Community €1 Million Fund
- €500K - immediate response to Ukraine with donations going to GOAL, who supported on the ground in Ukraine, and the Irish Refugee Council supporting refugees in Ireland.
- The GOAL Mile 2022 in partnership with AIB raised €420,000. AIB supported GOAL with a marketing campaign promoting the GOAL Mile. This campaign resulted in raising awareness and delivering strong results such as a 28% increase in registrations and participation.
- AIB's partnership with FoodCloud directly contributed to the redistribution of 9,674 tonnes of food, removing of 30,956 tonnes of CO2 emissions. AIB employees volunteered 9,071 hours in the Cork, Galway and Dublin Hubs, gleaning on farms, or through skilled volunteering in 2022.
- We progressed our partnership with Junior Achievement Ireland where we introduced the AIB 'It's My Business' programme in 55 primary schools across Ireland where 1,998 nine to eleven year old students were educated on entrepreneurship. As part of our wider relationship, we continue to support JAI to reach 408 schools and over 30,000 students in Ireland.
- In 2022, AIB employees gave 3,686 volunteering hours to their local communities.

The positive impact from our activities is demonstrated across our customers, colleagues and communities. We monitor the impacts of our partners, as our support plays a role in helping them to achieve their goals and ultimately deliver significant impacts for society.



ECONOMIC & SOCIAL INCLUSION

COMMUNITY SUPPORT

CONTINUED

CASE STUDY:

AIB COMMUNITY €1 MILLION FUND

We launched the AIB Community €1 Million Fund in May to support charitable organisations that matter most to our customers and colleagues in the communities we serve. We asked our customers, the public and our colleagues to nominate registered charitable organisations – with over 6,000 nominations received and a final 70 charitable organisations supported by the fund this year.



Q. How is this topic connected to the Sustainable Communities Strategy?

The AIB Community €1 Million Fund links closely with our Sustainability strategy. Through our scale and the role we play in society, AIB is inextricably linked to the communities where we live, support and work. The funding goes directly to supporting local charitable organisations. Alongside our partners, this means we can extend the reach and support of our Community investment to help more local communities.

Q. Key activities undertaken to deliver the project?

This was a cross-functional project which stemmed across the organisation to ensure the project galvanised the support and interest of both our colleagues and the communities they serve. A promotional campaign raised awareness for our customers and employees with charitable organisations outlining the value of the support. A large part of this was ensuring that our local branches were engaged to deliver the campaign locally. Technology was configured to collate votes and judging panels were established to agree the winners.

Q. What was the impact/result?

70 charitable organisations were supported by the AIB Community €1 Million Fund in 2022. Examples of these charitable organisations include:

At Jack and Jill Children's Foundation, the €34,500 translated into 1,917 hours of special in-home nursing care and respite support for families.

The contribution of €28,000 will support a new building to house two classrooms for 44 children in The Clifden Playschool.

The €6,500 allowed Purple House to continue to provide children of sick parents with support facilities.

The employee-nominated charitable organisation The Irish Guide Dogs for the Blind received €3,500 which was used to provide additional services to improve clients' lives and give them independence and confidence to live a fuller life.

Q. Were there lessons learned from the work?

A promotional campaign raised awareness for our customers and employees with charitable organisations outlining the value of the support. Feedback received will inform future processes for our customers, the public and employees nominating charitable organisations as well as for the charitable organisations and the judges participating.

Q. Is there a Phase 2?

In 2023, we will build on the AIB Community €1 Million Fund and expand the campaign which will enable a further 70 charities to benefit, extending our reach and support to local communities and helping smaller local organisations to continue their work

Looking ahead

- In 2023, we will continue to focus on maximising the positive impacts of our community partnerships.
- Our partnership with GOAL will enable us to support emergency appeals. Our commitment to grow the GOAL Mile enables GOAL to raise funding and continue to respond to global humanitarian crisis.
- We will continue to support FoodCloud in reaching their ambition to redistribute even more meals to charitable organisations and removing tonnes of CO2 from the atmosphere in the process.
- Our partnership with JAI will be a proof point in demonstrating our commitment to Youth & Opportunities to all of our stakeholders. We will do this by supporting JAI in increasing the number of students and number of schools participating in the 'AIB It's My Business' programme. This will complement the existing support AIB provides through Future Sparks, university partnerships and educational opportunities.
- We plan to establish AslAm as a key partner and help them with their objectives to deliver services to 25,000 and create 1,000 jobs for autistic people.
- Our work with TASC to continue increasing local engagement with the Peoples Transition project to gain understanding of local issues and collaborate on the identification of solutions.
- Our second year of the AIB Community €1 Million Fund will extend to support more local charitable organisations.



FUTURE PROOF BUSINESS

Our future sustainability depends on our ongoing investment in our business, people and processes.

This chapter covers our future proof business related disclosures and our 2022 response and progress on the following material topics:

- Customer experience
- Digitalisation and interconnectivity
- Cyber security and business system resilience
- Protect our customers' privacy and data
- Talent attraction, retention and development
- Corporate governance and accountability



OUR TARGETS

2023

+53

TRANSACTIONAL NPS

2023

>2.25M

DIGITALLY ACTIVE
CUSTOMERS

ONGOING GENDER BALANCED

BOARD, EXCO AND
ALL MANAGEMENT



FUTURE PROOF BUSINESS - 2022 PROGRESS

Customer experience

- Completion of 70,000 Voice of the Customer Surveys with over 60% of customers rating their experience with AIB as either 9 or 10/10
- Transactional Net Promoter Score of +39, well-behind on our target with plans in place to understand and reverse this trend

→ [Read more: Customer experience](#)

Digitalisation and interconnectivity

- 2.1m digitally active customers with mobile app daily logins at >900k (up 12% yoy)
- Continued annual investment in technology of c.€300m into digital and direct channels, digitalisation of architecture and technology simplification & security

→ [Read more: Digitalisation and interconnectivity](#)

Cyber security and business system resilience

- Zero breaches of confidentiality or cyber incidents which resulted in penalties or revenue loss
- 90% of AIB employees completed mandatory Information Security training
- 12 separate phishing simulations and 62,707 phishing simulation emails sent in 2022

→ [Read more: Cyber security and business system resilience](#)

Protect our customers' privacy and data

- 90% of AIB employees completed the mandatory Data Protection Training
- Enhancements to the AIB publicly available Data Protection Notice, including content and ease of reading

→ [Read more: Protect our customers' privacy and data](#)

Talent attraction, retention and development

- Launch of an Inclusion & Diversity strategy – AIB awarded GOLD by the Irish Centre for Diversity
- 77% of colleagues satisfied with AIB as a place to work with 2,200 nominations for the AIB Annual Values Awards

→ [Read more: Talent attraction, retention and development](#)

Corporate governance & accountability

- Identification of AIB's potential salient human rights impacts relevant to our business for further action and due diligence
- 100% of Group Board Directors completed anti-bribery and corruption training in 2022

→ [Read more: Corporate governance & accountability](#)

TARGET

+53 Transactional NPS

2022 PROGRESS



TARGET

>2.25m digitally active customers by 2023

2022 PROGRESS



TARGET

Gender balanced Board, ExCo and all management

2022 PROGRESS





FUTURE PROOF BUSINESS

CUSTOMER EXPERIENCE

AIB's purpose is to back our customers to achieve their dreams and ambitions. To help achieve this, we adopt a Customer First approach – putting them at the centre of everything we do.

OUR TARGET

**2023
+53
TRANSACTIONAL NPS**

STRATEGY

AIB's purpose is to back our customers to achieve their dreams and ambitions. Under our Customer First strategic pillar, we challenge ourselves to always make decisions based on the right thing to do for our customers, always treating them fairly and with respect. We listen to our customer to understand their needs, and we also listen to them to resolve customer complaints quickly and fairly, escalating to our Customer Care team as appropriate. Our impact in terms of customer experience is demonstrated through our customer outcomes.

Positive experiences for customers are critical for the success of every business – a customer who has had a positive experience is more likely to do repeat business and to promote products/services to others. We aim to provide best-in-class experience and service to our customers.

We gather insights on customer experience proactively through our Customer Experience programme and reactively through our Complaints Management programme. Using customer feedback and insights to gauge their experience and to inform our actions, we design and implement improvements to processes, which enables us to deliver better outcomes. Any decline in customer experience is reviewed by stakeholders and actions that could be taken to address associated declines.

As our approach is also forward-looking, in rolling out strategic programmes, these insights help us to anticipate the future needs of our customers and how best to plan for them.

Understanding customer experiences

To deliver excellence in the customer journey, we need to understand our customers' experiences and the interactions they have with us. AIB uses a combination of approaches to understand customers' experiences.

Through our Voice of the Customer (VOC) programme, our Customer Experience team captures (through email, phone and digital quantitative surveys), monitors and measures customer feedback and insights across 20 transactional journeys and two relationship journeys. Annually, we survey c.70K customers to identify points of friction.

We layer the information we get from these quantitative surveys with complaints experience, to understand the issues which have caused most frustration for our customers. Once we understand the challenges, we can work to address them.

Our Customer Experience team manages our Customer Experience strategy, Net Promoter Score (NPS) measurement, Improved Journey Design, organisational customer closeness and improving our customer language.

**70,000
VOICE OF THE
CUSTOMER SURVEYS
2022**

How we manage complaints

Another way we gauge our customers' experience with AIB is through our Complaints Management process:

- If a customer is dissatisfied with something that we have done or failed to do, we have an easy and clear process for making a complaint – it can be made online, by letter, by email, by phone or in person in one of our branches. Setting clear and transparent complaints procedures for our customers, whether it be directly to us, or to a third-party, is the first step we take in remediating negative impacts
- When we receive the complaint we log it in our complaint system. We try to solve it quickly at local level, but if that is not possible it will be forwarded to our Complaints centre of excellence Customer Care Limerick (CCL). The team has dedicated pods to deal with each type of complaint and will determine whether it can be resolved quickly over the phone from talking to the customer or if it 'complex' and requires a more detailed investigation. Our employees on this team are selected and trained to ensure they have a strong customer focus, are good collaborators as well as being empathetic resilient and good listeners which allows them to gain a true understanding of the issue at hand.
- At the end of this process, if the customer is unhappy with the outcome they can appeal it to the Financial Services and Pensions Ombudsman (FSPO). In these instances, we endeavour to address and resolve as many complaints as possible using the FSPO's informal Dispute Resolution process through our dedicated FSPO team.



FUTURE PROOF BUSINESS CUSTOMER EXPERIENCE CONTINUED

We use Root Cause Analysis of complaints and errors to facilitate learning and development, to implement lasting solutions to improve customer experience and mitigate future risks. To help support and embed Root Cause Analysis we have developed and delivered a training module and appointed Root Cause Champions across the Group.

Our complaints activities are managed by a special unit within our Legal, Corporate Governance and Customer Care division. The area has the appropriate independence to challenge the organisation to ensure conduct considerations are properly identified; and to ensure customer complaints and concerns are addressed in an appropriate and timely manner. The function also has a clear path for escalation of issues to the Group Conduct Committee.

AIB uses Net Promoter Score (NPS) to measure customer satisfaction. We measure and monitor 20 transactional journeys and two relationship journeys. For NPS purposes, customers are asked "how likely is it that you would recommend AIB to a friend or colleague?" Scores derived from the question help us to understand whether our customers are having a positive or negative experience and ultimately if they are promoters or detractors of AIB.

On our website, we disclose the complaints data from the Financial Ombudsman Service (FOS), in line with FCA requirements in the UK. This data includes the total number of complaints made to FOS from our UK customers, the topic of complaint and how many complaints were upheld in favour of the customer.

Support for customers in difficulty

Where customers are in financial difficulty, our resolution process is based on their ability to repay, taking account of the customers' assets and their sustainable income levels. The Bank has a proven track record in supporting customers in difficulty and, as a regulated entity, has a robust governance and policy framework in place that deals in a consistent and equitable manner with customers whose accounts become challenged. All forbearance solutions – including any debt write-off – are reviewed regularly to ensure they are appropriate to customers' evolving circumstances and the Bank's fiduciary and regulatory obligations. This approach has ensured that we have resolved over 150,000 customer cases over many years in a fair and consistent manner. We have found that the vast majority of customers are able to meet the terms of their new arrangement and move on with their personal and business lives.

When we don't get things right

2022 was a year with massive industry transformation in the Irish banking industry. The exiting of Ulster Bank and KBC from the market resulted in hundreds of thousands of accounts to be opened with the banks that continue to operate here. While we put in place additional supports to make the transition easier for new customers, there were times where customers experienced long waiting times for account opening. This, together with the changes we had proposed for some of our branch operating network, resulted in a decline in our customer experience, which is borne out in our Transactional NPS score. We have taken on board our customers' feedback on these matters and are reviewing how to improve our customer experience. In 2022, to help reduce wait times, we have made a significant investment to enhance automation and enable greater access to digital account opening.

RISK MANAGEMENT

To ensure best practices are adopted and maintained, and the best outcomes are delivered for our customers, relevant policies and frameworks are in place, which are subject to regular review.

The Group Conduct Risk Framework, the Group Conduct Risk policy and the Code of Conduct set out the roles and responsibilities across the three lines of defence. All employees, including contractors, are responsible for ensuring compliance with the Group's frameworks, codes, and policies. Appropriate processes and procedures are in place to deliver compliance with those requirements on an ongoing basis. We employ the Central Bank's Consumer Protections Risk Assessment (CPRA) model for identifying, measuring, managing, monitoring, and reporting on Conduct Risk.

The Root Cause Analysis of Complaints and Errors Policy has been implemented across the Group. This policy sets out the approach that the Group uses to ensure a standard Root Cause Analysis methodology is undertaken as a result of customer complaints and errors. By applying this standard methodology, we can determine the root cause and identify appropriate solutions to prevent a reoccurrence of the issue. This is a new policy, first published in 2022.

Our responsibilities incorporate compliance with regulatory obligations including the Consumer Protection Code 2012:

- complaints not resolved within five days are governed by a regulated process, requiring a designated point of contact and regular written updates.

- if a complaint is not resolved within 40 days, the customer should be informed of the anticipated timeframe to resolve the complaint and informed that the complaint can be referred to the FSPO.
- Payment Services Regulations 2018 (PSR) provide for PSR-related disputes/complaints to be closed in 15 days, and in specific exceptional circumstances where there may be a third-party reliance for closure in 35 days.

Additional Regulations outlined in Policy:

- Consumer Credit Act 1995
- The Lending to Small and Medium Enterprises Regulations 2015
- S.I 375/2017 European Union (Markets in Financial Instruments) Regulations 2017
- Property Registration Authority Policy on dealing with unreasonable complaints Financial Services and Pensions Ombudsman (ROI)
- General Data Protection Regulation 2018 (GDPR)

FUTURE PROOF BUSINESS CUSTOMER EXPERIENCE CONTINUED

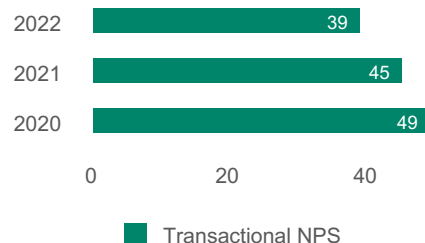
4.2 / 5
EASE OF BANKING
2022

4.1 / 5
CUSTOMERS
FEELING VALUED
2022

2022 METRICS

We monitor 20 transactional and two relationship NPS. We have a strategic target for Transaction NPS of +53 by 2023. Transactional Net Promoter Score (NPS) is an aggregation of 20 Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking journeys. We report quarterly to our Executive Committee and to Board on our progress towards our target.

In 2022 our Transactional NPS score was +39. This is not where we want it to be, but is reflective of how the Irish banking landscape significantly altered as a result of two bank exits and overall drop in customer satisfaction, driving heightened volume of activity impacting experiences in the short term.



Voice of the Customer (VOC) programme

In 2022 over 70k customers (personal and business) completed our VOC surveys and shared with us their experience of how we are performing. Despite a year of massive transformation in the banking industry in Ireland, we continue to drive strong advocacy level with over 60% of customer who have gone through one of 20 different transactional journeys rating the experience as either a 9 or 10 (out of 10).

Our customers continue to rate AIB positively:

- 4.2 out of 5 for ease of banking
- 4.1 out of 5 for feeling valued

Monitoring complaints

AIB adopts both quantitative and qualitative approaches to measuring and evaluating customer complaint data. Internally, we monitor a range of quantitative metrics including volume of complaints received, volume of complaints closed and time to close complaints for our customers, as well as a range of FSPO complaint metrics. Complaint trends are analysed and reported to the Board Risk Committee and Group Conduct Committee.

Our approach to complaints is to deliver customer-focused resolutions by working to resolve complaints referred to the FSPO through the informal Dispute Resolution process and thereby avoid the need for these complaints to travel to the Formal Investigation stage of the FSPO process. We have closed 86% of non-tracker cases through the Dispute Resolution process since the introduction of Dispute Resolution process to year end 2022. We monitor the percentage resolution rate annually and we maintain a consistent level of resolutions year on year.



FUTURE PROOF BUSINESS CUSTOMER EXPERIENCE CONTINUED

CASE STUDY:

CUSTOMER CARE & OUTCOMES

AIB has a dedicated programme and teams throughout the business to support customers with a vulnerability.



Q. How is this topic connected to the Sustainable Communities Strategy?

Supporting our customers as they make financial decisions is a cornerstone of sustainable banking and building strong, trusting relationships. The following is a real example of a customer falling victim to what is commonly known as a 'Romance Scam': Shortly after the death of their partner, an individual befriended our customer online. Over time a 'relationship' developed, starting on social media and soon moving to more direct communication.

Our customer is well off and the individual they had befriended advised that they had considerable experience in investing funds, convincing our customer to transfer significant sums of money to them to make investments on their behalf. These transfers were not in keeping with the usual activity on our customer's account. Because of this, the branch contacted the Vulnerable Customer Support Team, which sits under Customer Care and Outcomes, to ask for their assistance and advice. However, despite a number of conversations with the branch, our customer refused to believe they had fallen victim to a scam and continued to transfer the money. In order to prevent our customer from losing any more money, the Vulnerable Customer Support Team suggested that the branch refuse to facilitate any more payments until our customer took specific legal advice. The Team also recommended the branch contact the Community Guard to visit the customer. After speaking with the Guard and their solicitor, our customer accepted they had fallen victim to a scam.

Q. Key activities undertaken to deliver the project?

The resolution of this case involved significant engagement from different areas across the Bank, including Operational Excellence, Retail Legal, Local Market Leader, Local Markets Vulnerable Customer Advocate, Branch, and the Vulnerable Customer Support Team. It shows our commitment to looking after customers with a vulnerability in our community.

Q. What was the impact/result?

The customer did lose money in this case but the Bank was extremely proactive in preventing further loss. The proactive Customer Management was completed with a lens in sharp focus of the wider customer journey and resolving a customer issue before it escalated into a complaint which could have occurred if the branch employees had not taken it upon themselves to help the customer by seeking the support of the Vulnerable Customer Support Team.

Q. Were there lessons learned from the work?

The persistence of all teams in sensitively engaging and supporting the customer paid off. However, the level of sophistication that scammers and fraudsters use has increased significantly.

Q. What's next?

Ongoing training to continue to support our customers, keeping our teams abreast of latest scams and fraudulent activity.

Looking ahead

- The Customer Care & Outcomes initiatives planned for 2023 include the completion of the build and phased rollout of our new complaints and errors management Group System.
- The new system will mean better data capture and functionality, which will help employees resolve complaints more efficiently and improve insights and reporting.
- The system will allow customers to securely log complaints via a complaint form available through an authenticated customer channel.
- We will continue to make enhancements to how Root Cause Analysis is conducted with a particular focus on a standardised methodology, and commit to further development of the Root Cause Champions across each Business Area within the Bank.



FUTURE PROOF BUSINESS

DIGITALISATION AND INTERCONNECTIVITY

AIB supports 3.26m transactions on a daily basis across our digital channels. Recognising the changing behaviour towards increasing digital usage, we continue to invest in our digital platforms and focus on expanding the accessibility of our products and services via our digital channels.

OUR TARGET

**2023
>2.25M
DIGITALLY ACTIVE
CUSTOMERS**

STRATEGY

While maintaining the largest branch network in Ireland, along with our long-standing partnership with An Post, AIB is also well-established as the country's leading digitally-enabled bank. Again and again, our customers embrace the latest digital solutions to meet their banking needs – a trend that was amplified by the Covid-19 crisis and has continued since. We must be competitive and prepared to adopt technological changes on the scale that customers demand.

Investment in our digital capability is a strategic priority for AIB. Strengthening digital services enables us to continue to deliver meaningful enhancements to our customer experiences, characterised by faster response and turnaround times. We are continuously investing in technology, and to support this, under our Group corporate strategy, committed an annual investment of c.€300m. Our focus areas include digital and direct channels investment, digitalisation of our architecture and technology simplification. Our hybrid cloud strategy simplifies our technological infrastructure, enabling us to deliver new digital services in an agile, flexible and secure manner. Our modern mainframe architecture places us amongst the most modern globally, placing us at the forefront of digital transformation in Irish banking.

Our Digital Pillar has pivoted to an Agile Operating Model in Q4 2022. This will enable us to bring new offerings and improvements to our digital capabilities more quickly in response to a dynamic and changing market. Our new operating model will focus on customer outcomes ensuring all new features and improvements delivered will improve our customer experience and add value. This outcome focus will ensure that, in addition to delivering new features to our digital platforms, we undertake the required initiative so that our customers understand and adopt these new features.

To support our digitalisation strategy, we are strengthening our in house core capabilities and increase our recruitment in digital, data and change roles.

In 2022 our digitally active base grew at an exponential rate when compared with any previous year. This was primarily due to an increase in our customer base resulting from the exit of KBC and Ulster Bank from the Irish market. To support the significant increase in account opening activity anticipated, we invested heavily in our digital customer onboarding journey. Our ambition was to ensure the onboarding process was a quick and easy experience for these customers and to avoid congestion or delays in the branch network for new account opening appointments.

In 2022, we enabled Pay a Contact which allows our customers to send and receive payments in real time with another AIB customer using just their mobile number, while progression on a cross bank, real-time peer-to-peer payment solution is continuing at pace.

