

SUSTAINABILITY IN AIB

# ADOPTING GLOBAL STANDARDS

To help embed sustainability across AIB, we are committed to providing both mandatory and voluntary reporting disclosures as outlined on pages 43 to 55.

We recognise that the scale and impact of our business confers on us a responsibility and role across the economy and society. At the heart of our strategy is a commitment to help ensure a greener tomorrow by backing those building it today. Our strategy for Sustainable Communities is focused on three areas: Climate & Environment, Economic & Social Inclusion, and Future Proof Business. Our priorities for each area are the result of extensive stakeholder engagement, including an independent bi-annual materiality and evaluation process.

As part of our commitment to transparency and pledge To Do More, in this section we disclose our reporting against the following: World Economic Forum (WEF) Stakeholder Capitalism metrics; the Task Force on Climate-related Financial Disclosures; our Non-Financial Statement; and the EU Taxonomy.

In 2021, we were pleased to become the first Irish company to commit to using WEF metrics in our reporting as detailed on pages 43-47. For our full Sustainability reporting, read our Sustainability Report 2021.

ENSURING A GREENER TOMORROW BY BACKING THOSE BUILDING IT TODAY

OUR FOCUS	CLIMATE & ENVIRONMENT		ECONOMIC & SOCIAL INCLUSION		FUTURE PROOF BUSINESS	
	OUR TARGETS	OUR 2021 PROGRESS	OUR TARGETS	OUR 2021 PROGRESS	OUR TARGETS	OUR 2021 PROGRESS
<p>We're actively integrating climate change into our business to accelerate our understanding, strengthen our strategy and clarify our actions. We're reducing our own carbon footprint and commit 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.</p>	<p><b>2023</b> <b>€10BN</b> IN NEW CLIMATE &amp; ENVIRONMENT LENDING</p>	<p><b>€4.5BN</b> GREEN LENDING SINCE 2019</p>	<p><b>2024</b> <b>€800M</b> FINANCE FOR SOCIAL HOUSING</p>	<p><b>€300M</b> FULLY ALLOCATED</p>	<p><b>2023</b> <b>+53</b> TRADITIONAL NPS<sup>3</sup></p>	<p><b>+45</b> TRADITIONAL NPS (2021)</p>
	<p><b>2030</b> <b>NET ZERO</b><sup>1</sup> IN OUR OPERATIONS AMBITION OF 70% OF NEW LENDING TO BE GREEN<sup>2</sup></p>	<p><b>19%</b> REDUCTION IN EMISSIONS (YEAR ON YEAR) 19% OF NEW LENDING IS GREEN</p>	<p><b>2030</b> <b>500K</b> CUSTOMERS SUPPORTED FINANCIAL LITERACY</p>	<p><b>288K</b> SECONDARY SCHOOLS PROGRAMME</p>	<p><b>2023</b> <b>&gt;2.25M</b> DIGITALLY ACTIVE CUSTOMERS</p>	<p><b>1.85M</b> DIGITALLY ACTIVE CUSTOMERS</p>
	<p><b>2040</b> <b>NET ZERO AMBITION</b> CUSTOMER PORTFOLIO LENDING (AGRI 2050)</p>	<p><b>INTERNAL SCIENCE BASED TARGETS SET</b></p>	<p><b>ONGOING</b> <b>AIB IN OUR COMMUNITY</b> ON-GOING STRATEGIC FOCUS</p>	<p><b>€10M</b> SUPPORTING COMMUNITY CAUSES</p>	<p><b>ONGOING</b> <b>GENDER BALANCED</b><sup>4</sup> BOARD, EXCO &amp; ALL MANAGEMENT</p>	<p><b>GENDER BALANCED</b></p>

1. Includes Scopes 1 & 2 emissions.

2. Green includes Transition Lending.

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

4. The Gender Equality Global Report & Ranking – 2021 Edition equates "gender balanced" with between 40% and 60% of women.

## CLIMATE & ENVIRONMENT

THEME	METRIC	RESPONSE
PLANET		
CLIMATE CHANGE	<p><b>GREENHOUSE GAS (GHG) EMISSIONS</b> For all relevant greenhouse gases (carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p> <p>(Note: Scope 1 – all direct emissions from owned / controlled sources including boilers and vehicles. Scope 2 – all indirect emissions from the consumption of purchased electricity, heat or steam. Scope 3 – all indirect emissions occurring in the value chain of the reporting company.)</p>	<p>We reduced GHG Scope 1 &amp; 2 emissions by 19% (year on year) in 2021. Our most recent CO<sub>2</sub> emissions are:</p> <ul style="list-style-type: none"> <li>• Scope 1 (location-based): 3,653 tCO<sub>2</sub>e (2021)</li> <li>• Scope 2 (location-based): 5,863 tCO<sub>2</sub>e (2021)</li> <li>• Scope 2 (market-based): 101 tCO<sub>2</sub>e (2021)</li> <li>• Scope 3 (location-based): 11,739 tCO<sub>2</sub>e (2020)</li> </ul> <p>Our Scope 3 emissions include the following:</p> <ul style="list-style-type: none"> <li>• Purchased goods and services: 2,422 tCO<sub>2</sub>e (2020)</li> <li>• Capital goods: 3,557 tCO<sub>2</sub>e (2020)</li> <li>• Fuel and energy-related activities: 2,410 tCO<sub>2</sub>e (2020)</li> <li>• Waste generated in operations: 106 tCO<sub>2</sub>e (2020)</li> <li>• Business travel: 884 tCO<sub>2</sub>e (2020)</li> <li>• Employee commuting: 2,360 tCO<sub>