Also in 2022, we migrated our business customers to a new Business Banking platform which gives them a far superior user experience and ensures a resilient service for the future.

Not only is our digital base growing, but our customers are becoming more engaged, which is evidenced by the increasing frequency with which they log into our mobile app.

Enhancing customer experience

The digitalisation agenda is driving the use of ever more advanced analytical tools within our industry to deliver a more personalised customer experience. The fast pace of change is expected to continue into the future and analytically driven solutions will play an increasing role in delivering even better outcomes for our customers.

Traditionally, access to our products and services was constrained by opening hours and

physical locations, and often defined by paper or voice/call instruction. Through digitalisation, we can foster agility and flexibility, and ultimately offer our customers much greater access to our services. Key elements of our approach include our mobile app and our Digital Advocacy Programme.

Our mobile app enables customers to manage everyday banking anywhere and anytime, using their phones and the AIB mobile banking app.

Through our digital advocacy programme we have continued our focus on educating our employees and customers on our digital capabilities. Throughout 2022 we have run digital training and awareness initiatives with our frontline employees.

Data helps us to identify if digital services are being fully utilised, which in turn helps us prioritise areas of focus for our customer and employees Digital Advocacy programme.

**7%
INCREASE IN DIGITALLY
ACTIVE CUSTOMERS
AGED OVER 65
2022**



FUTURE PROOF BUSINESS

DIGITALISATION AND INTERCONNECTIVITY

CONTINUED

Responsible data use

We continue to evolve our approach to the responsible use of data in the organisation, by expanding the scope of our work on algorithmic fairness and data ethics education. In 2022, data ethics was incorporated into our mandatory Data Protection training.

Our data management programme has delivered several enhancements to the protection of customers' data in 2022. We have delivered an automated system that enables secure and efficient management of records management workflows. In addition, we are making significant progress on how we manage data across our platforms and are currently enhancing our approach to data classification to strengthen the management of data through its lifecycle. As a result of our ongoing work, by leveraging technology and automation, we are enabling local business units to manage and govern their customer data more efficiently into the future.

We continue to modernise our significant data repositories, including for unstructured data. We are preparing to migrate existing data to a new storage platform in 2023, which will further enhance our ability to protect some of our most important data, including customer data.

As a company that strives to use more data-driven decision-making and innovative technologies such as Artificial Intelligence (AI) and machine learning, we recognise that there are both risks and opportunities associated with these approaches.

We believe that we need to continuously respond to our customers' demand for a more personalised experience, in a proactive and responsible way. However, data-driven processes can increase risk, for example, failure to adequately secure, control or govern our data can lead to unintended bias in algorithmic decision-making or data breaches, which could result in the erosion of trust from our key stakeholders, such as our customers and

regulators. In recognition of these risks, during 2022 we made changes to our Group Model Risk Management Policy to incorporate algorithmic fairness requirements into the model development process and this updated policy was recently approved by the Group Risk Committee.

We use technologies to help our customers to manage their finances efficiently and to make every interaction with us as seamless as possible.

We believe that rigorous data protection measures and the responsible and ethical use of data are key measures to help keep our customers safe. Additionally, the forthcoming EU AI Act will assist us in enhancing our data and technology domain even further, with measures which will create even more rigour, accountability, and standardisation around the use of AI. We will always strive to ensure we maintain and improve our reputation as a trusted partner and a responsible steward of data, with a long-term focus on protecting the data of all with whom we do business.

Supporting financial inclusion

In Ireland, AIB promotes the use of mobile phone banking to increase access to banking services for all customers. In 2021, both the number of customers active on our Mobile app increased as did our Daily Interactions. The increasing trend across daily interactions evidences how our customers' behaviour has changed in recent years, reflecting enhanced digitalised functionality that is now available and the impact of Covid-19 over the last two years.

Digitalisation helping to prevent fraud

In response to increased fraud we have built new notifications capability. This allows us to send notifications to our customers when specific activity takes place which could potentially be an early warning indicator of a security issue. For example, if some personal details have been changed online.

Stakeholder interaction

Despite the challenges of Covid-19 over the last two years, we have continued to engage customers in usability testing prototypes and designs of proposed enhancements to our digital services, to ensure they are fit for purpose and meet our customer needs.

In 2022 we held our first Community Easybanking Workshop, where customers were invited to attend an evening in their local branch where they could meet the local employees and learn about digital banking at a simple face-to-face workshop.

82m
DIGITAL WALLET
PAYMENTS
2022

RISK MANAGEMENT

Policies

The following key policies support the management of Operational Risks associated with our technical infrastructure:

- Our IT Risk policy sets out the approach to the management of Technology risks by the Bank. The purpose of this is to protect the confidentiality, integrity and availability of our technological systems, thereby providing a reliable and secure set of services to customers and staff
- Our Continuity & Operational Resilience Risk policy sets out the approach to the management of continuity and resilience risks in order to improve our ability to adapt, withstand or recover from operational disruption
- The Information Security Risk Policy outlines the management of cyber risks. These policies ensure that as we continue to innovate and develop our digital offerings, we maintain focus on the management of IT, cyber and resilience risks to effectively protect the Bank and our customers' data and privacy while also ensuring regulatory compliance.

These policies are approved by the relevant governance fora on a regular basis, or when material changes are made, in accordance with the governance pathway. IT, Continuity & Resilience and Information Security risks are monitored on a monthly basis via risk governance committees. This provides senior management, with timely updates on the Group's operational risk profile.



FUTURE PROOF BUSINESS

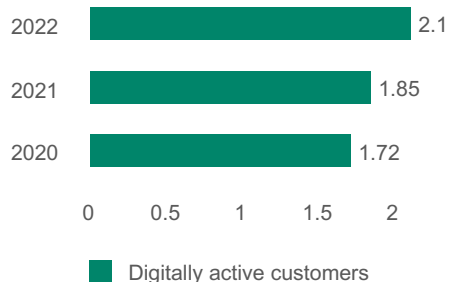
DIGITALISATION AND INTERCONNECTIVITY

CONTINUED

2022 METRICS

We report quarterly to our ExCo on our progress towards our 2023 target of >2.25m digitally active customers. Digitally active customers are those who have logged into Mobile App, Internet Banking or iBB in the last 90 days. By the end of 2022, AIB had 2.1m digitally active customers (2021: 1.85m):

Digitally active customers (millions)



We are making good progress towards our 2023 target of >2.25m digitally active customers.

- In 2022, our digitally active customer base grew to 2.1m (up 13% yoy)
- Mobile app daily logins are >900k (up 12% yoy).

In addition we monitor the daily transactions of our customers. This helps us to gauge which of our services are most important to them:

	2022	2021
Daily interactions	3.26m	2.86m
Mobile interactions	3.0m	2.6m
Active on mobile app	1.79m	1.55m
Daily Internet Banking logins	117k	115k
ATM transactions	75.0k	72.7k
Daily branch transactions	47k	44k
Daily contact centre calls	18k	21.3k
Daily kiosk/table logins	11k	8.7k

Our metrics clearly demonstrate an increasing demand from customers for digitalised services.

Other metrics

Due to significant investment in our digital customer onboarding journey in 2022, 70% of new personal customers are now eligible to open an account remotely. This compares to 30% previously.

Customer usage and demand for digital banking services continue to accelerate:

- 74% of AIB's personal customers are digitally active
- 89% of personal loans, 65% of overdrafts and 60% of credit card applications were completed online
- There was a 7% increase yoy in digital activity among customers aged 65+, including a 42% increase in those using our mobile channel
- There have been 82m digital wallet payments in 2022 - more than double the volume for 2021.

2.1m
DIGITALLY ACTIVE
CUSTOMERS
2022

>900K
MOBILE APP
DAILY LOGINS
2022





FUTURE PROOF BUSINESS

DIGITALISATION AND INTERCONNECTIVITY

CONTINUED

CASE STUDY:

ENHANCED SELF-SERVICE

In preparation for Ulster Bank and KBC leaving the Irish Market, AIB anticipated an influx of new customers moving to us in 2022. Our ambition was to ensure the onboarding process was streamlined and intuitive, providing an efficient and positive experience for these customers.



Q. How is this topic connected to the Sustainable Communities Strategy?

AIB is committed to improving our digital capabilities in order to best serve our customers and give them the best possible banking experience. This aligns with our Sustainability strategy.

Q. Key activities undertaken to deliver the project?

A detailed analysis took place on the current eligibility rules for Remote Account Opening in light of the anticipated new customers. That review revealed that only 30% of potential new customers would be eligible to open an account and join AIB digitally. A team was set up to identify and implement changes to increase the eligibility for digital onboarding for new customers.

Some of the improvements that were identified and implemented included:

- Changes to the app to accept Non-EEA customers
- Expansion of the acceptable Identification documents
- Changing some age limitations that were in place for the digital onboarding journey.

Q. What was the impact/result?

The success of these changes was evident when looking at the Digital Adoption for Remote Account Opening during 2022. Customers were made aware through external advertising and through staff engagement if they were suitable to open their accounts digitally. Digital onboarding for all new customers grew from 37% in Q1 2022 to on average 60% by year end 2022. This allowed AIB to provide excellent customer experience while facilitating an unprecedented demand on new account opening.

Q. Were there lessons learned from the work?

Small incremental changes allowed us to monitor and manage volumes better and adapt and make changes, where required, should an issue arise.

Q. What's next?

Review of overall journey and make improvements, where possible, based on main journey drop offs in order to improve overall conversions.

Looking ahead

- In 2023 we will deliver our new Business Mobile app, giving our business customers a better and more convenient way to access our Business Banking Platform.



FUTURE PROOF BUSINESS

CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

With the ongoing demand for, and move toward, digital platforms, the focus on security and resilience of systems has never been greater. This is an evolving material issue for all businesses as the cyber threat landscape continues to grow, encompassing existing and new technologies and exploiting vulnerable users. Cyber security incidents and the related costs make it a financially material issue.

STRATEGY

With increasing digitalisation, cyber security and system resilience is critical. Under our current cyber strategy, our purpose is to keep our customers and staff safe, with a keen focus on enhancing our cyber capabilities and system resilience. Every two years, we refresh our Cyber Strategy; the current strategy was approved by the AIB Board in 2021.

The Risk & Capital pillar of our Group Strategy has a strong focus on delivering a simplified, modern resilient, and customer-focused IT infrastructure, and to support this we committed an annual investment of c.€300m from 2021 to 2023. Our areas of focus include operating platforms, treasury, payments and business banking.

Our systems are designed and operated to remain secure, while providing products and services that are fit for purpose. AIB is accredited for ISO 20000 2018 standard certification for service management systems (which underpins our IT infrastructure). In addition, we have well-established, comprehensive Information Security Standards in place for over 16 years which are aligned to ISO 27001 and are reviewed regularly, with 80% of our IT infrastructure aligned with ISO 270001 and NIST (National Institute of Standards and Technology). AIB operates a SIEM (Security Information and Event Management) process to identify, triage and respond to potential Information Security Incidents. This SIEM is supported through AIB's strategic relationship with Accenture. We operate internal control testing aligned to the NIST Cybersecurity Framework.

In 2022, AIB did not experience any breaches of confidentiality as a result of a cyber security incident and did not have incidents to our IT infrastructure which resulted in penalties or revenue losses.

Roles and responsibilities

Roles and responsibilities for Information and Cyber Security are set out in AIB's Information Security policy.

The Chief Information Security and Risk Officer (CISRO) reports directly to our Chief Technology Officer (CTO). The CISRO has full accountability for AIB's Information Security and provides, at a minimum, quarterly updates directly to our Board Risk Committee.

Our Cyber Threat Intelligence (CTI) team collates and evaluates intelligence on known and emerging cyber threats targeting financial institutions. Our dedicated Security Incident team is supported by Accenture, under a strategic partnership, to analyse and respond to suspicious events. In the event of a security incident or cyber-attack, it would be managed in line with AIB's Incident Management process, and escalated, depending on the severity, to the appropriate level within the organisation. An overarching Information Security Governance (ISG) forum is supported by a number of groups that ensure AIB's information and technology assets are secured and protected. Our Data Governance Committee provides oversight, direction and transparency in decision-making, assists in maintaining good information security hygiene and provides an escalation path to Board, where required.

Employee training

All employees are required to complete Information Security training which covers our policy, data protection law, reporting and escalation of issues. In addition, three Cyber awareness trainings were delivered with Operational risk as part of AIB's Risk in Conversation week in Q4 2022.

Training is underpinned by ongoing phishing simulations, with the results allowing us to measure AIB's resilience to such attacks. We ran four global phishing campaigns in 2022 and ran an additional eight targeted campaigns. We launched an Information Security Connect

Space to facilitate employee updates, delivered 12 monthly Group-wide emails and two unplanned Group-wide emails, which helped drive security awareness using multiple communication channels for our employee population.

90%
EMPLOYEES COMPLETED
INFORMATION SECURITY
TRAINING
2022

Preventing fraud

Fraud is an increasing threat for society. We are committed to protecting our customers from Cyber threats/fraud and ensuring they can access their accounts with the confidence that their information is secure. We operate a multi-faceted approach to ensure customers are kept up to date on the latest threats, ways they can protect themselves and what we do to protect them. As part of this commitment, we treat awareness as a continual process of reiteration and education to ensure it stays in front of mind for our customers.

[→ Read more: AIB Fraud & Security Centre](#)



FUTURE PROOF BUSINESS

CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

CONTINUED

Stakeholder interaction

During 2022, we were in regular contact with our customers through email and other social channels. Information messages issued through Internet Banking provide examples of how current scams operate and the steps that can be taken to best avoid becoming a victim. These are scheduled to coincide with periods of heightened online activity, such as 'Black Friday' and the lead up to Christmas. Also, AIB's Security Centre provides customers with a dedicated self-service space to remain up to date on the latest information in between communication campaigns. It included the latest updates on current security alerts and threats our customers should be aware of, including screenshots of known fraudulent text messages. It also included the behavioural and technical details of how customers can increase the security of their devices and personal information. Given the ever-evolving threat landscape, this will continue to be a key area of focus.

We partner with other banks across Europe through the Banking & Payments Federation of Ireland and with the Cyber Defence Alliance (CDA), playing a role in fostering an open, knowledge-based and mutual protection culture that enhances the ability of all participants to protect against cyber threats. Our CISRO is a board member of the CDA.

RISK MANAGEMENT

Cyber risk interacts with our Material Risks to varying degrees, and we see it as a sub-risk within our Operational Risk framework. Information Cyber risk metrics and dashboards are reviewed regularly and, to protect our customers and the Group's data and operational resilience, we have clearly defined escalation processes to manage any Cyber risk events.

Policies

The Information Security Policy sets out the approach for the management of Cyber Risk and Information Security Risk:

- Information Security is concerned with managing the chance or possibility of harm being caused to the Bank or its customers as a result of a loss of the confidentiality, integrity and availability of information in all its forms
- In Cyber Security, the primary concern is protecting against unauthorised electronic access to the data. Roles and responsibilities in Cyber and Information security are set out in our Information Security policy.

All employees of the Group, including contractors, consultants, agents or third parties, business and IT partners and associates in all jurisdictions who directly or indirectly have access to AIB information and/or systems, or provide services on behalf of the Group, must comply with this Policy. Business systems resilience is also supported by AIB's IT Risk Policy and the Continuity & Operational Resilience Risk Policy.

Key controls

We have business continuity plans and incident response capabilities in place and test them at least annually. Regular internal design and operational effectiveness audits are conducted, and the results are reported to the Group Audit

Committee, Information Security Senior Management and CTO, as appropriate. To assure the security of the IT systems and data, we complete external verification and vulnerability analysis.

External verification is delivered through external audits which are completed at least annually. Tests cover infrastructure, application and intelligence-led penetration testing, as well as objective-based testing. We also have a Vulnerability Management Process in place for external and internal assets, that covers all stages of the Virtual Machine (VM) Lifecycle.

All new suppliers of IT services, and any contract renewals, are required to complete a Risk Assessment Template. An Information Security review may be required, depending on the nature and criticality of the service, as part of this assessment. If findings are identified during this review, the actions must be delivered in an agreed timeline with AIB management. AIB runs an annual programme of third-party assessments and all our suppliers are contractually required to comply with AIB Information Security Policy and standards.

Regulation changes

There is growing global regulatory focus on cyber security. Key regulations expected to come into force in 2023:

- ePrivacy Regulation – a proposed regulation concerning the respect for private life and the protection of personal data in electronic communications
- New York State Department of Financial Services (NYDFS) 500 cyber security regulations targeting financial institutions.

Future regulations expected, for which preparations are already underway, include:

- EU Digital Operational Resilience Act (DORA) for financial services (enactment January 2025) – see our case study on page 62 for more information

- Network and Information Security (NIS) Directive 2 – expanding the scope and sectors in the current NIS Directive; (expected go live 2024)

As part of AIB's preparation for the EU Digital Operational Resilience Act (DORA) regulation, we ran two 'Extreme but plausible' Cyber Simulations during 2022. These enabled us to understand the strengths and weaknesses of our control environment based off known threat vectors tactics and procedures. Each simulation was conducted using an external firm and involved over 200 staff, including the full Executive Leadership team.

2022 METRICS

We measure and monitor the effectiveness of our approach to managing this material topic using the following metrics and targets.

- 0 breaches of confidentiality as a result of a cyber security incident.
- 0 incidents to our IT infrastructure which resulted in penalties or revenue losses.
- Cyber training metrics:
 - 90% of our employees completed mandatory Information Security training
 - Additional virtual training was provided to over 800 high-risk users.
 - 12 phishing simulations in the year
 - 62,707 phishing simulation emails sent

Key cyber risk indicators monitored by the Board in 2022 include investment in cyber security defenses, and the number of high-impact cyber security incidents.

Cyber metrics are monitored on a regular basis and are reported to the Executive Committee on a monthly basis. In addition, a summary of these metrics is presented to AIB Board on a quarterly basis.



FUTURE PROOF BUSINESS

CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

CONTINUED

CASE STUDY:

DORA REGULATION

The Digital Operational Resilience Act (DORA) is a new European regulation which will be enacted in January 2025. DORA creates a regulatory framework for digital operational resilience under which firms and their ICT suppliers must ensure that they can withstand, respond to and recover from all types of ICT-related disruptions and threats. It is a horizontal framework, applicable across multiple types of financial entities and will be homogenous across all EU member states. DORA also extends to new players in the financial sector.



Q. How is this topic connected to the Sustainable Communities Strategy?

With the increasing number of our customers choosing to bank with us online, cyber security and system resilience was determined a material topic for AIB through our biennial independent research. By adopting the new DORA framework, we will be compliant with European regulatory requirements and confident that we have taken the necessary steps in keeping our systems resilient and our data secure. From a social perspective, higher levels of digital operational resilience of the EU financial system will decrease the number and average costs of incidents. Society, as a whole, would benefit from the increased trust in the financial services industry.

Q. Key activities undertaken to deliver the project?

A cross-organisational programme has been mobilised to facilitate AIB's compliance with the five pillars of DORA. These pillars include Third Party Risk Management (TPRM); Operational Resilience Testing (Cyber events); ICT Risk Management; Information Sharing and Incident Reporting. The DORA requirements are closely aligned to the ongoing work already being carried out by our Group Operational Resilience teams to ensure AIB can continue operations through adverse events or changing business conditions. This could mean a cyber incident, natural disaster, system failure, or sudden change in market conditions.

Q. What was the impact/result?

In ensuring compliance with the DORA regulations, AIB expects improved overall operational resilience. By reducing the potential for impactful ICT-related incidents, we will increase critical systems availability. Under the legislation which is applicable across all EU member states, we will have greater oversight and assurance of critical Third Party Providers. We will have an increased view of security posture and the improvements in risk management will lead to enhanced consumer and investor protection.

Q. Were there lessons learned from the work?

The programme commenced in 2022 and will be run over the next three years. Learnings will be established over the coming months, which will inform our processes and shape a continuous improvement drive across all aspects of our business.

Q. Is there a Phase 2?

As the legislation is to be enacted by 2025, we will work through the various elements over the next 24 months to ensure compliance by January 2025.

Looking ahead

- Refreshed Cyber Strategy due to be approved by AIB Board in early March 2023.
- We intend to continue to invest in technology, with an average annual IT spend of c.€270m committed from 2023 to 2025, to help us in delivering a simplified, modern, resilient and customer-focused IT infrastructure.
- Continue with the roll out of preparations underway, in anticipation for ePrivacy and NYDFS 500 regulations expected to come in to effect in 2023, as well as the DORA and NIS Directive expected in 2024.



FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

Our customers trust us with their information, and we recognise and understand the importance of keeping it safe, and being transparent about how we protect it and use it. In an increasingly digitalised world, data protection is a topic of utmost importance to all our stakeholders.

62,707
PHISHING SIMULATION
EMAILS SENT
2022

STRATEGY

We place our customers' privacy and security at the heart of everything we do and aim to constantly review our data processes and governance. Digitalisation is a key strategic focus for AIB. As we evolve, we continue to pay particular attention to protecting individual rights and freedoms and building trust with stakeholders. In 2022 we introduced enhancements to the personal data breaches reporting process, focusing on strengthening the technical and organisational measures to prevent further breaches and protecting customer data. We have also introduced the Jira tool to enhance the workflow of advices provided to the first line by the Data Protection Officer.

Our human rights commitment requires us to respect the privacy of our data subjects (i.e. our customers) and treat their information with appropriate confidentiality. We never access or disclose data subject or confidential information unless properly authorised or where the law requires us to.

Protecting customer information

Our customers trust us with their information, and we have a responsibility to keep it safe and be transparent with how we use and protect it. AIB place the privacy and security of personal data at the heart of everything we do, and we continually challenge ourselves to ensure that data protection and privacy remain top of mind. As we evolve, we pay particular attention to three key areas: protecting individual rights and freedoms, ethical decision-making and building trust with stakeholders. We recognise our responsibility to protect the fundamental rights of all people who deal with us, particularly when it comes to doing the right thing when using their data.

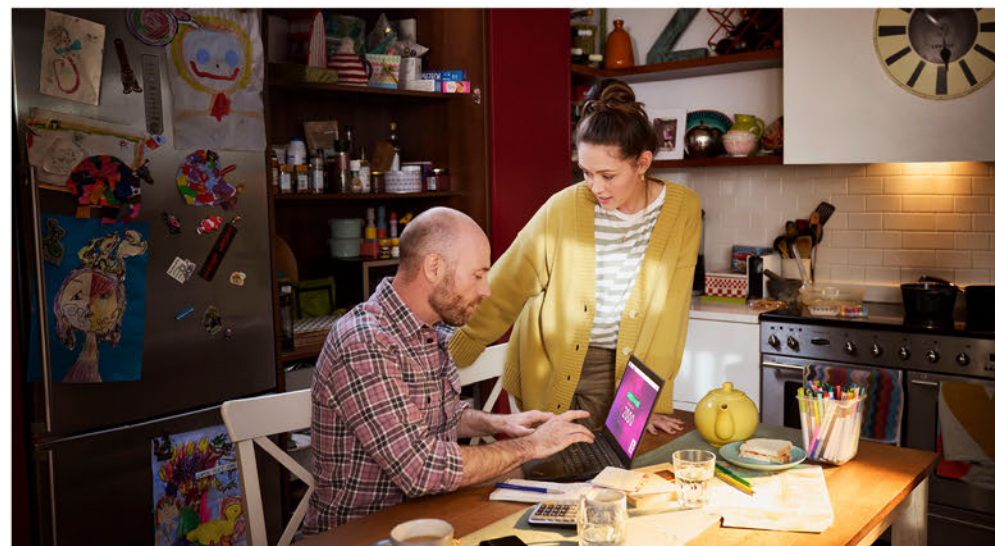
As AIB progresses on its digitalisation journey, we are focused on ensuring the control environment for data protection and data privacy keeps pace, and that customers and employees are kept informed of the ways in which their

personal data is processed, adhering to the core GDPR principle of lawfulness, fairness and transparency.

It is important for our customers that we are open and transparent with them about how we collect and use their personal data. Our Data Protection Notice (DPN) informs customers and potential customers about how their personal data is used.

In 2022, we launched an enhanced DPN, mindful of the principle of transparency in the GDPR which requires that any information and communication relating to the processing of personal data be easily accessible and easy to understand for our customers (known as 'data subjects' under GDPR). Our internal Customer Language team helped us to simplify the content and make it much easier to read and understand. Our DPN is publicly available on our website, where we also provide customers with information on their Data Protection Rights and some Frequently Asked Questions on data protection matters.

Where AIB shares data with a third party we expect these third parties to have the same levels of information protection that we have. Where AIB shares data with third parties outside the EEA we will only do so where we believe there are equivalent levels of protection for personal data as those provided by the General Data Protection Regulation.





FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

CONTINUED

We carry out data protection assessments of technologies and processing activities as part of our obligations. This includes Data Protection Impact Assessments where high risk processing is identified, and Balancing Tests to ensure data subject rights are respected. Group Risk Assurance (GRA) and Group Internal Audit (GIA) will also consider data processing, where relevant, as part of their targeted reviews. These reviews provide us with great insights into where we can improve our effectiveness.

In 2022, we completed the following enhancements:

- Developed a DPO methodology document on key processes and procedures.
- Introduced a new ePrivacy Policy which ensures AIB is well placed to implement the forthcoming Regulation once finalised.
- Incorporated into existing practices the requirement to complete a Transfer Impact Assessment.

Building trust with stakeholders

AIB is one of two pillar banks in the Irish market, and one of the larger domestic controllers of personal data outside of the public service. As such, AIB processes a huge amount of personal data on a daily basis, and our customers and employees trust us to do so in a way that respects their rights to privacy and to have their personal data protected.

We fulfil our regulatory obligations for satisfying the rights of customers and employees. Where there is a breach of security of personal data, data that could pose a risk to the rights and freedoms of data subjects, we report it to the supervisory authority. We are keenly focused on opportunities for improvement in data protection and privacy practices.

Responsibilities

Our DPOs are the point of contact for customers who have queries/complaints about how we process personal data, including breaches. They also maintain the relationships with the data protection supervisory authorities in Ireland and the UK.

The Group Privacy Office is responsible for embedding data protection by design and default across our business and ensuring that privacy considerations are at the heart of the decisions that we make, ranging from developing new products and initiatives to the onboarding of new suppliers. Records of processing are in place across the bank. A Privacy & Records Management Committee exists to provide governance, oversight and approval of data activities and strengthen AIB's data management and governance agenda across the Group.

Our Data Rights team supports data subjects who exercise their data protection rights.

Stakeholder interactions

We engage with employees to ensure breach processes are robust and that the business find it simple and efficient to report breaches. Breach analysis is reported on a monthly basis to the Regulatory and Risk Conduct Committee, the Group Risk Committee and the Board Risk Committee via the Chief Risk Officer's report. All employees must complete mandatory training, and bespoke training is provided to key areas throughout the year.

We also engage with regulators on all reportable breaches and provides an overview of progress against Breach Action Plans where required. In addition to the engagement with the Data Protection Commissioner (DPC) and the Information Commissioner's Office (ICO) directly, the DPOs also engage with industry representative bodies such as the Banking and Payments Federation of Ireland and UK Finance on data protection matters.

Stakeholders can submit data protection-related complaints to the Data Protection Office (these would typically come from the data protection authorities) or as part of our standard complaints mechanism (these would typically come from customers). See metrics and targets for details of our 2022 complaints.

Training and awareness

It is important that everyone is aware of and focused on data protection. All our employees are required to complete mandatory annual training on Data Protection. In addition, our DPOs provide additional training to augment awareness and understanding on data protection matters.

During 2022, training was delivered to AIB Group Boards and Executive Committee as well as to other colleagues including our 2022 graduate intake group.

In addition, general and targeted bespoke training was also provided, with a key focus on business areas where data protection breaches and complaints can occur. Training covers preventing personal data breaches, data protection policies and regulation. We used examples of real data breaches that happened in the past to bring our training to life, to help our colleagues understand how these can happen and how they can play a role to prevent them reoccurring, and ultimately to help us to improve.

RISK MANAGEMENT

AIB's key risks in relation to data stewardship include failure to adequately manage, govern and secure our data, leading to adverse events such as data breaches, resulting in loss of trust with our key stakeholders including customers and regulators. Additionally, there are new and emerging risks in relation to the use of innovative technologies and methods, in particular AI and Machine Learning. Failure to adequately manage these risks could result in poor customer outcomes, reduced transparency and unintended biases in relation to algorithmic decision-making.

Whilst data driven approaches can result in increased risk, they are also an opportunity to create a more personalised experience for our customers, giving them useful insights to help them manage their finances. Additionally, AIB sees data protection and the responsible and ethical use of data as an area where we can differentiate ourselves and build trust with stakeholders. By stewarding data in a responsible way with a focus on the long term, we can send a powerful message to our customers that their data is safe with us, now and in the future.



FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

CONTINUED

Policies and frameworks

The Regulatory Compliance Risk Management Framework sets out the principles, roles and responsibilities, internal control and governance arrangements in place to achieve AIB Group's regulatory compliance objectives. It is an integral part of Risk Management of Regulatory Compliance in the Group and is supported by a number of key policies including the Data Protection and ePrivacy policies as well as supplemental policies and standards.

Our Code of Conduct sets out that AIB expects employees to maintain high standards of physical, information, and digital security. In our Human Rights Commitment, we acknowledge and respect the privacy of our data subjects (our customers), treat their information with appropriate confidentiality and commit to never accessing or disclosing data or confidential information unless properly authorised or where the law requires us to.

Our Data Protection policy aims to embed a strong data protection risk-focused culture and develop and reinforce effective technical and organisational processes and controls to minimise the risk of unfair or unlawful data processing and ensure that all employees understand the responsibilities and obligations that must be adhered to under Data Protection regulation.

In addition, we introduced a new ePrivacy Policy, which outlines the bank's regulatory obligations with regards to ePrivacy regulation and Irish Data Protection Commissioner's (DPC) Guidance on cookies and tracking technology.

Regulatory change and data protection is ever evolving and requires constant consideration. Our Regulatory Compliance team is specifically responsible for independently identifying and providing an initial assessment of current and forward-looking compliance obligations including regulation on privacy and data protection.

Breaches of privacy and losses of data

Monitoring breaches is important, and it is also important that we review our controls on an ongoing basis to prevent breaches of a similar nature occurring.

Breach volumes are monitored regularly. On an annual basis we identify the areas of highest breach reporting and these are incorporated into our internal CRO report.

When reviewing breaches, we also review the impact to a customer arising from a data event.

In 2022, we completed a review of our approach to assessing and reporting personal data breaches and implemented some actions to improve our processes. We enhanced our risk reporting system (Shield) to align with DPC updated reporting requirements, and to streamline and simplify engagement with the business on personal data breaches.

Also during 2022, we began including Central Credit Register amendments as personal data breaches on a go-forward basis. This has resulted in increased breach volumes, and corresponding actions taken by business areas to prevent such breaches from occurring.

2022 METRICS

We monitor employee training and report annually on substantiated complaints received concerning breaches of customer privacy and losses of data

Substantiated complaints from outside parties



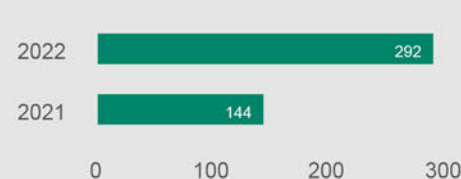
Complaints relating to data protection may be received directly through the Data Protection Office or as part of a complaint managed through Group Customer Care. In 2022, we received 140 DP complaints from customers directly, and 315 DP complaints in 2021.

Substantiated complaints from regulatory



In 2022, AIB received 13 complaints from Data Protection Authorities regarding breaches of data privacy. This compares to 17 in 2021.

Identified leaks, thefts or losses of customer



In 2022, we reported 292 personal data breaches under GDPR to the DPC. (This is comparable to 144 DPC in 2021). While these may include losses of customer data or inaccuracy, the majority of those we reported related to unauthorised disclosure of personal data.

Employee training

In 2022, 90% of employees completed the Data Protection course. 754 FTEs received additional classroom-based training.



FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

CONTINUED

CASE STUDY:

ePrivacy Policy

In line with AIB's Customer First strategy, there is continued focus on our customers right to privacy – recognising their trust placed in us to keep their personal data safe and secure. Anticipating new EU ePrivacy Regulation, in 2022 we enhanced our focus through the introduction of a new ePrivacy Policy which ensures AIB is well placed to implement the forthcoming Regulation once finalised. The primary focus of the ePrivacy Policy is the protection of fundamental rights and freedoms of our customers regarding the use of electronic communications services.



Q. How is this topic connected to the Sustainable Communities Strategy?

In AIB, we are mindful of the data collected from electronic communications between customers and employees, and the enhanced capability of AIB to draw insights from this data as the bank's technology and digital strategy continue to evolve. The AIB Data Protection Office (DPO) recognises the importance of building trust with our stakeholders, and how the appropriate management of their data is key to building and respecting that trust. The enhanced ePrivacy Policy sets out rules to ensure the right of customers and employees to a private life – the appropriate use of their data – remains paramount.

Q. Key activities undertaken to deliver the project?

The DPO undertook a review of the AIB Data Protection Policy, to ensure it was in line with the regulatory obligations of the GDPR, local data protection law, and the standards expected by the European Supervisory Authorities (SAs). The DPO identified that the Policy did not contain any obligations relating to ePrivacy. The DPO determined the most appropriate course of action was the development of a standalone policy, recognising the right to privacy as a separate human right to the right to have one's personal data protected.

Q. What was the impact/result?

The DPO developed and deployed the ePrivacy policy, detailing the roles and responsibilities within AIB regarding the identification, assessment, management, reporting, control and oversight of electronic communications. This Policy incorporates the regulatory obligations from the 2002 ePrivacy Directive, as well as the regulatory obligations from the 2020 DPC Guidance on Cookies and Tracking Technology, and the UK Privacy and Electronic Communications Regulations (PECR).

Q. Were there lessons learned from the work?

The project reinforced the need for ongoing review and appropriate enhancement of our existing policies in line with the evolving external landscape. More recently, this approach also identified opportunities for improvement for the AIB Data Protection Notice (DPN), in terms of content and presentation.

Q. What's next?

The DPO will continue to guide and support AIB employees on their roles and responsibilities as set out in the ePrivacy Policy. The updated DPN is on target to go live by the end of Q1 2023, and it is expected that AIB will be the first bank to secure a Plain English Mark for their DPN.

Looking ahead

- During 2023 we will continue to engage with internal and external stakeholders to identify opportunities to improve breach volumes and breach management.
- We plan to develop an enhanced breach assessment matrix, incorporating multiple risk drivers and linking to the Group Materiality Matrix.
- We also intend to focus on how we can improve the effectiveness of our breach reporting processes.



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

For our customers we are at the heart of their daily financial lives, it is our purpose to help them achieve their dreams and ambitions. To achieve this, we need to have a dedicated, qualified, talented and engaged workforce, which makes AIB a great place to work.

**OUR TARGET
ONGOING
GENDER
BALANCE
EXCO AND ALL
MANAGEMENT**

STRATEGY

Attracting and retaining the best talent is critical to our success in delivering for our customers, the communities we operate in and our investors. Ireland is where we have our most significant operations, and AIB is one of the largest employers in the Irish market.

Our People Strategy articulates how we support and empower our people to back our customers and position AIB as an employer of choice. The attraction and development of talent in the changing Irish banking sector and, generally in the post pandemic employment marketplace, has been essential to the delivery of our Group Strategic Priorities. We responded to the changing landscape by enhancing our employee value proposition through the adoption of flexible hybrid working arrangements, fostering a strong ethos of career advancement, maintaining a leading position on inclusion and diversity, relentlessly embedding a culture of accountability, and the continuous promotion of wellbeing and engagement throughout the organisation.

AIB as an attractive place to work

Work-life balance, flexibility and mental health are front-of-mind for employees in the post-pandemic workplace. In 2022 AIB took a number of actions to enable our People to thrive professionally and foster greater workforce resilience in an increasingly competitive employment market. These include

- Cultivating a culture of universal inclusion with the implementation of a new Inclusion & Diversity (I&D) strategy
- Adoption of a flexible hybrid working model, enabled by clear principles and best-in-class technologies
- Development of talent pipeline, with a strong focus on increasing early career talent
- Enhancement of our family leave policies to support our working parents

- Cost of living support for our people
- Nurturing a safe and supportive working environment with a strong emphasis on enabling a culture of accountability where employees feel safe to speak up and truly champion customers' interests
- Offering bespoke wellbeing initiatives – incorporating physical, mental, social and financial – supported by a Group-wide network of 1,000 accredited mental health advocates, and through our Employee Assistance Programmes and Time to Talk and Time to Text.

Our people strategy received external recognition throughout the year. In April, AIB was ranked sixth in LinkedIn's list of the top 25 workplaces to grow your career in Ireland. The Top Companies List identifies the top 25 organisations in the country that offer career growth, skills development opportunities and job stability. AIB is the leading indigenous Irish company to feature among a host of international companies.

At the 2022 GradIreland Graduate Recruitment Awards, AIB was voted the Most Popular Graduate Recruiter in Banking, Investment and Financial Services, for the third year in a row. We were delighted to receive this recognition in a competitive graduate market and in an award category voted on by the graduates themselves.

The significant progress we have made on I&D was externally recognised in August, when we became the first Irish bank to be awarded the Gold Investors in Diversity accreditation – the highest level of accreditation available from the Irish Centre for Diversity, which offers the only I&D mark for businesses in Ireland. The accreditation is based on achieving significant progress in five focus areas including, leadership, policy, recruitment, retention, recording and impact on external diversity.

→ [Read more: Inclusion & Diversity code](#)

77%
**COLLEAGUES SATISFIED
WITH AIB AS A PLACE
TO WORK
2022**

2,200
**NOMINEES EMPLOYEE
VALUE AWARDS
2022**

20,000
**VOTES CAST – EMPLOYEE
VALUE AWARDS
2022**



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

Universal inclusion

In early 2022, AIB launched a new Inclusion & Diversity (I&D) strategy, with an emphasis on creating a working environment that enables everyone to reach their potential. The ultimate aim is a workplace where inclusion is a universal experience and diversity thrives to the benefit of colleagues, customers and communities (see case study on page 71). Key elements of this work include enterprise-wide campaigns, progressive policies, diversification of our recruitment practices and mandatory I&D training for all employees. The strategy includes a specific focus on providing opportunities for disadvantaged young people, empowering people with disabilities to develop new skills and the promotion of gender balance.

In addition to progressing our I&D strategy internally, we are also partnering with external organisations in the community. The first phase of this work centred on a number of initiatives to support disability empowerment. The 'Impact Hub@Crann', located at the Crann Centre in Ballincollig, Cork, was launched in March by CEO Colin Hunt. It is backed by AIB along with Cork City Council and long-time AIB partner the Open Doors Initiative. The hub features a 17-desk facility with high-speed broadband and a fully accessible working environment. It enables people living with disabilities to enjoy the benefits of inclusive co-working and create business and employment. In June 2022, AIB announced a three-year partnership with Technological University Dublin to launch the Entrepreneurship for People with Disabilities Programme. It is the only customised entrepreneurship programme in Ireland designed to address the additional and distinctive challenges faced by people with disabilities when starting their own business. AIB also has a three-year agreement in place to support the Trinity Centre for People with Intellectual Disabilities (TCPID), which provides a skills programme that leads to a qualification from Trinity College Dublin. The first internship placement from the programme commenced in 2022, supporting the work of the Reception team in AIB's Molesworth Street head office.

In support of our I&D strategy, we continue to focus on building a diverse talent pipeline Group-wide. In September we expanded our apprenticeship programme, with a number of apprentices drawn from programmes run by designated third-level institutions and industry bodies now working across many areas within AIB.

Gender balance

Our ExCo and Board are maintaining ongoing gender balance at 42% and 40% respectively. In 2022, we published our Gender Pay Gap report for AIB in Ireland. See Metrics on page 70 for more information. We will continue to take active steps to close our gender pay gap through implementing our Inclusion & Diversity strategy goals (long term gender balance target at Group-wide senior management level of >40% female) and focusing on attracting and developing female talent.

Learning and developing in AIB

We invest in best-in-class training and development to support our employees to perform their best work, and reach their potential. Our objective is to make learning inclusive and accessible to everyone who works in AIB and our employees can access a wide range of training, skill development and leadership development programmes.

Annual mandatory training is required for key policies including our Code of Conduct, Conflicts of Interest and Speak Up policies. It is delivered online and ensures our employees understand the behaviours we expect in AIB and how they can raise an issue. We target a completion rate for mandatory courses of 90%. In 2022 the minimum completion rate was achieved for our Conflicts of Interest and Code of Conduct training. Our Leaders Enabling A Difference (LEAD) programme is focused on the development of strategic leadership capabilities for our almost 3,000 people leaders.

In January, we ran Invest inYou week, our annual career development initiative designed to

showcase and sign post all the career development supports available in AIB. Over 3,200 staff attended 47 career development events with the support and participation of senior leaders across the organisation. The purpose of the week is to empower, encourage and engage our people to take ownership of their career journey and develop and strengthen their networks at AIB.

AIB also supports a range of educational programmes, including supports for required education (for example, education required for Minimum Competency Code (MCC)-impacted roles for our employees in Ireland and Chartered Banking Institute courses for employees in the UK). Employees can also apply for support for other courses including post-graduate programmes and role-specific qualifications (for example ACCA/CIMA for accountants).

In 2022, our training spend increased to €880 per employee and our employees completed on average 35 hours of training during the year.

A supportive working environment

Promoting a culture that supports our people in achieving a sustainable work-life balance while navigating critical life stages is a key element of our People Strategy. Our Hybrid Working model is now embedded, enabled by clear principles and best-in-class technologies, facilitating a blend of remote and office working for colleagues in applicable roles.

In 2022, we made progressive enhancements to our family leave policies including the extension of fully paid parents leave to seven weeks and the introduction of a range of leave options to support colleagues building their families such as surrogacy leave, fertility leave and compassionate leave for loss of pregnancy.

We want to ensure a safe and supportive working environment for our people and as one of Ireland's largest employers, it is important that we stand with colleagues experiencing domestic violence and abuse. In December, we enhanced

our practical supports to include ten days paid leave, emergency hotel accommodation and security assistance.

Additionally, we have a broad range of leave options available to assist our people at all stages of life, including emergency family leave, study leave (for education), special absence breaks, and supports around menopause. We will continue to review and enhance our People Policies to ensure that we have the right supports in place for our people to allow them to thrive professionally.

Hiring activity

In 2022, the external market for talent was extremely competitive, particularly due to record levels of employment and the radical changes in the Irish banking landscape with the announcement of the withdrawal of two retail banks. We significantly increased recruitment across all the jurisdictions in which we operate, to provide extra capacity and capability in key areas, whilst creating development opportunities for our people. At the end of 2022 we had 9,135 full time employees (FTEs) working for AIB. Our employee turnover levels in 2022 are broadly consistent with pre-pandemic turnover levels of c.17% annually, with an attrition rate of 11.7%.

120 TEAMS
UNIVERSAL
INCLUSION PLEDGE
2022



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

Remuneration

Non-Executive Directors are paid a competitive, non-pensionable fee in respect of their services as directors and additional non-pensionable fees in respect of other responsibilities, such as the chairmanship or membership of board committees, or the board of a subsidiary company, or in performing the role of senior independent non-executive director, reflecting the time commitment and the responsibilities of the role. The remuneration of Executive Directors and members of the ExCo is determined on appointment by reference to external benchmarks in order to provide an appropriate level of competitive remuneration commensurate with the size and functional responsibilities attaching to their roles. Non-Executive Directors' fees are determined by the Board, within the limits set by shareholders, in accordance with the Articles of Association. Base salaries of Executive Directors and members of the ExCo are reviewed by the Remuneration Committee on behalf of the Board.

The Group has been required to comply with executive pay and compensation restrictions following the Group's re-capitalisation by the Irish Government in 2010 and 2011. In December 2022, the Irish Government eased most remuneration restrictions impacting the Group, while retaining the cap on base salaries of €500,000 and a limit on variable remuneration of €20,000 per employee in each 12-month period. The Government's consent is required for payments above these amounts and the Excess Bank Remuneration Charge continues to apply. Consequently, to better align with industry practice and following on from the Government's easing of remuneration restrictions, AIB has updated its Remuneration Policy, which is publicly available.

→ [Read more: AIB Group Remuneration Policy](#)

Engaging with our stakeholders

We keep our People Strategy and policies under review, ensuring we are responsive to an evolving external market, industry best practice and stakeholder feedback, both external and internal. We monitor the effectiveness of our actions through regular monitoring and reporting on our Talent and Culture metrics to Board and ExCo, through our engagement surveys with our workforce, and ongoing engagement with our various employee advocate and resource groups.

Our workforce surveys create a platform for feedback and a dynamic mechanism for listening to our colleagues and for delivering meaningful actions on the issues that matter to them. Our Aspire performance management programme promotes and encourages regular quality one-on-one conversation focused on employee development and feedback.

Expert, independent feedback was provided to AIB as part of our assessment for the Investors in Diversity accreditation, which we will consider to determine enhanced/new ways we can progress diversity in AIB.

Freedom of association & collective bargaining

We recognise our colleagues' right to freedom of association and to participate constructively in dialogue with trade unions recognised by AIB, with collective bargaining covering c.75% of our employee base.

Raising a concern

Employees can raise a concern through our grievance mechanism (a process for our employees who feel they have been mistreated or have been subject to behaviours they believe are contrary to our Code of Conduct) or through our Speak-up programme (a process for reporting potential/actual wrongdoing). See page 73 for more details on our Speak up programme.

RISK MANAGEMENT

People and culture risk

Our people, coupled with our values, are the cornerstones upon which our culture and continued success are built. In that regard the Bank has identified People & Culture risk as a material organisational risk, defined as 'the risk to achieving the Bank's strategic objectives as a result of an inability to recruit, retain or develop resources, or the inability to evolve the culture aligned to the Bank's new values and behaviours.' Promoting and embedding a strong culture of accountability is very important to the organisation. This is emphasised at all levels in the Bank, specifically through preparation work for the incoming Individual Accountability Framework, which includes the Senior Executive Accountability Regime (SEAR), strengthening of the individual accountability focus of our performance review system, and engaging in training and awareness activities to reinforce the accountability agenda.

Frameworks, policies and codes

Significant focus is placed on mitigating risk through the development and implementation of Group frameworks and policies, such as our Code of Conduct, Conflicts of Interest, and other HR and risk related policies. Our broad range of HR policies are regularly reviewed in line with legislation and industry best practice, and protect the human rights of our employees. We expect employees to treat each other courteously and with care, respect, dignity and fairness at all times. We value diversity as a strength and do not tolerate any form of discrimination or harassment. These expectations are clearly set out in our Code of Conduct, under which we actively avoid causing, financing or contributing to any business activity that is known to breach human rights or fair practices.

All employees are required to adhere to our Code of Conduct and are to complete a declaration of compliance with it as part of the annual ASPIRE performance management

process. Failure to comply with our Code is taken seriously and robust processes are in place to deal with any failings in that regard. These policies are reviewed annually to ensure input is gathered from all relevant stakeholders. Annual reporting to Group Conduct Committee and the Board on Code of Conduct and related activities ensures proper oversight and helps drive positive outcomes.

Health & Safety policy

The safety of our employees, as well as our customers, is paramount. Our Health & Safety policy, which is endorsed by our CEO, forms part of our Safety Statement. It sets out the practical steps everyone who works in AIB needs to take to ensure the safety of our employees, customers, contractors, visitors and our workplaces, and defines and communicates the roles and responsibilities for health and safety throughout AIB. It is supported by training (online, virtual and blended options) and regular accident awareness communications. We report to the Board annually on our performance against our policy. Our Health & Safety report is available online at www.aib.ie/sustainability.

Regulations introduced in 2022

Recently introduced regulations legally require organisations in Ireland to disclose their gender pay gap, with a prescribed methodology on how these calculations are made. See Metrics on the next page for more information.

We have consistently offered parent's leave on a full pay basis for employees since its introduction in 2019. In July 2022, following the extension of parent's leave entitlement from five to seven weeks under changes to the Parent's Leave and Benefit Act 2019 announced in Budget 2022, we enhanced our parent's leave offering to provide a total of seven weeks fully-paid leave to allow our working parents flexibility to take additional leave during the precious time that is the first two years of their child's life.



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

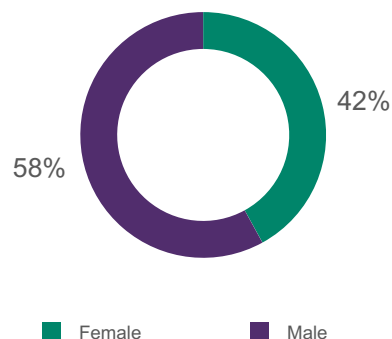
2022 METRICS

We report annually on progress on our ongoing gender balance target. We also report annually on a range of employee-related metrics (including diversity and training), and CEO compensation metrics and gender pay gap.

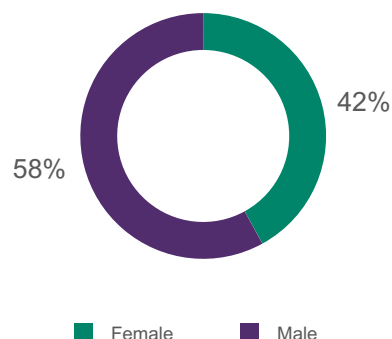
Progress on our gender balance target

AIB has an ongoing target of gender balance for ExCo, and all management. We reference the Gender Equality Global Report and Ranking's definition of 'gender balance' as between 40% and 60% female representation. In 2022, we maintained gender balance across both categories – with female representation at 42% for both. We will continue to build on our gender balance action plan in 2023, focusing on attracting and developing female talent and actively seeking opportunities to drive progress. By way of example, during 2022, AIB was an early signatory of Ireland's first Women in Finance Charter, a collaboration between industry and Government to drive diversity under the Ireland for Finance strategy.

Female representation – ExCo



Female representation – all management



AIB employee profile

Below are some year-end metrics on employees. These metrics cover 9,135 AIB employees (i.e. excluding Payzone and Goodbody) which at year end equated to 95% of all employees in the Group.

At 31.12.2022, AIB had 9,135 employees :

- 5,009 (55%) are female.
- 62% are aged between 30 and 50 years.
- 8,424 (92.2%) work in Ireland. 96% of our Irish employees have permanent contracts and 95% work full time.
- 681 (7.5%) work in the United Kingdom. 97% of our UK employees have permanent contracts and 94% work full time.
- 30 (0.3%) work in the United States of America. 100% of our US employees have permanent contracts and 97% work full time.
- It is not AIB's approach to provide employees with a contract that does not guarantee a minimum/fixed number of working hours.

For more employee information, see our Employee Data on pages 92 – 95.

Compensation

- The highest paid individual in our organisation is our CEO.
- The median annual total compensation for all employees (excluding the CEO) is €52,035.
- In 2022, the ratio of the annual total compensation of our CEO to the median annual total compensation of all employees (excluding the CEO) is 9.61:1 (2021: 9.84:1).

Gender pay gap

Our 2022 gender pay gap (GPG) for AIB RoI is 18.4% mean (average) and 14.4% median (midpoint) based on our snapshot date of 30 June 2022.

The primary reason for our GPG is due to our organisational shape, with a significantly larger number of females in lower level roles and higher numbers of males in more senior positions. We are committed to progressing our gender balance action plan, building upon our achievements to date.

TRAINING

Average Training hours

34.8 hours (female)

35.3 hours (male)

(2021: 28.2 hours (female) and 27.7 hours (male))

Average training spend per FTE

c.€880

(2021: c.€800)

3,000 people leaders completed our LEAD programme in 2022 with 51% female participation

OTHER METRICS

77%

of our colleagues reported that they are satisfied with AIB as a place to work in our most recent engagement survey

2,200

nominations for employees exemplifying our values, and almost 20,000 peer-to-peer votes cast in our second Employee Value Awards.



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

CASE STUDY:

STRIVING FOR UNIVERSAL INCLUSION

Launched in 2022, AIB's enhanced Inclusion & Diversity (I&D) strategy engaged colleagues in innovative new ways, under the theme of 'Universal Inclusion'. The aim was to significantly increase understanding of inclusion & diversity and the business benefits of having an inclusive culture and work environment where anyone can be at their best and reach their potential.



Q. How is this topic connected to the Sustainable Communities Strategy?

By improving our understanding of Inclusion & Diversity and taking action to promote I&D across all our business areas, we can make a positive contribution to social and economic inclusion and position our business well for the future as an attractive and inclusive place to work.

Q. Key activities undertaken to deliver the project?

2022 commenced with a month-long Universal Inclusion campaign, a first for AIB. A second campaign followed in June - Allyship and Inclusive Behaviours. Both campaigns were supported through extensive communications and Learning & Development initiatives – all designed to significantly enhance awareness and understanding of the benefits of I&D for colleagues, customers and sustainable communities. The final part of AIB's activity for 2022 was tangible action in the area of diverse talent recruitment. In September, we launched a new apprenticeship programme, with apprentices drawn from programmes run by designated third-level institutions and industry bodies.

Q. What was the impact/result?

Throughout the Universal Inclusion campaign, teams were encouraged to create a Universal Inclusion pledge, a commitment by a team to contribute towards I&D. 120 teams made pledges across the Group. The Allyship and Inclusive Behaviours videos were seen by an average of 5,000 colleagues weekly over the course of the campaign. Two new guides on

inclusive behaviours and inclusive communications were launched to promote positive behaviours, and reiterate zero tolerance of poor behaviours. The new training module on I&D was completed by 91.3% of AIB leaders, employees and contractors and an Inclusive Leadership module in the LEAD programme was completed by 92% of all people leaders in AIB. An integrated approach to apprenticeships resulted in 25 apprentices taking up positions across the Group. Following on from this, we were proud to back a new Inclusive Recruitment toolkit developed by the Open Doors Initiative and Employers for Change which was made available to 60+ Open Doors member companies.

Q. Were there lessons learned from the work?

AIB made strong progress on raising awareness of I&D to new levels in 2022, learning important lessons along the way. Positioning I&D as a business enabler relevant to all was important, as was strong support from both senior leaders and people engagement advocates to drive participation in I&D initiatives.

Q. Is there a Phase 2?

The next phase of AIB's I&D strategy is to further embed Universal Inclusion through enterprise-wide campaigns, improve data capture related to I&D and contribute to economic and social inclusion through an increased focus on diverse talent recruitment and progression.

Looking ahead

- We continue to adapt to the changing market conditions in the financial services industry in an agile way to ensure we have the right capabilities in place, at the right time to deliver our strategic priorities. We are focused on developing our future capability requirements and attracting diverse talent pools to build a strong talent pipeline for the future.
- Ensuring our people feel connected to our organisation is critical, particularly in a hybrid working environment and we will continue to foster a culture of connectedness through our programme of engagement, wellbeing and inclusion initiatives. We have been recognised as an industry leader in I&D and we are committed to driving progress on our I&D strategy to ensure a culture of Universal Inclusion across the organisation.
- We will continue to take active steps to close our gender pay gap, maintain our gender balance targets and attract and develop female talent. We are focused on ensuring that we have market leading HR policies in place to enable our people to thrive and make their career journey with us as fulfilling as possible and ensure that AIB remains an employer of choice in the market.



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

Our impact in ensuring that the Group is managed in the interest of all stakeholders following a framework of rules and practices to ensure accountability, fairness and transparency is critical. The approach we take to corporate governance and corporate behaviour supports this issue, which is relevant for all stakeholders – those who influence our business and those impacted by our actions.

OUR TARGET

**ONGOING
GENDER
BALANCE
BOARD**

STRATEGY

AIB's strategy is comprised of five pillars - Customer First, Simple & Efficient, Risk & Capital, Talent & Culture and Sustainable Communities. The Board is responsible for promoting the long-term sustainable performance of the Group, setting the Group's strategic aims and risk appetite to support the strategy. The Board is responsible for approving the Group's strategic, investment and financial plans.

The Board is cognisant of the importance of its role in driving sustainable value for shareholders in the longer term, with due consideration for all stakeholder groups, and is committed to upholding high corporate governance standards in all its deliberations.

Culture and accountability

AIB's purpose, to back our customers to achieve their dreams and ambitions, was developed by the Group's Executive Committee and supported by the Group's Board in 2017. In 2018, the purpose was systematically rolled out and communicated across the Group. Upon completion of a consultation across the business, we launched an updated set of values and associated behaviours in March 2020. The Board continues to place significant importance on ensuring that a values-led culture is in place in the Group. In 2022, a number of initiatives were further embedded with Board involvement, including 'Risk in Conversation' week, which has the goal of building risk awareness and culture across the Group.

The Board ensures that effective engagement is maintained with its principal stakeholder groups on a regular basis to ensure that stakeholder views are taken into consideration in its decision-making. For information on how our Board engages with our stakeholders see our Annual Financial Report 2022.

Board composition and diversity

We have a diverse Board with a balance of knowledge, skills and experience, a robust governance structure, and appropriate controls and oversight. The Board recognises that diversity in its widest sense is important, is inclusive of all individuals and is focused on ensuring a truly diverse board.

The Board embraces the benefits of diversity among its members and through its succession planning, is committed to achieving the most appropriate blend and balance of diversity possible over time. Details of our Board of Directors, their Committee memberships, nationality, tenure and key skills and experience are set out in our Annual Financial Report. Committee membership is also reported within each of the Committee reports within our Annual Financial Report.

→ [Read more: Board Diversity Policy](#)

Board training

To support our Directors in their roles, HR, in partnership with Corporate Governance, run a professional development and continuous education programme. In 2022, training sessions were run in person. Topics in 2022 included, Data Protection, Sustainability Regulatory Reporting, Non IRB Credit Models, Future of Banking, Anti-Bribery and Corruption and related Board responsibilities, Anti-Money Laundering and Fraud, Cyber & Operational Resilience and an additional session on Crypto Currency. Our Directors also have full access to an online Corporate Governance library and a suite of AIB-specific online training courses.

Corporate governance framework

The corporate governance framework in operation in the Group is anchored in the requirements of the UK Corporate Governance Code 2018 ('the UK Code'). The Board ensures a clear division of responsibilities between the Chair, who is responsible for the overall leadership of the Board and for ensuring its effectiveness, and the CEO, who manages and leads the business. The governance framework

and organisational structure is sufficient to ensure that no one individual has unfettered powers of decision or exercises excessive influence. Key roles and responsibilities are clearly defined, documented and communicated to key stakeholders via the Group's website (www.aib.ie/investorrelations). Promoting a strong culture of accountability, integrity and openness, supported through appropriate governance and regulatory frameworks, is a key tenet for our future sustainability. Our Code of Conduct requires us to comply with both the spirit and letter of all relevant laws and regulations, codes, and AIB policies.

**SALIENT
HUMAN RIGHTS
IDENTIFIED
2022**

**€2,943m
ECONOMIC VALUE
GENERATED
2022**



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

CONTINUED

Speak Up

Our Speak Up process sets out how employees, agency staff, tied agents, suppliers, contractors, consultants, and those providing an outsourced service, can raise any issue at any stage. This ensures they can speak their mind freely if they have any concerns. Our policy and process provide a confidential route to report wrongdoing or suspected wrongdoing through a number of channels, without fear of or actual retaliation, including:

- Reporting issues to local management;
- A reporting line to a nominated member of senior management;
- Access to a confidential internal telephone line or a dedicated Speak Up '@aib' email address;
- An external, confidential, telephone and email facility operated by an international specialist charity, Protect; and
- An external portal to allow employees to convey concerns through a digital channel that is available 24/7.

Our employees are required to complete mandatory training on Speak Up annually. In 2022, 100% of our employees completed our training.

Issues raised in our Speak Up process are reported to our Board annually. A summary of and the number of concerns raised are published annually on our website in our Protected Disclosures report.

With the strong support and focus of our Board and Executive Committee, we placed a sustained emphasis on our Speak Up agenda to create a supportive environment where

colleagues can raise issues. This was achieved through a series of communications, training and engagements, culminating in our second 'Speak Your Mind' awareness campaign in September, with participation from the CEO, Senior Management and the Group's Whistle-blower Champion and Chair of Board Audit Committee. She expressed the Board's commitment to high standards in this area, encouraging all employees to report concerns about any suspected wrongdoing in order to protect the Group, our customers and other stakeholders.

Human Rights Commitment

Our Human Rights Commitment outlines how we respect human rights in accordance with internationally accepted standards. Our commitment to human rights is being embedded in the culture and values that define our company, and is reflected in our policies and actions toward our customers, employees, suppliers, and the communities and countries where we do business. It has been shaped by the United Nations Guiding Principles on Business and Human Rights. Our Human Rights Commitment operates alongside our Code of Conduct and Responsible Supplier Code, and our commitments are aligned with those laid out in the laws applicable to the jurisdictions in which we operate, the European Convention on Human Rights and, for our business in Ireland, the EU Charter of Fundamental Rights.

Our commitment was approved by our Executive Committee and reviewed by our Sustainability Business Advisory Committee and Board in February 2021. See pages 18 and 75 for information on our human rights pilot.

Code of Conduct

Our Board-approved Code of Conduct sets out the behaviours we expect from everyone

working in AIB – acting ethically, honestly and lawfully. Our Code of Conduct underpins our key mechanism for seeking advice and reporting concerns on ethical behaviour – via our Speak Up policy. Our Board Audit Committee oversees compliance with the Group Code of Conduct and Conflicts of Interest Policy by way of an annual update from management.

→ Read more:

[Code of Conduct, Conflicts of Interest, Human Rights Commitment, Speak up Policy, Protected disclosures report](#)
[Corporate Governance](#)

RISK MANAGEMENT

Corporate behaviour

Corporate behaviour evaluates the extent to which companies mitigate the risks of ethical issues including financial crime matters such as corruption scandals and money laundering, as well as other matters such as anti-competitive behaviour or tax-related controversies.

Financial crime

In AIB, we manage financial crime matters through the 'Three Lines of Defence' model, through which each line is assessed by the next. Assurance teams operate throughout each of the lines, and regularly report to senior management and the Board on the efficacy of our controls. Our Group Money Laundering Reporting Officer (MLRO) is responsible for oversight of the AIB Group compliance with applicable Anti-Money Laundering (AML) laws, regulations and codes. The local MLROs and BSA/AML/OFAC Officer (USA) have a statutory

control function responsibility in their jurisdictions. AIB is externally supervised by the Central Bank of Ireland (CBI), the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (UK) and the New York Department of Financial Services and Federal Reserve Board of New York (USA). The Group MLRO is also the Head of Anti-Money Laundering and Counter Terrorist Financing Compliance, a Pre-approved Control Function under the supervision of the CBI.

Our robust Financial Crime Framework, approved by our Board Risk Committee, includes our policy and standards on Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT), Fraud, ABC and Group Sanctions. They are embedded in our operating procedures, and subject to at least an annual content verification to ensure they are kept up to date. All employees and Directors are made aware of our policy and standards. Employees must complete mandatory e-learning annually, with bespoke training also provided to those in key roles. Our MLRO (or Deputy) provides comprehensive annual training to the Board on financial crime matters. To enhance awareness, bulletins are issued periodically to our employees, outlining trends and topical items on financial crime. The Group Board is ultimately responsible and accountable for management of financial crime risks within AIB. Group Financial Crime Compliance perform ongoing monitoring and oversight of our controls.



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

CONTINUED

Our customers go through our Customer Due Diligence process at the onboarding stage, and on an ongoing basis, which is driven by the risk assessment of the customer. Within the process, we screen customers against various criteria including national/international sanctions lists. Some customers and beneficial owners present an inherently higher risk (e.g. politically exposed persons (PEPs) and/or customers established/residing in a 'high-risk third country'). For these customers we apply enhanced due diligence. Different levels of enhanced due diligence are applied to PEPs, depending on the risk posed. We have a risk-based two-tiered sign-off for PEPs, with higher risk PEPs requiring appropriate Senior Management approval in Group Financial Crime Compliance.

AIB has appropriate monitoring processes in place to identify and investigate unusual patterns of customer activity which may give rise to suspicions of money laundering or terrorist financing. Reports of suspicious activity are made to the relevant authorities where required. We retain records of business risk assessments, customer due diligence and transactional information for at least six years after the cessation of the business relationship.

Anti-bribery & corruption

Corruption undermines stakeholder legitimacy and trust, and regular communications and training on Conflicts of Interest and Anti-Bribery and Corruption (ABC) helps to build our organisational resilience to it.

AIB's approach to anti-corruption is set out in our Conflicts of Interest and Financial Crime policies (the latter of which now specifically incorporates ABC) - two of the policies that underpin our Code of Conduct for employees. For Directors, this is set out in the Board approved Code of Conduct and Conflicts of Interest Policy for Directors. These policies cover how actual, potential or perceived conflicts of interest are to be evaluated, reported and managed to ensure that employees, including our Directors, act at all times in the best interests of the Group and its stakeholders.

In 2022 all our Group Directors received communications about and training on our anti-corruption policies and on their responsibilities in relation to them. This also ensures that arrangements are in place for the proportionate and independent investigation of matters raised under that policy for appropriate follow-up action. All business areas are responsible for completing a monthly risk assessment of all registered activities to ensure they are in keeping with the ABC requirements of our Financial Crime framework and identify those which might give rise to a potential or perceived conflict situations or corruption. Material matters relating to anti-bribery and corruption will be escalated to the Board by management on a case by case basis.

In 2022, two incidents of internal fraud were identified, both of which related to 2022. They were reviewed through relevant governance and appropriate actions taken. None resulted in a material monetary loss.

Sanctions

Aligned with our Financial Crime policy, and in complying with sanctions requirements, we prohibit banking activity for individuals or organisations on sanctions lists and/or resident/trading in a country categorised as an 'Extreme High Risk' country. To support this, we have implemented and maintain effective screening processes.

Tax

We published our Tax Principles in 2022. This sets out the Group's approach to tax and the standards to which we commit in respect of compliance with tax law and regulation, management of our tax affairs and of tax-related aspects of business with customers, and the associated responsibilities for all our employees.

→ [Read more: Tax Principles](#)

Mortgage tracker enforcement

AIB has concluded a comprehensive review of customer mortgage accounts with regard to tracker rates. The review was part of an industry wide investigation, required by the Central Bank of Ireland (CBI). The review is by far the most complex and rigorous remediation programme ever conducted by the bank as it sought to comprehensively redress and compensate all impacted customers.

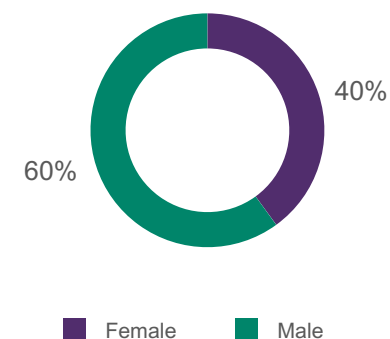
The CBI concluded its Enforcement Investigation in June 2022 with Group agreeing to pay a fine of €96.7m which was settled prior to 30 June 2022. This brought the CBI's investigation into tracker mortgages at the Group to a close.

In 2022 we announced the establishment of our Retail Central Restitution Team. This new team, expected to be in operation by end Q1 2023, will help to provide enhanced support to customers effected by restitutions.

2022 METRICS

The Board conducts an annual evaluation of its effectiveness and is required to have an external evaluation once every three years. In 2022, Praesta Ireland conducted an external evaluation on the Board and each of its Committees. The review covered many aspects including the role of the Board, chairing of the Board, strategic focus and culture, composition and competence, and stakeholder management. Overall, the 2022 effectiveness evaluation of the Board and its Committees was positive. For further detail see our Annual Financial Report 2022.

Through quarterly reporting to ExCo and Board we monitor progress on our ongoing target for gender balance on our Group Board. Aligned with the Gender Equality Global Report & Ranking definition, we equate gender balance with between 40% and 60% female representation. In 2022 we maintained gender balance on our Group Board:



In 2022, other metrics we report include:

- 13% of our Group Board Directors are aged >30 - 50 years and 87% are aged >50 yrs
- 100% of Group Board Directors completed Anti-bribery & corruption training
- AIB generated direct economic value of €2,943m and distributed €2,033m across operating costs, employee wages and benefits, payments to providers of capital, payments to government and community investment.
- AIB paid €268m in tax and collected a further €273m from customers, employees and shareholders.

For more details for the components for economic contribution and tax paid see the ESG Supporting Data (Financial Data) section of this report. Our Tax Principles are available at www.aib.ie/sustainability



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

CONTINUED

CASE STUDY:

HUMAN RIGHTS PILOT

We are committed to respecting human rights in accordance with internationally accepted standards. Our Human Rights Commitment is being embedded in our culture and values, and is reflected in our policies and actions toward our customers, employees, suppliers, and the communities and countries where we do business. Our Commitment is shaped by the UN Guiding Principles on Business and Human Rights.



Q. Key activities undertaken to deliver the project?

In 2022 we broadened the parameters of our human rights due diligence pilot to cover Retail Banking, HR and Risk alongside Corporate Lending and Procurement, recognising our responsibilities as an employer, procurer and provider of banking services. Information was gathered about potential human rights impacts that AIB could be connected to by reviewing publicly available desk research and internal documentation. Over a series of workshops, surveys and interviews with internal and external stakeholders a long list and then a short list of human rights issues was developed.

Q. What was the impact/result?

The project delivered on two key objectives which have been reported to our Board's Sustainable Business Advisory Committee:

1. Built internal awareness on human rights as an issue for the business
2. Identified potential 'salient' human rights impacts relevant to the bank for action including:
 - Modern slavery in the global value chain
 - Risks from climate change and a just transition in the global value chain
 - Financial exclusion and financial abuse connected to our retail customers
 - Data Privacy issues for our staff and customers
 - Lack of affordable housing in Ireland affecting first time buyers, renters and low/no income earners

Given the long-term, systemic nature of these global and national issues, it will require collaborative efforts from ourselves, our suppliers, customers, community partners and government bodies to successfully address these entrenched challenges.

Q. Were there lessons learned from the work?

The large numbers of entities in our value chain and their corresponding global supply chains makes it challenging to conduct due diligence for adverse human rights impacts across all of them. As such, we identified general areas where the risk of adverse human rights impacts is most serious, systemic and there is an increased likelihood of it arising in the short or long term, whether due to certain suppliers' or clients' operating context, business relationships, the particular products or services involved. We prioritized these 'salient' human rights impacts for further due diligence and action.

Q. What's next as a result of the project?

While undertaking this exercise, we realised that continuing human rights training is crucial to fully embed due diligence across the organisation. We are currently updating our training modules, policies and procedures to enhance our human rights processes. We will systematically engage stakeholders and conduct periodic reviews to risk-map potential issues, as new information on potential impacts becomes available.

Looking ahead

- A number of enhancements were identified, which will be implemented throughout 2023 with regular check-ins to ensure progress is being made against them.



4

SUPPORTING INFORMATION

- 77 GRI CONTENT INDEX
- 80 UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING
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- 104 INDEPENDENT ASSURANCE
- 107 ACRONYMS USED IN THIS REPORT

GRI CONTENT INDEX

Statement of use

AIB Group plc has reported the information cited in this Global Reporting Initiative (GRI) content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI STANDARD	DISCLOSURE	RESPONSE/LOCATION
GRI 1 used	GRI 1: Foundation 2021	GRI 1: Foundation 2021
GRI 2: General Disclosures 2021	2-1 Organizational details	About this Report, page 91
	2-2 Entities included in the organization's sustainability reporting	About this Report, page 91
	2-3 Reporting period, frequency and contact point	About this Report, page 91
	2-4 Restatements of information	About this Report, page 91
	2-5 External assurance	Independent Assurance, page 104
	2-6 Activities, value chain and other business relationships	About this Report, page 91, Supporting Data Notes, page 103 and our Supply Chain, page 18
	2-7 Employees	Employee data, pages 92 - 95
	2-8 Workers who are not employees	We do not currently report this information. We will look into how we can provide it in the future
	2-9 Governance structure and composition	Our Governance Structure, page 8 and ESG Governance, page 10, and the Annual Financial Report, pages 76 - 92
	2-10 Nomination and selection of the highest governance body	Annual Financial Report, pages 76 - 92
	2-11 Chair of the highest governance body	Annual Financial Report, pages 76 - 92
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate governance and accountability, page 72 and Annual Financial Report, page 87
	2-13 Delegation of responsibility for managing impacts	ESG Governance, page 10, and Corporate governance and accountability, page 72,
	2-14 Role of the highest governance body in sustainability reporting	ESG Governance, page 10, and Our Material Topics, page 17
	2-15 Conflicts of interest	Corporate governance and accountability, pages 73 - 74, Annual Financial Report 2022, pages 86, 337, and 338
	2-16 Communication of critical concerns	Corporate governance and accountability, page 73
	2-17 Collective knowledge of the highest governance body	Corporate governance and accountability, page 72
	2-18 Evaluation of the performance of the highest governance body	Corporate governance and accountability, page 74
	2-19 Remuneration policies	See Talent attraction, retention and development, page 69 and our Group Remuneration Policy at www.aib.ie/sustainability
	2-20 Process to determine remuneration	See Talent attraction, retention and development, page 69 and our Group Remuneration Policy at www.aib.ie/sustainability
	2-21 Annual total compensation ratio	See Talent Attraction Retention and Development, page 70 and ESG Reporting Data (Employee Data), page 95
	2-22 Statement on sustainable development strategy	CEO Statement, page 6
	2-23 Policy commitments	See each of our material topics
	2-24 Embedding policy commitments	See each of our material topics
	2-25 Processes to remediate negative impacts	See Corporate governance and accountability, page 74 and our Human Rights Commitment at www.aib.ie/sustainability
	2-26 Mechanisms for seeking advice and raising concerns	See Talent attraction, retention and development, page 69, Corporate governance and accountability, page 73
	2-27 Compliance with laws and regulations	Corporate governance and accountability, page 74, We have no fines for non-compliance paid in 2022 that relate to 2021
	2-28 Membership of associations	See Stakeholder Engagement, page 14
	2-29 Approach to stakeholder engagement	See Stakeholder Engagement, page 14
	2-30 Collective bargaining agreements	See Talent attraction, retention and development, page 69

GRI CONTENT INDEX

CONTINUED

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Material Topics, page 17
	3-2 List of material topics	Our Material Topics, page 17
	ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL	
	3-3 Management of material topics	Ensure a climate resilient and responsible business model, page 22 - 28
	201-2 Financial implications and other risks and opportunities due to climate change	Ensure a climate resilient and responsible business model, page 24
	305-1 Direct (Scope 1) GHG emissions	ESG Supporting data, page 99
	305-2 Energy indirect (Scope 2) GHG emissions	ESG Supporting data, page 99
	305-3 Other indirect (Scope 3) GHG emissions	ESG Supporting data, page 99
	305-4 GHG emissions intensity	ESG Supporting data, page 99
	305-5 Reduction of GHG emissions	ESG Supporting data, page 99
	PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL ISSUES	
	3-3 Management of material topics	Products and services to address environmental issues, page 29 - 31
	FS-8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Products and services to address environmental issues, pages 29 - 30
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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
PRINCIPLE 1: ALIGNMENT			
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks			
1.1 Business model	Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.	AIB is a financial services group operating predominantly in Ireland and the United Kingdom (UK). In the United States of America, we have a branch in New York from which we manage corporate and treasury business. Our main customer segments served are Retail Banking (50%), Capital Markets (35%) in Ireland, and AIB UK (12%). We serve 2.9m customers in our Retail segment and 279K customers in our AIB UK segment. The main products and services we provide are mortgages, personal, SME and corporate lending, payment services, credit card services and deposits.	See AIB Group at a Glance, page 5
1.2 Strategy alignment	Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank? Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	Yes Progressing the sustainability agenda is a strategic priority for AIB and is a core tenant of the corporate strategy. In 2020 'Sustainable Communities' was added as the fifth pillar of our strategy and consists of three core focus areas - (1) Climate & Environment, (2) Economic & Social Inclusion and (3) Future Proof Business. Our strategic focus on climate and housing is consistent with identified national needs in Ireland and reinforced through the assessment of our positive and negative impact areas, using the UNEP FI Portfolio Impact Analysis Tool. Climate: AIB's climate strategy is aligned to Sustainable Development Goal (SDG) 13 'Climate Action'. AIB have a target to achieve Net Zero in our financed emissions by 2040 for our lending portfolio (2050 including Agriculture), aligned with a Paris climate scenario of 1.5°C. AIB further strengthened this target in 2022 by setting Financed Emissions Targets for key sectors covering 75% of our 2021 Group Loan Portfolio - Residential Mortgages (50%), Corporate Other (12%), Commercial Real Estate (CRE) (10%), and Electricity Generation (3%). The IMF estimates that the climate action agenda in Ireland alone will require an investment of €20bn per annum to 2030. Therefore, banks such as AIB have a crucial role to play in supporting individuals and businesses to make the transition. Housing: Housing is a key strategic priority for AIB and as a pillar bank in Ireland it represents 50% of our loan portfolio. AIB's housing strategy is aligned to SDG 11 'Sustainable Cities and Communities'. This is relevant in a national context because a lack of housing supply to buy or rent in the private sector, high cost of building and affordability of house prices has led to a high need nationally and has led to negative economic and social implications for Ireland, as low-income people, youth and non-homeowners are most affected. Households with a social housing need include those on the social housing waiting list, those in receipt of the Housing Assistance Payment (HAP) supported tenancies, the Rental Accommodation Scheme (RAS) and other housing support payments. The government Housing for All Plan is targeting to build 33,000 new homes annually between 2021-2030, which breaks down to an average of 10,000 social housing units, 4,000 homes for Affordable Purchase, 2,000 cost rental homes and 17,000 private homes. Continued investment in social and affordable housing is an ongoing need in Ireland as the housing shortage is now a critical barrier to growth in the Irish economy (Source: IBEC).	See Our Material Topics, page 17 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Housing, pages 43 - 45
	Does your bank also reference any frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?	- PRA Supervisory Statement SS3/19 - ECB Guide on Climate-related and environmental risks (Nov 2020) - EBA Article CRR 449a - CSRD - Corporate Sustainability Reporting Directive - EU Taxonomy - SFDR - Sustainable Finance Disclosure Regulation - NFRD - Non-Financial Reporting Directive - UK Modern Slavery Act	

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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
PRINCIPLE 2: IMPACT AND TARGET SETTING			
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.			
2.1 Impact Analysis (Key Step 1)	Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why. b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition your portfolio globally and per geographical scope i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios. c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.	The scope of AIB's impact analysis is on our consumer, corporate and business banking activities in Ireland. The impact analysis is based on data from H1 2021 activities as they relate to the totality of our primary geographic footprint i.e. Republic of Ireland (ROI), which comprises 95% of the Group's consumer banking activities and c.70% of Group Business & Corporate activities. As such, AIB UK was not included in our impact analysis. Yes, we have considered the composition of our portfolio in the impact analysis (which referenced 2021 data) - residential mortgages (50%), Property & Construction (13%), SME, Business & Corporate Lending (32%) and Personal Lending (5%). Across AIB the concentration of loans to customers by sector is set out in our Annual Financial Report 2022. A framework for reviewing the most relevant challenges and priorities related to sustainable development in Ireland is supported through the UNEP FI Portfolio Impact Analysis Tool. Nationally, climate change, affordable housing, healthy nutrition, waste, water quality and traffic congestion are identified as high impact areas. To ensure consistency of proposed targets of housing and climate with stakeholder expectations, the stakeholder 2021 materiality matrix has been cross-referenced. Housing was rated as the most important issue for our stakeholders, while three of the Climate & Environment-related issues were ranked in the top six issues for stakeholders and AIB. For more information on our materiality exercise see page 17.	See AIB Group at a Glance, page 5 See the TCFD disclosures in our Annual Financial Report 2022 See Our Material Topics See Housing, pages 43 - 45 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28

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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
2.1 Impact Analysis (Key Step 1) <i>continued</i>	Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.	The Impact Analysis shows that AIB's Consumer banking activities make a positive impact at a national level in the areas of 'Employment', 'Inclusive Healthy Economies', 'Justice' and 'Economic Convergence'. The scale of our transactional banking consumer base is a material enabler of economic activity and access to finance for customers, which stimulates the real economy and increases people's welfare. However, at the same time we have identified that the economic activity supported has a negative impact on 'Climate' and 'Waste', which stand out as potential areas for us to address.	See Housing, pages 43 - 45
		AIB's Business & Corporate banking activities make a positive impact at a national level in the areas of 'Housing', 'Employment', 'Food' and 'Health Care provision'. However, due to the scale of our portfolio in some of these sectors we have identified that the economic activity supported also has a negative impact on 'Climate', 'Waste', and 'Biodiversity & Ecosystems'. We selected climate as our first impact area, and over the last number of years we have worked to assess our financed carbon emissions to form the basis for setting targets. We decided to focus on housing as our second impact area. While housing has not been identified as an area that we are having a potential negative impact on, it is prioritised as a high need nationally in Ireland and is an area where AIB is well placed to make a significant positive impact.	See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28
	d) Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas. If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.	Based on our portfolio analysis and impact areas identified from our banking activities, we have identified that we can have the strongest positive impact in the areas of climate and housing. To ensure consistency of proposed targets of climate and housing with expectations, the Stakeholder 2021 materiality matrix has been cross-referenced. Housing was rated as the most important issue for our stakeholders, while three of the climate and environment-related issues were ranked in the top six issues for stakeholders and AIB. Climate: Impacts in the physical environment could lead to economic loss for customers as well as impacts transitioning to low-carbon economy. We recognise the critical role our bank can play nationally in financing a sustainable economy. A Just Transition is a key part of our strategy and supporting our clients' transition to a low-carbon economy is a key way to increase our positive impact against this high national need area. AIB's current performance levels have been considered to help determine the priority areas for target setting: In 2022 new green lending accounted for €3.3bn and 26% of all new lending was green. As of 2022 we have provided €7.9bn in new green lending (see Climate Change Mitigation indicator A 3.1 in Annex) Housing: Availability of affordable housing in Ireland is a national issue linked to retail and corporate lending. Our mortgage products are targeted at Irish resident adults, typically aged 25 - 55 years, with sufficient sustainable income to service the debt over the life of the mortgage. Therefore, we have identified that increasing the supply of energy efficient social housing is a key way to increase our positive impact against this high national need area.	See Our Material Topics See Housing, pages 43 - 45 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28
Self-assessment summary:	Which of the components listed below of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts? Scope Portfolio composition Context Performance measurement	Yes	
	Which most significant impact areas have you identified for your bank, as a result of the impact analysis?	1. Climate Change Mitigation 2. Other: Housing	See Housing, pages 43 - 45
	How recent is the data used for and disclosed in the impact analysis?	Longer than 18 months prior to publication	

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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information	
2.2 Target Setting	Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.	AIB has set targets for climate and housing and they are published annually in our Sustainability Report, along with our progress made against them.	See Housing, pages 43 - 45 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28	
	The targets have to be Specific, Measurable, Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting, for each target separately: a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant?	AIB has a target to achieve Net Zero in our financed emissions by 2040 for our full lending portfolio (2050 including Agriculture), aligned with a Paris climate scenario of 1.5°C. SMART Target 1: Climate - AIB's climate SMART target is to finance new green lending to support the transition to a low-carbon economy and is aligned to SDG 13 'Climate Action', where 'CO ² emissions per capita' is a key metric. In a national context the Climate Action and Low Carbon Development Bill 2021 requires a 51% reduction in national GHG emissions by 2030 and for Ireland to achieve Net Zero by 2050. SMART Target 2: Housing - AIB's housing SMART target to provide lending approvals that supports the provision of social housing is aligned to SDG 11 'Sustainable Cities and Communities'. In a national context the Irish Governments Housing for All Plan is targeting to build 33,000 new homes annually between 2021 and 2030 to address affordability and supply issues.	See Housing, pages 43 - 45 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28	
	b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment?	SMART Target 1: Climate Action fund target (2019 baseline) SMART Target 2: Social Housing (2020 baseline) Financed Emissions Targets (2021 baseline) Our most significant impact areas are Climate Change and Housing and the relevant indicators that we report on are set out in the table below:	Products & Service to Address Environmental Issues, pages 29 - 31 See Housing, pages 43 - 45 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28	
Impact area	Indicator code	Indicator	Response	REFERENCES/LINKS to AIB's full response/relevant information
Climate change mitigation	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes, we have a target to achieve Net Zero in our financed emissions by 2040 for our full lending portfolio (2050 including Agriculture), aligned with a Paris climate scenario of 1.5°C.	
	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?	2.57 MtCO ₂ e	
	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Residential mortgages: 40 kgCO ₂ e/M ² CRE: 135 kgCO ₂ e/M ² Electricity Generation: maintenance of 21 gCO ₂ e/kWh Corporate Other: Portfolio coverage 12%	
	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	Climate Action fund total - €7.9bn, against €10bn target	
	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	We have set Financed Emissions Targets for Residential Mortgages (50%), Corporate Other (12%), Commercial Real Estate (10%), and Electricity Generation (3%). Based on the Financed Emissions Targets we have set, 75% of our 2021 lending portfolio is aligned with a Paris climate scenario of 1.5°C.	

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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
2.2 Target Setting <i>continued</i>	c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose. d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.	SMART Target 1: Climate - €10bn Climate Action Fund (2019 - 2023): Provide new green lending to support Ireland's transition Ireland to a low-carbon economy. During 2021 we doubled the target from €5bn to €10bn due to strong demand - KPI - New green lending figure is tracked quarterly on the Group Balanced Scorecard. SMART Target 2: Housing - €800m Social Housing Fund (2020 - 2024): Provide lending approvals that support the provision of social housing in Ireland. The first €300m fund launched in 2020 and after being fully allocated a second €500m fund launched in 2021. - KPI - Social Housing lending is tracked quarterly on the Capital Markets Scorecard. SMART Target 1: Climate - AIB's performance against the Climate Fund of €10bn (€2bn per year) is monitored and reported internally to the Executive Committee and Board via the Group Balanced Scorecard on a quarterly basis. SMART Target 2: Housing - AIB's performance against the Social Housing Fund of €800m is tracked on the Capital Markets Scorecard, to the relevant management forums on a quarterly basis. The fund is comprised of two tranches: €300m (2020 - 2021) and €500m (2021 - 2024). At a Group level transition risks and opportunities, as well as physical risks are considered over the short term (3 year) medium term (3-10 year) and long term (10+ year). This ensures that AIB has a resilient strategy to a climate outcome of 1.5°C, via the annual business planning process.	See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Housing, pages 43 - 45 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Sustainable Communities - Targets, Performance & Progress page 12, Housing, pages 43 - 45 See TCFD Strategy section in the Annual Financial Report 2022
Self assessment summary	Are these components of target setting in line with the PRB requirements completed or is currently in a process of assessing for your impact area: Alignment Baseline SMART targets Action plan	Yes Yes Yes Yes	
2.3 Target implementation and monitoring	For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.	SMART Target 1: Climate - As at 31 December 2022 we have allocated €7.9bn in green lending, reflecting our strong progress in supporting Ireland's transition to a low-carbon economy, and demonstrating that we are on track to deliver the SMART target by 2023. SMART Target 2: Housing - As at 31 December 2022 we have provided lending approvals of c.€437m to fund the building of new A-rated social houses, representing c.3,000 homes. This reflects our strong progress in supporting social and affordable housing in Ireland and demonstrating that we are on track to deliver the SMART target by 2024.	See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Housing, pages 43 - 45

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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
PRINCIPLE 3: CLIENTS AND CUSTOMERS			
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations			
3.1 Client engagement	Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices? Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts? Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.	Yes Yes AIB's purpose is to back our customers to achieve their dreams and ambitions. Our values and behaviours are how we deliver on our purpose, underpinned by our Code of Conduct, which sets out a common framework on the standard of conduct that supports our values. It explains what we expect of each other and what others expect of us in our day-to-day decisions, including managing our business responsibly, treating customers fairly and being accountable for what we do and how we do it. Vulnerable Customer Programme - Aims to support customers in vulnerable circumstances. In 2022: 30,000 hours of vulnerability training completed by our employees, 7,000 calls to the customer vulnerability helpline and 4,535 customs flagged for additional support. ESG Questionnaire - Incorporated into credit applications for borrowers in high climate risk sectors looking to borrow material lending amounts. The questionnaire gets a better understanding of the ESG risk associated with the borrower and creates awareness among customers of the data that will be required from them around where they are in their ESG journey and plans going forward. Sustainability Conference - AIB holds this annually to share thought leadership locally and globally, and to create a call to action among our stakeholders, including our clients and customers. In 2022 we hosted our sixth annual Sustainability Conference with over 6,000 attendees dialled in virtually. Climate Finance Week Ireland - AIB sponsors the annual gathering of stakeholders engaged in advancing sustainable finance topics and key representatives of our senior management chair and participate in its week-long series of events. Minimum Competency Code (MCC) - Our customer-facing employees involved in the distribution of products must have and maintain relevant qualifications to comply with requirements specific to the products they distribute. Minimum competency requirements are in place to ensure customers get the required level of service from employees who provide advice and information on retail financial products for and on behalf of regulated firms. Credit Risk policies - Key credit risk policies governing the funding we provide for housing finance include our Group Residential Development Policy, our Residential Mortgage Policy and our Social Housing Policy.	See Stakeholder Engagement, pages 14 - 15 See Stakeholder Engagement, pages 14 - 15 See Engaging our Customers on their Sustainability Journey, page 16 See Usability of Services and Accessibility of Products, pages 37 - 39 See Products and Services to Address Environmental Issues, pages 29 - 31 See Responsible Lending and Investments, pages 32 - 34 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Housing, pages 43 - 45

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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
3.2 Business opportunities	Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).	Selling and investing in sustainable products and services for our clients was an area that scored highly with all stakeholder groups in our materiality assessment. There are a number of key actions, products and services that are relevant to climate and housing, which are areas that we are striving to make a positive impact on. AIB's actions include: Climate i. Climate Action Fund of €10bn from 2019 - 2023 (SMART Target 1) - Focused on the delivery of green finance to transition Ireland to a low-carbon economy. We have allocated €7.9bn in green lending to date. ii. Green Bonds €3.25bn – €1bn issued 2020, €750m issued 2021, €1.5bn issued 2022. The green bond proceeds will go towards the financing of projects with climate change and environmental benefits. iii. Green Mortgage products - AIB is unique in maintaining three distinct mortgage brands – AIB, EBS and Haven. Following the Launch of the AIB Green mortgage, AIB Green Personal Loan, and Haven Green Mortgage in 2021 we have continued to enhance our mortgage propositions. In 2022 this included enhancements to our Top Up journey for AIB brand, supporting people to complete retrofitting. iv. Providing finance to produce renewable energy lending - through our multi-disciplinary Energy, Climate Action and Infrastructure team. v. Providing finance for retrofitting less energy efficient homes - through our Green Consumer Loan and SBCI retrofitting loan 2022. vi. ESG Questionnaire - Incorporated into credit applications for borrowers in high climate risk sectors looking to borrow material lending amounts. The questionnaire gets a better understanding of the ESG risk associated with the borrower and creates awareness among customers of the data that will be required from them around where they are in their ESG journey and plans going forward. Housing i. Social Housing fund of €800m from 2020-2024 (SMART Target 2) - Available to approved housing bodies for social housing units for people who cannot afford to buy a home or rent accommodation privately. We have provided lending approvals of c.€437m representing c.3,000 homes ii. Social Bonds €1.75bn - First AIB €1bn Social Bond issued March 2022 and second €750m issued January 2023. The funds raised will lend to projects with clear social benefits across Ireland that include social and affordable housing. iii. First Home Scheme (FHS) - AIB is a participating mortgage lender under the Governments FHS and has played a central role in its initiation, design and delivery. It supports first-time buyers and promotes home ownership in middle- lower-income ranges by bridging the gap between their deposit and mortgage, and the price of their new home. By year end 2022 AIB Group has supported over 60 families to acquire a new home under the FHS scheme. It is anticipated that there will be a significant step up in numbers in 2023 on the back of a strong pipeline of FHS applications. iv. Social Housing Sectoral Team - Supported the provision of 564 new (88) and second-hand (476) homes to the social housing market in 2022. v. Mortgage to Rent scheme - Allows customers who can no longer afford a mortgage to continue to live in their home, which they will then rent. vi. Employee mandatory sustainability and climate risk training - Includes the risks and opportunities to be considered and discussed when engaging with customers. AIB has publicly articulated that addressing affordable housing and providing finance for energy efficient homes is one of the bank's priorities. A focus on affordable housing also aligns with AIB's desire to support a fairer society that is socially and economically inclusive, as outlined in AIB's Sustainable Lending Framework	See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Housing, pages 43 - 45

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Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
PRINCIPLE 4: STAKEHOLDERS			
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.			
4.1 Stakeholder identification and consultation	Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process? Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.	Yes As a financial services group our identified stakeholders are those who influence our business or are impacted by it. These stakeholders include the customers we serve with support from our employees and suppliers across communities in Ireland, as well as our investors and the Central Bank of Ireland, which is our financial services regulator. In 2021, we completed our most recent materiality exercise; this included completing c.680 interviews across our 6 stakeholder groups – customers, employees, suppliers, investors, society and community, and the regulator. Through this process, we identified the issues of most importance to them as what should be the focus for AIB strategically. The most significant finding was the increased relevance and positioning of climate change, in particular climate resilience, being closely intertwined within the other material issues such as housing concerns. The exercise also highlighted the growing importance of social issues and biodiversity in the overall ESG agenda. Through the materiality process we considered 26 updated topics and concluded 12 topics of material importance for both our stakeholders and AIB, which align to our strategy and commitments and on which we base our reporting. Our SMART Targets in climate and housing are aligned to these outcomes.	See Stakeholder Engagement, pages 14 - 15 See Stakeholder Engagement, pages 14 - 15 See Our Material Topics, page 17
PRINCIPLE 5: GOVERNANCE AND CULTURE			
We will implement our commitment to these Principles through effective governance and a culture of responsible banking			
5.1 Governance structure for Implementation of the Principles	Does your bank have a governance system in place that incorporates the PRB? Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),	Yes The AIB Board is responsible for promoting the long-term sustainable performance of the Group, setting the Group's strategic aims and risk appetite to support the strategy. The Sustainable Business Advisory Committee (SBAC) oversees the Group's performance as a sustainable business and delivery of AIB's sustainability strategy and is the overarching Board Advisory Committee responsible for the guidance of our sustainability agenda. The Board Risk Committee (BRC) receives updates regarding the effectiveness of the Group's policies and programmes, which relate to identifying, managing and mitigating ESG risks, including climate risk, in connection with the Group's operations and ensuring compliance with regulatory requirements and industry standards. Board Audit Committee (BAC) assists and advises the Board in fulfilling its independent oversight responsibilities. Given the continued evolution of the ESG agenda, a detailed review of the approach to governance and oversight of ESG was completed as part of the new ESG Framework with the Chairs of SBAC, BRC and BAC to support enhanced evidencing of decision-making and ownership of ESG matters at Board level. As of 1 January 2023 a BAC member joined SBAC and cross-membership already exists between BRC and SBAC. The SBAC terms of reference were updated to align to this position in December 2022. To ensure ongoing awareness of the work of the Committee by all Directors, the Committee Chair provides an update to the Board following each meeting on the key items discussed and considered by the Committee. Key policies that we have in place to manage our impacts and support the PRB are our: ESG Framework, Sustainable Lending Framework, Excluded Activities List, Energy Policy, Environmental Policy, Health and Safety Policy, Code of Conduct Policy, Anti-Bullying and Harassment Policy, Speak-up Policy, Vulnerable Customer Policy, Complaints Management Policy, Errors Management Policy, Financial Crime Policy, Anti-bribery and Corruption Policy, Third Party Risk Management Policy, Data Protection Policy, Group Residential Development Policy, Residential Mortgage Policy and Social Housing Policy.	See our Governance sections, pages 8 - 10 See Annual Financial Report 2022

UNEP FI PRB REPORTING & SELF-ASSESSMENT TEMPLATE

CONTINUED

Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
5.1 Governance structure for Implementation of the Principles <i>continued</i>	- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as - remuneration practices linked to sustainability targets.	SBAC is chaired by an independent Non-Executive Director of AIB Group and membership includes three other Independent Non-Executive Directors. It also includes members of the Executive Committee including the Chief Executive Officer, Chief Risk Officer, Chief People Officer and the Chief Sustainability & Corporate Affairs Officer. To ensure ongoing awareness of the work of the Committee by all Directors, the Committee Chair provides an update to the Board following each meeting on the key items discussed and considered by the Committee. The Committee meets at least four times in every year and also convenes at regular intervals for ESG training. Both our SMART Targets were fully allocated early so the funds were increased to meet demand. Equally, if targets were at risk of not being met then it would be escalated to this group to review and discuss appropriate action. AIB does not provide variable pay or long-term incentives to senior management and therefore climate-related incentives are not factored into pay and reward. However, a number of sustainability targets and measurements appear on the Group Balanced Scorecard which is regularly reviewed and challenged quarterly by ExCo and at scheduled Board meetings. In addition, since 2021, senior executives have ESG performance objectives in their scorecards and a mandatory sustainability objective has been in all employee performance reviews for 2022 and ongoing.	See our Governance sections, pages 8 - 10
5.2 Promoting a culture of responsible banking	Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).	AIB has undertaken several initiatives and actions to foster a culture of responsible banking among employees. Diversity & Inclusion Code - Sets out the principles we live by and underpins new policies and handbooks introduced on Domestic Violence and Abuse, Menopause and Family Leave, and a year-round employee engagement calendar of diversity awareness and educational events. An Inclusion & Diversity (I&D) Council is in operation to provide ideas, energy, rigour and governance of diversity activity aligned to our strategy, which was approved the Board. Gender diversity - We have continued to make progress on our gender diversity target with female representation on all management is currently at 42%, and our ExCo and Board are maintaining ongoing gender balance at 42% and 40% respectively. Mandatory training - All our employees are required to complete our annual mandatory online learning curriculum. See page 94 for our mandatory training completion rates. Risk in Conversation' week - Annual week-long series of events where sessions are held for AIB staff to share learnings and thought leadership on how we are embedding risk considerations, including ESG, into our ways of working. Leaders Enabling A Difference (LEAD) programme - This is a development initiative to support and empower our leaders and c.3000 people attended our second annual Leadership Summit in Q4 2022. The LEAD 'Leadership for Growth' programme is aimed at our senior leaders and the LEAD 'Leadership Essentials' programme is aimed at our junior and mid-level leaders.	See Talent Attraction, Retention and Development, pages 67 - 71 See Corporate Governance and Accountability, pages 72 - 75
5.3 Policies and due diligence processes	Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.	Yes. ESG Framework, Sustainable Lending Framework, Green and Social Bond Frameworks, Excluded Activities List, Energy Policy, Environmental Policy, Modern Day Slavery Statement, Vulnerable Customer Policy, Financial Crime Policy, Anti-bribery and Corruption Policy, Third Party Risk Management Policy, Data Protection Policy.	See our Governance sections, pages 8 - 10 See Products and Services to Address Environmental Issues, pages 29 - 31 See Responsible Lending and Investments, pages 32 - 34 See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Annual Financial Report 2022

UNEP FI PRB REPORTING & SELF-ASSESSMENT TEMPLATE

CONTINUED

Question	REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF AIB'S RESPONSE (limited assurance required for responses to highlighted items)	REFERENCES/LINKS to AIB's full response/relevant information
5.3 Policies and due diligence processes <i>continued</i>	Please describe what due diligence processes your banks has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks	ESG Questionnaire - Incorporated into credit applications for borrowers in high-climate risk sectors looking to borrow material lending amounts. The questionnaire gets a better understanding of the ESG risk associated with the borrower and creates awareness among customers of the data that will be required from them around where they are in their ESG journey and plans going forward. Case Study on Human Rights Pilot - In 2022 we broadened the parameters of our human rights due diligence pilot to cover Retail banking, HR, and IT alongside Corporate Lending and Procurement, recognising our responsibilities as an employer, procurer and provider of banking services. Information was gathered about potential human rights impacts documentation. Over a series of workshops, surveys and interviews with internal and external stakeholders a long list and then a short list of human rights issues was developed.	See our Governance sections, pages 8 - 10 See Responsible Lending and Investments, pages 32 - 34

Self-assessment summary	Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?	Yes	
	Does the governance system entail structures to oversee PRB implementation?	Yes	
	Does your bank have measures in place to promote a culture of sustainability among employees?	Yes	See Stakeholder Engagement, pages 14 - 15

PRINCIPLE 6: TRANSPARENCY AND ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance	Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?	Yes	See Deloitte Assurance, page 104
6.2 Reporting on other frameworks	Does your bank disclose sustainability information in any standards and frameworks?	GRI, CDP, TCFD, WEF MSC, UN Global Compact	
6.3 Outlook	What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.	AIB will continue to make progress implementing the 6 principles over the next 12 months. We will be completing a refresh of our Impact Analysis in 2023 through a materiality exercise.	See Ensure a Climate Resilient and Responsive Business Model, pages 22 - 28 See Housing, pages 43 - 45
6.4 Challenges	What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months.	Data availability Data quality Setting targets	

UNEP FI PRB SELF-ASSESSMENT & REPORTING TEMPLATE

BASIS OF PREPARATION

The 2022 self-assessment for implementation of the Principles for Responsible Banking (PRB) has been prepared in line with the PRB Guidance document and Self-assessment Template, published in November 2021 and September 2022 respectively by the UNEP FI.

The purpose of this document is to provide a self-assessment summary that gives an accurate, balanced and transparent view of AIB's implementation of each of the six principles under the PRB Framework at 31 December 2022. This will allow us to measure progress on implementation in a consistent manner.

The open questions in the Self-assessment Template allow banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate.

AIB's 2022 self-assessment for implementation of the PRB makes use of publicly available reporting such as information on our website, in our Sustainability Report 2022 and in our Annual Financial Report 2022, to which we refer throughout this document.

To provide enhanced clarity and understandability of the self-assessment, we provide supplementary information below detailing the basis and methodologies used to prepare selected responses.

Principle 2.1 | Impact analysis

Principle 2.1a | Scope

When selecting the scope, which is the basis for our impact analysis, we considered the lending portfolio for our key business units across our markets, as defined in our "About this Report" section (see page 91). Our impact analysis is based on data from H1 2021 activities, related to the totality of our primary geographic footprint i.e. Republic of Ireland (ROI), which comprises 95% of the Group's consumer banking activities and c.70% of Group Business & Corporate activities. AIB UK was not included in our impact analysis.

Principle 2.1b | Portfolio composition

In order to analyse our portfolio composition, we used H1 2021 data for defined scope and applied the PRB Tool and methodology, including its predefined NACE codes used to categorise exposure by segment. We used version 2 of the UNEP FI Principles for Responsible Banking Portfolio Impact Analysis Tool to complete our analysis; this version of the tool did not require reporting by sectors and industries. However, we report breakdown of our loan book by sector as at 31 December 2022 on page 91.

Principle 2.1c | Context

In analysing key challenges and priorities and determining our most significant impact areas, we applied the PRB tool and methodology, including its context module with guidance on key local societal needs.

We have determined that the two most significant impact areas for AIB to address are climate change and affordable housing. These areas are also prioritised nationally in Ireland alongside waste, water quality and traffic congestion. However, due to the nature of our business and the breakdown of our loan book we judged that as a financial institution, we can make the most material impact in climate change and housing.

Principle 2.1d | Performance measurement

Housing was rated as an important issue for our stakeholders, while climate and environment-related issues were ranked in the top six issues for stakeholders and AIB. As such, we have identified that increasing the supply of energy efficient social housing and financing our clients' transition to a low-carbon economy is a key way to increase our positive impact against these high national needs areas.

For the impact area of climate change we judged that we needed to set a target that increased our new green and transition lending:

- In 2022 new green lending accounted for €3.3bn and represented 26% of all new lending across the group. (see new green lending on page 30).
- As of FY22 we have provided €7.9bn in new green lending (see Climate Change Mitigation indicator A 3.1 in Annex)

Data disclaimer: Because methodologies, data quality and reference scenarios are always evolving, figures presented here may change over time.

Cross-cutting assumptions by sector and assumptions by portfolio are outlined on page 27.

Principle 2.2 | Target setting

Principle 2.2b | Baseline

SMART Target 1 - Climate:

In 2019 we launched our Climate Action Fund, progress of which can be seen on page 29, which is a key enabler to drive new green and transition lending. See the Climate Action Fund metrics on page 30.

SMART Target 2 - Housing:

In October 2020 we launched our Social Housing fund, the first tranche of which was fully allocated in 2021. We launched a further tranche of €500m in 2021. See the €800m Social housing fund section on page 44.

Indicators:

For our Financed Emissions Targets our baseline is 2021. See the Financed Emissions Target section on pages 25 - 26.

ESG SUPPORTING DATA

About this Report

This report is for AIB Group plc.

AIB Group plc is a holding company listed on the main markets of the Euronext Dublin and London Stock Exchanges. The issued share capital of the AIB Group plc is 2,673,428,473 ordinary shares of €0.625 each. At 7 March 2023, the Minister for Finance of Ireland holds 1,495,196,966 ordinary shares representing 55.93% of the total voting rights attached to issued share capital. The nature of the Group's relationship with the Irish Government as set out in note 47(g) Related party transactions – Summary of the relationship with the Irish Government, Annual Financial Report 2022.

Our headquarters is located at 10 Molesworth Street, Dublin 2, Ireland.

Our main products and services are mortgages, personal, SME and corporate lending, payment services, credit card services and deposits. Where we provide non-core banking products, for example general insurance, we typically partner with market leaders.

Our most significant operations are in Ireland and the United Kingdom where we operate a retail, corporate and business banking offering. In the United States of America, we have a branch in New York from which we manage corporate and treasury business.

Significant changes to our business in 2022 are:

- migration of the Ulster Bank portfolio of corporate and commercial loans has progressed throughout the year
- sell down in June of approximately 5% of the State's shareholding in the Group, and a further 5% in November
- record number of new customer accounts opened in response to the exit of two players from the Irish banking market: Ulster Bank and KBC.

The entities downstream from AIB are our customers. Our lending portfolio can be summarised as follows:

Sectors	at 31.12.2022	
	Gross Carrying amount (€bn)	% of AIB loan book
Residential Mortgages	30.3	49
Property & Construction	8.8	14
Distribution	4.1	7
Manufacturing	2.9	5
Transport	2.6	4
Agriculture	1.7	3
Energy	2.8	5
Financial	0.5	1
Other Services	4.8	8
Other Personal	2.7	4
Total	61.2	100

Entities included in our sustainability reporting

A listing of the principal businesses and their locations that are included in the consolidated financial statement is provided in our Annual Financial Report and are covered by the report.

Within AIB Group plc, the material subsidiaries at 31 December 2022 are:

- Allied Irish Banks, p.l.c.;
- AIB Mortgage Bank Unlimited Company;
- EBS d.a.c.; and
- AIB Group (UK) p.l.c.

Further detail on our subsidiaries is available in the Financial Statements in our Annual Financial Report 2022.

The basis for including entities within the Sustainability Report is consistent with the Group's accounting policy for consolidation (including the treatment of non-controlling interests) as set out in note 1(d) of the Annual Financial Report 2022, except where specifically noted in this report.

We are continuously working to build and enhance our ESG reporting capability, to meet our mandatory and voluntary reporting commitments. As our business grows we expand our reporting to incorporate material data inputs to the fullest extent possible, recognising that data gathered in companies we have acquired may differ from data gathered in established internal systems in the parent company. Where any data is not included in our reporting this is stated in the relevant supporting notes.

In pages 91 to 103, we provide detailed information to support our disclosures in this report.

Details on our reporting

Our Sustainability Report is published annually. The reporting period is January to December. The reporting period for AIB Group plc Annual Financial Report and Sustainability Report are aligned.

The publication date of this report is 8 March 2023.

The contact point for questions about the report:

caroline.a.tully@aib.ie /
sarah.m.dempsey@aib.ie

Restatements

Any restatement of information is set out in notes accompanying the information.

External assurance

The Board's Sustainable Business Advisory Committee has commissioned an independent assurance process aligned to ISAE 3000 through Deloitte.

External assurance has been provided by Deloitte on our preparation of the report with reference to the GRI Standards and in relation to our implementation of the UNEP FI Principles for Responsible Banking.

The external assurer is currently our financial auditors.

The Deloitte assurance report can be found on page 104 of this report.

ESG SUPPORTING DATA

Employee Data

FTEs @ 31 December

	Note	2022	2021	2020	2019	2018
FTEs by gender						
Female		5,009	4,654	5,017	5,200	5,486
Male		4,126	3,828	4,078	4,229	4,345
FTEs - Permanent and temporary by gender						
Permanent Female		4,875	4,313	4,612	4,647	4,834
Male		3,923	3,500	3,682	3,693	3,681
Temporary Female		134	341	405	553	652
Male		203	328	396	536	664
FTEs - Permanent and temporary by region						
Permanent Ireland		8,106	7,052	7,330	7,370	7,507
United Kingdom		662	724	964	970	1,008
United States of America		30	37	-	-	-
Temporary Ireland		318	662	779	1,056	1,279
United Kingdom		19	7	22	33	37
United States of America		0	0	-	-	-
FTEs - Full-time and part-time by gender						
Full-time Female		4,536	4,176	4,453	4,573	4,802
Male		4,101	3,809	4,054	4,209	4,320
Part-time Female		473	477	564	628	684
Male		25	20	23	20	25
FTEs - Full-time and part-time by region						
Full-time Ireland		7,968	NR	NR	NR	NR
United Kingdom		640	NR	NR	NR	NR
United States of America		29	NR	NR	NR	NR
Part-time Ireland		456	NR	NR	NR	NR
United Kingdom		41	NR	NR	NR	NR
United States of America		1	NR	NR	NR	NR
Total		9,135	8,482	9,095	9,429	9,831
Average FTEs in FY						
Country Ireland		8,069	7,978	8,210	8,755	8,681
United Kingdom		672	922	997	1,026	1,066
United States of America		32	44	54	59	54
Total		8,773	8,944	9,261	9,840	9,801

Employee turnover data

	Note	2022	2021	2020	2019	2018
Hires						
Age <30 years		1,360 65 %	639 71 %	312 79 %	811	1,154
30-50 years		680 32 %	237 26 %	73 19 %	327	485
>50 years		56 3 %	28 3 %	9 2 %	63	44
Gender Female		1,072 51 %	417 46 %	172 44 %	546	789
Male		1,024 49 %	487 54 %	222 56 %	655	894
Region Ireland		1,989 95 %	894 99 %	370 94 %	1,113	1,566
United Kingdom		106 5 %	10 1 %	24 6 %	88	117
United States of America		1 - %	0 - %	0 - %	0	
Total hires		2,096	904	394	1,201	1,683
Leaves						
Age <30 years		683 46 %	668 41 %	397 50 %	663	746
30-50 years		639 43 %	574 36 %	252 34 %	657	584
>50 years		165 11 %	374 23 %	125 16 %	320	256
Gender Female		734 49 %	876 54 %	416 52 %	877	826
Male		753 51 %	740 46 %	378 48 %	763	760
Region Ireland		1,310 88 %	1,313 81 %	737 93 %	1,507	1,329
United Kingdom		168 11 %	293 18 %	51 6 %	133	227
United States of America		9 1 %	10 1 %	6 1 %	0	
Total leaves		1,487	1,616	794	1,640	1,586
Annual turnover rate		17.5 %	17.8 %	8.4 %	16.7 %	16.3 %

ESG SUPPORTING DATA

Employee Data

CONTINUED

Diversity by employee category @ 31 December

Gender	Note	2022		2021		2020	
		Female	Male	Female	Male	Female	Male
Senior management - Revenue generating functions		33 %	67 %	NR	NR	NR	NR
Senior management - Non-revenue generating functions		41 %	59 %	NR	NR	NR	NR
Senior management (total)		37 %	63 %	36 %	64 %	34 %	NR
Junior management - Revenue generating functions		45 %	55 %	NR	NR	NR	NR
Junior management - Non-revenue generating functions		43 %	57 %	NR	NR	NR	NR
Junior management (total)		45 %	55 %	44 %	56 %	44 %	NR
All management - Revenue generating functions		42 %	58 %	NR	NR	NR	NR
All management - Non-revenue generating functions		43 %	57 %	NR	NR	NR	NR
All management (total)		42 %	58 %	42 %	58 %	41 %	NR
Non management - Revenue generating functions		63 %	37 %	NR	NR	NR	NR
Non management - Non-revenue generating functions		53 %	47 %	NR	NR	NR	NR
Non management (total)		59 %	41 %	60 %	40 %	60 %	NR
ExCo		42 %	58 %	45 %	55 %	56 %	44 %
All FTEs		55 %	45 %	55 %	45 %	55 %	45 %

Diversity by employee category @ 31 December

Age	Note	2022			2021			2020		
		<30 yrs	30-50 yrs	>50 yrs	<30 yrs	30-50 yrs	>50 yrs	<30 yrs	30-50 yrs	>50 yrs
Senior management - Revenue generating functions		–%	63%	37%	NR	NR	NR	NR	NR	NR
Senior management - Non-revenue generating functions		1%	68%	31%	NR	NR	NR	NR	NR	NR
Senior management (total)		–%	65%	35%	– %	65 %	35 %	NR	NR	NR
Junior management - Revenue generating functions		–%	70%	30%	NR	NR	NR	NR	NR	NR
Junior management - Non-revenue generating functions		1%	73%	26%	NR	NR	NR	NR	NR	NR
Junior management (total)		1%	71%	28%	1 %	72 %	28 %	NR	NR	NR
All management - Revenue generating functions		–%	68%	32%	NR	NR	NR	NR	NR	NR
All management - Non-revenue generating functions		1%	72%	27%	NR	NR	NR	NR	NR	NR
All management (total)		1%	70%	29%	NR	NR	NR	NR	NR	NR
Non management - Revenue generating functions		24%	59%	17%	NR	NR	NR	NR	NR	NR
Non management - Non-revenue generating functions		27%	58%	15%	NR	NR	NR	NR	NR	NR
Non management (total)		25%	59%	16%	20%	64%	16%	NR	NR	NR
ExCo		–%	42%	58%	–%	45%	55%	–%	44%	56%
All FTEs		18%	62%	20%	15%	65%	20%	16%	62%	22%

ESG SUPPORTING DATA

Employee Data

CONTINUED

Training hours and expenditure

	Note	2022	2021	2020
Average training hours				
Female		34.8	28.2	NR
Male		35.3	27.7	NR
All FTEs		35	28	24
Training and development expenditure				
Average per FTE		880	800	NR

Mandatory training

	Note	2022 %	2021 %
Completion rates			
Speak Up		100	95
Anti-Money Laundering & Terrorism		90	94
Information Security		90	95
Data Protection		90	94
Health & Safety		93	91
Code of Conduct		94	95
Conflicts of Interests		96	90
Sustainability		97	94
Inclusion & Diversity		91	-

Anti-corruption training

	2022								2021							
	Group	Ireland	UK	USA	Group	Ireland	UK	USA	Group	Ireland	UK	USA	Group	Ireland	UK	USA
Note	Number				Rate				Number				Rate			
Number and rate																
FTEs (total)	8,999	8,353	612	34	98 %	96 %	99 %	100 %	8,469	7,693	742	34	97 %	97 %	94 %	92 %
Business partners	4,096	4,057	39		91 %	91 %	87 %		3,977	3,916	61		87 %	87 %	87 %	

Compensation

		Ireland	Northern Ireland	Great Britain	London
Wage level @ 31 December	Note				2022
Standard entry level wage		€28,000	€19,159	€20,393	€22,418
Local minimum wage (per hour)		€10.50	€9.50	€9.50	€9.50
Local minimum wage (based on hours worked in year (37x52))		€20,202	€18,278	€18,278	€18,278
Ratio of standard entry level wage compared to local minimum wage	16	1.39	1.05	1.12	1.23

ESG SUPPORTING DATA

Employee Data

CONTINUED

	Note	2022	2021
Annual compensation			
Title of our highest paid individual		CEO	CEO
Annual total compensation of the CEO		€500,000	€500,000
Median annual total compensation for all of our employees excluding the highest-paid individual	22	€52,035	€50,817
Percentage increase in annual total compensation for our highest-paid individual	23	— %	— %
Ratio of the annual total compensation of the CEO to the median annual total compensation of all employees, except the CEO (%)		9.61	9.84

Employee data

1. Employee data excludes Payzone and Goodbody.

FTEs @ 31 December Notes

2. Information is collected on employees through our internal HR systems. Data at 31 December 2022. Excludes 104 FTEs in Payzone and 351 FTEs in Goodbody. The actual number of FTEs as at 31.12.2022 reported in our Annual Financial Report (AFR) was 9,590, which includes Payzone and Goodbody employees. Source: Company information.
3. There are no significant seasonal variances.
4. Data reporting for 2020 - 2018 for permanent and temporary FTEs - Ireland data includes FTEs in our US operations (2020: 51 (2019: 53, 2018: 58)).
5. The average number of FTEs in the financial year excludes employees on career breaks and other unpaid long-term leaves, as well as Payzone employees in 2019 and 2020, and from 01.09.2021, Goodbody employees. The Average FTEs for 2022 reported in our AFR was 9,221, which includes 103 Payzone employees and 345 Goodbody employees. Source: AFR 2022 page 342, AFR 2021 page 355, AFR 2020 page 350, AFR 2019 page 364, and AFR 2018 page 362 and Company information.

Employee turnover notes

6. In an enhancement to our reporting, figures for NI and GB are amalgamated (previously they were reported separately). In addition, we have changed our age diversity reporting categories from <30, 30 - 49, 50+ to <30, 30 - 50, >50. Our reporting for 2020 reflects the new categories. Reported figures for 2019 and 2018 have not been amended to align with the new categories.
7. Employee turnover rate is calculated based on the total number of leavers divided by the number of FTE staff at the start of the year. Leavers include voluntary attrition, contract expirations, retirements and voluntary severance.
8. Source: Internal Company information.

Diversity by employee category notes

9. For employee category we report under revenue-generating functions (Retail, Treasury, AIB UK and Capital Markets) and Non-revenue generating (all remaining areas).
10. For 2022, we measured this diversity data on 31 December 2022.
11. Source: Internal company information.

Training notes

12. Mandatory training data covers all employees and business partners (includes advisory partners and contractors).
13. Business partners includes advisory partners and contractors.
14. AIB does not split training data by employee category.
15. Source: Internal Company information.

Wage level notes

16. Sources of 'Local Minimum Wage per hour are: Ireland (www.gov.ie/en/publication/e1f12-national-minimum-wage-will-increase-on-1-january-2021/) and UK (www.gov.uk/national-minimum-wage-rates).
17. Standard entry level wage is the entry point of our lowest level position and it is equal across female and male employees.
18. Our significant locations of operation are Ireland and the United Kingdom (UK)
19. Data reported is as at 31 December 2022.
20. Total compensation includes total remuneration paid to employees, excluding pension contribution. Source: CEO's salary, see AFR page 111.
21. All data, excluding minimum wage levels, is internal Company data.

Total compensation

22. Median annual total compensation for all employees (excluding the highest-paid individual): The median of a sequence is the middle number when sorting all numbers from low to high. This calculation excludes the annual total compensation for our CEO, who is the highest-paid individual in AIB.
23. We are not providing a figure for median percentage increase in annual total compensation for all of the organisation's employees, excluding the highest-paid individual. We will look to how we can provide this level of information in the future.
24. Source: Internal Company data.

ESG SUPPORTING DATA

Finance Data

Direct economic value generated and distributed

	Note	Group 2022 €m	Group 2021 €m
Direct economic value generated			
Net interest income	1	2,159	1,794
Other income	1	754	582
Income from equity accounted investments	1	37	21
Net credit impairment (charge) / writeback	1	(7)	238
Direct economic value generated		2,943	2,635
Direct economic value distributed			
Operating costs (excluding community investments)	2	(759)	(711)
Employee wages and benefits	3	(797)	(796)
Payments to providers of capital:			
Distributions paid on Ordinary Shares	4	(122)	-
Distributions paid to other equity interests	4	(65)	(65)
Buyback of Ordinary Shares	4	(91)	-
Payments to government:			
Current tax (charge)	5	(33)	(18)
Bank levies and regulatory fees	3	(155)	(162)
Community investments	2	(11)	(10)
Direct economic value distributed		(2,033)	(1,762)
Economic value retained		910	872

Financial investment contribution

	Note	Group 2022 €m	Group 2021 €m
CapEx less Depreciation			
Additions to property, plant and equipment	7	32	30
Additions to intangible assets	8	174	204
Depreciation charge for the year property, plant and equipment	7	(39)	(29)
Amortisation for the year intangible assets	8	(218)	(197)
Total		(51)	8
Share buyback less Dividends			
Dividends paid on Ordinary Shares	4	122	-
Distributions paid to other equity interests	4	65	65
Buyback of Ordinary Shares	4	91	-
Total		278	65

Tax paid and collected

	Ireland €m	UK €m	USA €m	Group 2022 €m	Group 2021 €m
Tax paid					
Corporate income taxes	15	4	-	19	(9)
Property taxes	-	-	-	-	-
Non-creditable VAT and other sales taxes	121	6	-	127	98
Employer-paid payroll taxes	66	8	1	75	68
Other taxes that constitute costs to the Company, by category of taxes:					
Bank levy	37	-	-	37	37
Taxes related to customer redress	10	-	-	10	-
Interest on taxes paid / repaid	1	(1)	-	-	-
Total global tax borne by AIB	250	17	1	268	194
Tax collected					
Tax collected by AIB from customers, employees and shareholders	252	19	2	273	256
Total tax paid and collected	502	36	3	541	450

ESG SUPPORTING DATA

Finance Data

CONTINUED

Notes on our finance data

1. Refer to the consolidated income statement in AFR 2022.
2. Refer to note 11 in AFR 2022. Includes general and administrative expenses and restitution and associated costs (less community investments, which are presented separately).
3. Refer to note 11 in AFR 2022. For employee wages and benefits refer to personnel expenses.
4. Refer to consolidated statement of changes in equity in AFR 2022.
5. Refer to note 14 in AFR 2022.
6. Refer to note 3 in AFR 2022 for Revenue. Revenue, as disclosed in note 3, and Direct economic value generated may be reconciled as follows:

	2022	2021
	€m	€m
Revenue	2,913	2,376
Net credit impairment (charge) / writeback	(7)	238
Income from equity accounted investments	37	21
Direct economic value generated	2,943	2,635

7. Refer to note 25 in AFR 2022. Excludes right-of-use assets.
8. Refer to note 24 in AFR 2022.

ESG SUPPORTING DATA

Sustainable Finance Data

Green and other lending

	Notes	Group 2022 €bn	Group 2021 €bn	Group 2020 €bn	Group 2019 €bn
New green lending					
New Green Mortgages		1.3	0.7	0.3	0.0
New renewable energy and green buildings		1.9	1.3	1.1	1.2
Other		.0	-	-	-
Total new green lending	1	3.3	2.0	1.5	1.2
Climate Action Fund					
Cumulative green lending		7.9	4.6	2.7	1.2
Other lending					
New mortgage lending		4.6	3.1	2.4	3.1
Total new lending		12.6	10.4	9.2	12.3
	Notes	Group 2022 %	Group 2021 %	Group 2020 %	Group 2019 %
Total new green lending / All new lending		26%	19%	16%	10%
New Green Mortgages / All new mortgage lending		28%	23%	14%	n/a

Green and other lending notes

1. New green lending is a term we use for green and transition lending. It primarily includes lending for Green Mortgages, renewable energy and green buildings as set above. All categories within green and transition lending are set out in our Sustainable Lending Framework which is publicly available at www.aib.ie/sustainability.
2. Figures are rounded to one decimal place.

ESG Bonds

	Notes	Group 2022 €bn	Group 2021 €bn	Group 2020 €bn	Group 2019 €bn
ESG Bond issuances					
Green Bond		1.50	0.75	1.00	-
Social Bond	4	1.00	-	-	-
Total		2.50	0.75	1.00	-
Cumulative issuances		4.25	1.75	1.00	-
Eligible Green Bond Assets					
Renewable energy		1.98	1.32	1.16	0.8
Green buildings		2.68	1.23	1.07	0.9
Clean transportation		0.03	0.02	-	-
Total Green Bond allocation	2	4.69	2.57	2.24	1.70
Eligible Social Bond Assets					
Access to education		0.23			
Social and affordable housing		0.52			
Access to healthcare		1.00			
SME financing in deprived areas		0.59			
Total Social Bond allocation	3	2.34			

ESG Bonds notes

1. Figures are rounded.
2. Data for our Green Bonds is independently assured by Mazars. Copies of our assurance reports are available at www.aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports.
3. Data for our Social Bonds is independently assured by Mazars. Copies of our assurance report is available at www.aib.ie/investorrelations/debt-investor/social-bond-framework/impact-and-allocation-reports.
4. A further Social Bond issuance of €0.75bn was completed in early 2023.

ESG SUPPORTING DATA

Operations Data

ABSOLUTE GHG EMISSIONS

Absolute GHG emissions (detailed)	Note	2022	2021	2020	Group 2019	2022	2021	2020	Ireland 2019	2022	2021	2020	2019	United Kingdom 2022	2021	2020	2019	United States of America 2022	2021	2020	2019
Gross Scope 1: Direct emissions (tCO₂e) (Location-based)																					
Stationary energy – Natural gas		1,558	2,281	2,878	3,421	1,417	2,099	2,689	3,213	127	164	171	188	14	18	19	21				
Stationary energy – Kerosene		304	471	279	299	283	455	272	283	22	16	6	16	0	0	0	0				
Stationary energy – Gas oil (fuel oil / diesel oil)		351	533	339	403	322	428	292	331	30	104	47	72	0	0	0	0				
Stationary energy – Diesel (Generator use)		10	13	12	0	10	12	12	0	0	1	0	0	0	0	0	0				
Stationary energy – Biomethane or Biogas (N ₂ O and CH ₄ only)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Mobile combustion – Fleet		771	505	646	574	771	505	642	568	0	0	4	7	0	0	0	0				
Refrigerants		9	176	59	86	9	176	52	86	0	0	0	0	0	0	7	0				
Total Scope 1 emissions (tCO₂e) (location-based)		3,004	3,978	4,213	4,784	2,811	3,674	3,960	4,481	179	286	228	282	14	18	25	21				
Gross Scope 2: Energy indirect emissions (tCO₂e) (Location-based)																					
Purchased electricity		5,920	5,945	7,575	10,025	5,460	5,453	7,080	9,366	413	448	446	564	47	43	48	94				
Total Scope 2 emissions (tCO₂e) (location-based)		5,920	5,945	7,575	10,025	5,460	5,453	7,080	9,366	413	448	446	564	47	43	48	94				
Gross Scope 2: Energy indirect emissions (tCO₂e) (Market-based)																					
Purchased electricity		226	101	114	64	172	57	66	0	6	0	0	0	47	43	48	64				
Total Scope 2 emissions (tCO₂e) (market-based)		226	101	114	64	172	57	66	0	6	0	0	0	47	43	48	64				
Gross Scope 3: Other indirect emissions (tCO₂e) (Location-based)																					
Purchased goods and services		see notes	2,319	2,422	488	see notes	2,159	2,370	435	see notes	160	51	50	see notes	0	1	3				
Capital goods		see notes	926	3,557	129	see notes	926	3,555	115	see notes	0	1	13	see notes	0	2	1				
Fuel- and energy-related activities (not in Scope 1 & 2)		see notes	3,906	2,410	5,512	see notes	3,642	2,234	4,993	see notes	240	174	466	see notes	25	2	53				
Waste generated in operations		see notes	39	106	199	see notes	34	92	150	see notes	4	12	47	see notes	1	2	2				
Business travel		see notes	342	884	3,845	see notes	273	729	3,116	see notes	41	107	650	see notes	28	48	79				
Employee commuting		see notes	2,008	2,360	4,287	see notes	1,719	1,896	3,441	see notes	271	427	785	see notes	18	37	61				
Investments	2		2,570,000	NR	NR		NR	NR	NR		NR	NR	NR		NR	NR	NR				
Out of scope biogenic emissions																					
Group Scope 1: direct emissions - biogenic		24	12	45	16	24	1	1	0	0	11	43	16	0	0	0	0				
Group Scope 3: other indirect emissions - biogenic		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total out of scope biogenic emissions		24	12	45	16	24	1	1	0	0	11	43	16	0	0	0	0				
Total Scope 1 & 2 emissions (location-based)		8,924	9,923	11,788	14,808	8,272	9,128	11,040	13,847	591	734	674	846	61	61	73	115				
Total Scope 1 & 2 emissions (market-based)		3,229	4,079	4,327	4,848	2,983	3,732	4,026	4,481	185	286	228	282	61	61	73	85				
Change in Scope 1 & 2 emissions (location-based) (yoy)		(10)%	(16)%	(20)%		(9)%	(17)%	(20)%		(19)%	9 %	(20)%		(1)%	(16)%	(36)%					
Change in Scope 1 & 2 emissions (location-based) (versus 2019 baseline)		(40)%	(33)%	(20)%		(40)%	(34)%	(20)%		(30)%	(13)%	(20)%		(47)%	(47)%	(36)%					

ESG SUPPORTING DATA

Operations Data

CONTINUED

Energy, water and waste in our operations

	Note	2021	2020	Group 2019	2021	2020	Ireland 2019	2021	United Kingdom 2020	2019	United States of America 2021	2020	2019
Energy consumption (megawatt hours)													
Renewable energy purchased/generated for own consumption			29,683	34,392		27,657	32,185		2,026	2,207		0	0
Green electricity supply		24,874			22,916			1,958			0		
Biogas (Stationary)		59						59			0		
Non-renewable energy consumption			18,515	21,836		17,097	19,906		1,137	1,595		280	335
Electricity		363			191						172		
Stationary energy - Natural Gas		12,493			11,497			896			100		
Stationary energy - Fuel Oils		4,095			3,618			477					
Total energy consumption		41,884	48,197	56,228	38,222	44,754	52,091	3,390	3,163	3,802	272	280	335
Waste consumption (metric tonnes)													
Total waste used/recycled/sold		522	1,117	2,062	486	1,023	1,907	35	93	149	1	1	6
Total waste disposed			10	58		0	0		8	55		2	3
Waste landfilled		1									1		
Waste incinerated with energy recovery		212			201			11					
Waste incinerated without energy recovery		0											
Waste otherwise disposed		0											
Waste with unknown disposal method		3						3					
Total waste generated		738	1,127	2,119	688	1,023	1,907	49	101	204	1	3	9
Hazardous waste generated		1	NR	NR	1	NR	NR	1	NR	NR	0	NR	NR
Water use - Operations													
Water consumed & withdrawn (megalitres)		77	112	175	72	102	158	3	9	16	2	2	0
Total % of water use in regions with high/extremely high baseline water stress - Operations		1%	2%	3%	-%	-%	-%	20%	20%	31%	-%	-%	-%
Emissions to water generated (tonnes)		0	NR	NR	0	NR	NR	0	NR	NR	0	NR	NR

Land use and ecological sensitivity

	Note	Number	Type of operation	Site area (hectares)	Size of operational site (m ²)	KBA status	Biodiversity value	Location	Group 2022
Sites adjacent to protected areas and/or key biodiversity areas									
Owned offices		0		0					
Leased offices		1	Office	0.08244	824.42	ASSI and SPA	Terrestrial and Marine	Northern Ireland	
Managed offices		0		0					

ESG SUPPORTING DATA

Operations Data

CONTINUED

Environmental data

GHG emissions notes

1. A GHG source is any physical unit or process that releases GHG into the atmosphere:
 - Direct (Scope 1) GHG emissions are from sources that are owned or controlled by AIB. AIB's Direct (Scope 1) emissions include combustion fuels, biomass (CH₄ and N₂O), fleet and fugitive emissions.
 - Energy indirect (Scope 2) GHG emissions can result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed. AIB Scope 2 emissions include consumption of all purchased electricity.
 - Scope 3 covers indirect AIB GHG emissions from the following categories: purchased goods and services, capital goods, waste generated in operations, business travel, employee commuting, fuel- and-energy-related activities (WTT and T&D) and investments.
 - Gross Biogenic Emissions are emissions of CO₂ from the combustion or biodegradation of biomass.
2. Scope 3 Category 15 investments covers emissions associated with AIB's customer loan book and other relevant investments
3. Our carbon reporting is aligned with our financial reporting. Our Scope 1 & 2 emissions for 2022 are 8,924 tCO₂e. Verification was based on data extrapolation to account for the 12 months of the reporting period. For further information see our verification report. Scope 3 emissions are reported one year in arrears. Our 2022 Scope 3 emissions will be disclosed in our CDP 2023 report.
4. The AIB carbon footprint was calculated using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol); the UK Government's emission conversion factors for greenhouse gas company reporting; the International Energy Agency electricity emissions factors; and other emissions factors as required.
5. The GWPs used in the calculation of CO₂e are based on the Intergovernmental Panel on Climate Change (IPCC) Assessment Reports over a 100-year period.
6. We have adopted the operational control approach on reporting boundaries. In 2022, we incorporated to our GHG inventory Goodbody operations in Ireland and the UK.
7. In line with the GHG Protocol, our emissions are presented in tonnes of carbon dioxide equivalent units (tCO₂e) and cover the Kyoto 'basket' of seven greenhouse gases when available: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).
8. These Group figures reflect gross location-based absolute emissions, unless flagged otherwise.
9. In 2022, to coordinate with Net Zero commitments, AIB set 2019 as its operational emissions base year. 2021 was chosen as baseline for our financial emissions (Cat 15 investments).
10. A third party independent verification, based on ISO 14064-3, was completed for reported Scope 1 and 2 emissions, as well as Scope 3 categories 1, 2, 3, 5, 7 and 8 for 2019 - 2022. Our 2021 and 2020 verification statements are publicly available at www.aib.ie/sustainability. A copy of our historical GHG verification statements is available in our annual CDP submissions.
11. 2021 figures have been updated as per last re-statement, issued in 2023. This exercise was completed in accordance with the GHG Protocol guidance and allowed the incorporation of 12 months of actual data.
12. Terms/abbreviations used: NR = not reported; WTT = Well to Tank; and T&D = Transport & Distribution.
13. For carbon accounting purposes, GHG emissions from our subsidiary AIB Mortgage Bank are incorporated into the operational boundary of 'Allied Irish Banks'.
14. Figures are rounded.
15. Source: Independently verified GHG emissions and Company information.

Energy notes

16. Energy consumption sources are considered to be electricity, natural gas, biogas, fuel oils (diesel, kerosene and gas oil). To align with historical reporting of data, fuels & energy related to fleet and business travel activities are excluded.
17. Renewable energy consumption sources are considered to be electricity and biogas only. It is not currently possible to split the sources of green electricity supply.

18. 2021 figures have been updated to allow the incorporation of 12 months of actual data for all our subsidiaries. 2021 data excludes Goodbody locations.
19. For this report, purchased electricity on green tariffs from our utility suppliers is considered renewable energy. Sole traceability to certified renewable energy sources is not available to us due to the singularities of Ireland's Single Electricity Market. Therefore, these figures do not account towards our Net Zero renewable sourcing targets. AIB has entered into a PPA which will allow to report fully traceable renewable electricity in future years.
20. Energy consumption sources are electricity, natural gas, biogas and fuel oils. Data is reported one year in arrears. Continued progress was made in managing our energy consumption in 2021. Total consumption reduced by 13% (year-on-year), although the proportion of renewable energy consumed compared with total energy consumed has reduced slightly (2021: 60%, 2020: 62%).
21. Figures are rounded.
22. Source: Company information.

Waste notes

23. Data is not yet available for FY 2022. 2021 data excludes Goodbody locations.
24. AIB is a financial institution operating through branches and offices in Ireland, the UK and USA. Based on the nature of these operations, AIB's main source of hazardous waste is discarded WEEE and the removal of refrigerants from air-conditioning units. In 2021, hazardous waste generated by AIB operations was 1.3kg (0.02% of our total waste volumes). This waste was treated in waste recycling facilities. AIB does not generate radioactive waste.
25. Prior to 2021, incinerated waste with energy recovery was reported under "waste used or recycled". In 2021 AIB updated its waste reporting methodology in line with GRI requirements and this disposal method is now accounted for under waste disposed.
26. Data is reported one year in arrears. In 2021, due to the Covid-19 pandemic, AIB non-critical staff continued to work remotely, a factor that contributed to the decrease of our waste volumes 35% (year-on-year). As employees have returned to the office, our preliminary waste statistics are showing a slight increase from 2021 figures.
27. Figures are rounded.
28. Source: Company information.

Water notes

29. Water data is not yet available for FY2022. 2021 data excludes Goodbody locations.
30. We are reporting discharged water as water consumed. We rely on municipal water networks for our water demand. There are no other sources of withdrawals. Water use is measured based on utility bills from water utility providers. Where data is not available it is extrapolated using intensity figures.
31. In 2021, 0.9% of AIB's water withdrawn and consumed was from high water-stressed regions in GB (according to the WRI Aqueduct water risk atlas tool). As at 31 January 2023 the tool did not indicate that any of our operations in GB were in an extremely high-stressed region. None of our operations in Ireland (where we operate predominantly), the US or Northern Ireland are located in a region of high/extremely high water stress. The tool is available at www.wri.org/applications/aqueduct/water-risk-atlas/.
32. AIB has no emissions to water. AIB is a financial institution operating through branches and offices in the ROI, the US and the UK. Based on the nature of these operations, AIB relies on municipal water networks for our water demand and uses waste water networks controlled by a sanitary authority for the disposal of water.
33. We rely on municipal water networks for water, therefore water withdrawn is the same as water consumed. Data is reported one year in arrears. In 2021, water consumption reduced by 32% (year-on-year). In addition, in 2021 the percentage of water use in regions with high/extremely high baseline water stress reduced from 2% to 1%.
34. Source: Company information.

ESG SUPPORTING DATA

Operations Data

CONTINUED

Environmental data continued

Land use and ecological sensitivity notes

35. AIB does not have any sites in protected areas and/or key biodiversity areas.
36. Our mapping covers our business operations in Ireland, the UK and USA.
37. AIB only has office operations. We do not have production/manufacturing or extractive operations.
38. Key Biodiversity Area status - Area of Specific Scientific Interest (ASSI) and Special Protection Area (SPA).
39. Source: Company information.

ESG SUPPORTING DATA

Other ESG Data

Digital accessibility

	Note	2022 #	2021 #
Daily interactions	1	3.26m	2.86m
Digitally active customers	2	2.1m	1.85m
Mobile interactions	3	3.0m	2.6m
Active on mobile app		1.79m	1.55m
Daily internet banking logins		117k	115k
ATM transactions		75k	72.7k
Daily branch transactions		47k	44k
Daily contact centre calls		18k	21.3k
Daily kiosk/table logins		11k	8.7k

Board diversity @ 31 December

	Note	2022 %	2021 %
Gender			
Male		60 %	56 %
Female		40 %	44 %
Age			
<30 Years		- %	- %
30 - 50 Years		13 %	12 %
>50 Years		87 %	88 %

Board anti-corruption training

	Note	2022 Rate	2021 Rate
AIB Group Board		15	100
		16	100 %

Customer satisfaction

	Note	2022	2021	2020	2019
Relationship – Personal Relationship NPS		+20	+27	+25	+34
Relationship – SME Relationship NPS		+16	+22	+25	+20
Transactional – Homes NPS		+52	+50	+45	+53
Transactional NPS		+39	+45	+49	+48

Suppliers

	Note	2022 Number	2022 Value €bn	2021 Number	2021 Value €bn
Ireland		1,327	0.944	1,338	0.816
United Kingdom		510	0.121	561	0.142
United States of America		145	0.057	139	0.036
Rest of the World		89	0.001	90	0.024
Total		2,071	1.124	2,128	1.018

Digital accessibility notes

- Daily interactions include internet banking logins, branch transactions, ATM interactions, contact centre calls, kiosk logins and mobile interactions.
- Definition of digitally active customers refers to a customer who has logged into mobile, IB or iBB in the past 90 days.
- Mobile interactions include quick balance checks and logins. In previous years, when a customer completed a quick balance check followed by a full login to mobile banking within a short period of time, this was counted as one interaction; however, since 2020 this is counted as two interactions.
- Source: Internal Company information.

Board data notes

- Board data relates to the Group Board.
- Business partners includes advisory partners and contractors.
- AIB does not split training data by employee category.
- Source: Internal Company information.

Suppliers notes

- Data excludes Goodbody and Payzone suppliers.
- Source: Company information.

Customer satisfaction notes

- NPS is Net Promoter Score. 2021, 2020 and 2019 are aggregated yearly score.
- Source: internal Company information.

INDEPENDENT ASSURANCE



Independent limited assurance engagement on AIB Group plc's preparation of the 2022 Detailed Sustainability Report for the year ended 31 December 2022 (the "Report"), with reference to the Global Reporting Initiative Standards (the "GRI").

What we looked at: scope of our work

AIB Group plc ("AIB") has engaged Deloitte to carry out Independent Limited Assurance - in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 (Revised)") issued by the International Auditing and Assurance Standards Board ("IAASB") - on the compliance of AIB's Sustainability Report for the financial year ended 31 December 2022 ("the Sustainability Report") with the application of the relevant requirements of the Global Reporting Initiative ("GRI") Standard's reporting guidelines ('GRI Standards') when preparing a report with reference to the GRI Standards (the 'Applicable Criteria') (the 'Services'). Please note that this scope does not include assurance of the underlying data for each of the indicators reported.

What standards we used: basis of our work, criteria used and level of assurance

We carried out limited assurance procedures on the Sustainability Report's compliance with the application of the relevant requirements of the GRI Standards when preparing a report with reference to the GRI Standards in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"). To achieve limited assurance, ISAE 3000 requires that we review the processes, systems and competencies used to compile the Report, on which we provide limited assurance. It does not include detailed testing for each of the indicators reported, or of the operating effectiveness of processes and internal controls. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We are not required to carry out an audit conducted in accordance with International Standards on Auditing (Ireland). Consequently, our conclusion is not expressed as an audit opinion.

What we did: key limited assurance procedures

- To form our conclusion, we undertook the following procedures:
 - Interviewed management and those with operational responsibility for sustainable business performance to assess the application of the GRI Standards in the preparation of the Sustainability Report;
 - Gained an understanding of the key structures, processes, procedures and controls relating to the preparation of the Sustainability Report;
 - Performed procedures to analyse and assess the key governance structures, processes, procedures and controls relating to the preparation of the Sustainability Report;
 - Evaluated whether the approach undertaken by management for the material sustainability issues presented in the Sustainability Report are consistent with our overall knowledge and experience of sustainability management and performance at AIB; and
 - Assessed the completeness and accuracy of the GRI Content Index in the Sustainability Report with respect to the GRI Standards, including review of reasons for any omission.

Limitations

The process an organisation adopts to define, gather and report information on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in

Our independence and competence in providing limited assurance to AIB

- We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to AIB that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.
- Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with many years' experience in providing corporate sustainability report assurance.
- In performing our work, we applied International Standard on Quality Management 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

definitions, collection and reporting methodology, often with no consistent, accepted external standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop.

Additionally, any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

In relation to our work performed on the Report, we note the following specific limitations:

- Our testing did not include assurance of, or detailed testing of the underlying data for each of the indicators reported, or of published assertions. As such, our work does not involve procedures to verify the accuracy of the performance data or assertions published.
- The procedures performed only related to the period under review and does not provide assurance in relation to any future period or past dates outside of this period as changes to systems or controls subsequent to the period covered by our report may alter the validity of our conclusion.

What we found: our assurance conclusion

Based on the limited assurance procedures set out above, and evidence we obtained, nothing has come to our attention that causes us to believe that AIB's Sustainability Report for the financial year ended 31 December 2022 has not been prepared, in all material respects, with reference to the GRI Standards.

Roles and responsibilities

AIB:

AIB are responsible for the provision of information and decision-making in connection with the Services provided as per the section above. The Directors are responsible for the following:

- The preparation of the Sustainability Report and statements contained within it 'with reference to' GRI Standards. They are responsible for determining AIB's objectives in respect of sustainability performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. Provision of sufficient access and making available all necessary records, correspondence, and information to allow the successful completion of the Services.
- Provision of such explanations and evidence that we consider necessary to carry out our work, which includes written representations in the form of a management representation letter from AIB's senior executives.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Sustainability Report to ensure that it is free from material misstatement, including whether due to fraud or error.

Deloitte:

Our responsibility is to:

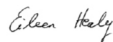
- Independently express conclusions on whether anything has come to our attention that causes us to believe that the Sustainability Report has not been prepared, in all material respects, with reference to the Applicable Criteria.
- Plan and perform procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the compliance of the Sustainability Report with the relevant requirements of the Applicable Criteria.
- Communicate matters that may be relevant to the compliance of the Sustainability Report with the Applicable Criteria to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Sustainability Report.
- Report our conclusion in the form of an independent limited Assurance Report to AIB.

Use of our report

This report is made solely to the Directors of AIB Group plc in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of AIB Group plc those matters we have agreed to state to them in this report and for no other purpose.

INDEPENDENT ASSURANCE CONTINUED

Without assuming or accepting any responsibility or liability in respect of this report to any party other than AIB Group plc and the Directors of AIB Group plc, we acknowledge that the Directors of AIB Group plc may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than AIB Group plc and the Directors of AIB Group plc as a body, for our work, for this report, or for the conclusions we have formed.



Eileen Healy
Partner
For and on behalf of Deloitte Ireland LLP
6th March 2023

Deloitte.

Independent limited assurance engagement on AIB Group plc ("AIB") Bank's Reporting and Self-assessment Template (the "Self Assessment Template") under the United Nations Environment Program ("UNEP") Finance Initiative ("UNEP FI") Principles for Responsible Banking ("PRB") Framework

What we looked at: scope of our work

AIB has engaged Deloitte to perform independent limited assurance reporting in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)") issued by the International Auditing and Assurance Standards Board ("IAASB") over the "Selected Information":

- 2.1 - Impact Assessment;
- 2.2 - Target setting;
- 2.3 - Target Implementation and Monitoring; and
- 5.1 - Governance Structure for implementation of the Principles

included within the Self Assessment Template against the UNEP FI's PRB and basis of reporting reported by AIB ("Applicable Criteria") for the year ended 31 December 2022 (the "Services").

For the avoidance of doubt, our procedures did not extend to any elements of the Self Assessment Template prepared by AIB outside of the Selected Information.

What standards we used: basis of our work, criteria used and level of assurance

We carried out limited assurance procedures on the self assessment template against the UNEP FI PRB and AIB's basis of reporting. Our procedures were informed by the Guidance for assurance providers – Providing Limited Assurance for Reporting – Version 2 (October 2022) published by the United Nations Environment Programme Finance Initiative in November 2022.

We have performed the procedures as outlined in the *What we did* section below. These do not necessarily achieve the confidence level as outlined by UNEP FI's Guidance for assurance providers, but rather what is normally obtained by a practitioner in a limited assurance engagement under ISAE 3000 (Revised).

To achieve limited assurance, ISAE 3000 requires that we review the processes, systems and competencies used to compile the Report, on which we provide limited assurance. It does not include detailed testing for each of the indicators reported, or of the operating effectiveness of processes and internal controls. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We are not required to carry out an audit conducted in accordance with International Standards on Auditing (Ireland). Consequently, our conclusion is not expressed as an audit opinion.

What we did: key limited assurance procedures

To form our conclusion, we undertook the following procedures:

- Through inquiries of management, obtained an understanding of the entity, its environment, the processes and information systems relevant to the preparation of the Selected Information to identify areas where material misstatements of the subject matter information is likely to arise and to obtain limited assurance to support a conclusion;
- Through inquiries of management, obtained an understanding of the reporting processes relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected

Our independence and competence in providing limited assurance to AIB

- We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to AIB that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.
- Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with many years' experience in providing corporate sustainability report assurance.
- In performing our work, we applied International Standard on Quality Management 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

INDEPENDENT ASSURANCE CONTINUED

Information. We did not evaluate the design of particular internal control activities, obtained evidence about their implementation or tested their operating effectiveness;

- Inspected documents relating to the Selected Information, including board committee minutes to understand the level of management awareness and oversight of the Selected Information;
- Performed procedures over the Selected Information to assess whether the reported information has been collected and reported in the PRB Self Assessment Template, in accordance with the Applicable Criteria, including checking to source documentation;
- Performed a review of the Selected Information including review of the inclusion of management's assumptions and estimates in the basis of reporting in so far as they relate to the Applicable Criteria;

Limitations

The Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

Further, the procedures to be performed only relate to the period under review, and do not provide assurance in relation to any future period or past date as changes to systems or controls subsequent to the period covered by our report may alter the validity of our conclusion.

What we found: our assurance conclusion

Based on the limited assurance procedures set out above and the evidence we obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the Applicable Criteria.

Roles and responsibilities

AIB:

AIB are responsible for the provision of information and decision-making in connection with the Services provided as per the section above. In addition, the Directors of AIB are responsible for the following:

- The preparation, measurement, presentation and approval of the Selected Information reported in the Self Assessment Template in accordance with the Applicable Criteria and published within the 2022 Sustainability report;
- Selecting and establishing the Applicable Criteria underpinning the Selected Information and as set out in the Self-Assessment Template and the UNEP FI PRB Guidance for assurance providers - dated November 2022;
- The preparation and approval of the Basis for Reporting published within the 2022 Sustainability report;
- Designing, implementing, and maintaining internal processes over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error;
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the Services; and
- Confirming to us through written representations that AIB have provided us with all information relevant to our Services of which AIB are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Deloitte:

Our responsibility is to:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to AIB.

Use of our report

This report is made solely to the Directors of AIB Group plc in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of AIB Group plc those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than AIB Group plc and the Directors of AIB Group plc, we acknowledge that the Directors of AIB Group plc may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than AIB Group plc and the Directors of AIB Group plc as a body, for our work, for this report, or for the conclusions we have formed.



Eileen Healy
Partner
For and on behalf of Deloitte Ireland LLP
6th March 2023

ACRONYMS USED IN THIS REPORT

AFR	Annual Financial Report
AHB	Approved Housing Bodies
ALCO	Asset & Liability Management Committee
AML	Anti-Money Laundering
ARPC	Arrears Restructuring Priority Committee
BAC	Board Audit Committee
BBB	British Business Bank
BER	Building Energy Rating
BILS	Brexit Impact Loan Scheme
BPIFI	Banking & Payments Federation of Ireland
BRC	Board Risk Committee
CC	Group Conduct Committee
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFT	Countering the Financing of Terrorism
CFWI	Climate Finance Week Ireland
CGS	Credit Guarantee Scheme
CM	Capital Markets
CO₂	Carbon Dioxide
COO	Chief Operating Officer
CRE	Commercial Real Estate
CRO	Chief Risk Officer
CSA	Corporate Sustainability Assessment
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Technology Officer
DORA	Digital Operational Resilience Act
DPO	Data Privacy Officer/Data Protection Office
EAP	Employee Assistance Programme
EBA	European Banking Authority
ECB	European Central Bank
EEA	European Economic Area
ENPI	Energy Performance Indicator
EP	Equator Principles
EPC	Energy Performance Certification
ERT	Emission Reduction Targets
ESG	Environmental, Social, and Governance

EU	European Union
ExCo	Executive Committee
FCA	Financial Conduct Authority
FSC	Forest Stewardship Council
FSPO	Financial Services and Pensions Ombudsman
FTE	Full-time Employee
GC	Group Committee
GDC	Group Disclosure Committee
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSC	Group Sustainability Committee
HR	Human Resources
I&D	Inclusion & Diversity
ICAAP	Internal Capital Adequacy Assessment Process
ICMA	International Capital Marketing Association
ICO	Information Commissioner's Office
IEA	International Energy Agency
IFRS 9	International Financial Reporting Standard 9
IPCC	Intergovernmental Panel on Climate Change
IRB	Internal Ratings Based
ISO	International Organization for Standardization
ISS	Institutional Shareholder Services
JAI	Junior Achievement Ireland
JAM	Just A Minute
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KWh	Kilowatt hours
LEAD	Leaders Enabling a Difference
MAC	Market Announcements Committee
MSCI	Morgan Stanley Capital International
MFI	MicroFinance Ireland
MLRO	Money Laundering Reporting Officer
MRA	Material Risk Assessment

MREL	Minimum Requirement for own funds and Eligible Liabilities
MTR	Mortgage to Rent
NFRD	Non-Financial Reporting Directive
NGFS	Network for Greening of the Financial System
NIST	National Institute of Standards and Technology
NOMCO	Nomination & Corporate Governance Committee
NPS	Net Promoter Score
NZBA	Net Zero Banking Alliance
PEFC	Programme for the Endorsement of Forest Certification
PPA	Power Purchase Agreement
PRA	Prudential Regulation Authority
PRB	Principles for Responsible Banking
PRS	Private Rented Sector
PSR	Payment Services Regulations
PV	Photovoltaic
QFA	Qualified Financial Advisor
RAG	Red/Amber/Green
RAS	Risk Appetite Statement
RCP	Representative Concentration Pathways
REMCO	Remuneration Committee
RMF	Risk Management Framework
S&P	Standard & Poor's
SBAC	Sustainable Business Advisory Committee
SBCI	Strategic Banking Corporation of Ireland
SFDR	Sustainable Finance Disclosure Regulation
SDG	Sustainable Development Goal
SEAR	Senior Executive Accountability Regime
SFF	Social Finance Foundation
SIEM	Security Information and Event Management
SLB	Sustainably Linked Bonds
SLF	Sustainable Lending Framework
SLI	Sustainability Linked Loan
SMART	Specific, Measurable, Achievable, Realistic, and Time-bound
SME	Small and Medium-sized Enterprises

SRI	Socially Responsible Investments
TCFD	Task Force on Climate-Related Financial Disclosures
TCO₂E	Tonnes of Carbon Dioxide equivalent
TDAC	Technology & Data Advisory Committee
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
VOC	Voice of the Customer
WEF	World Economic Forum

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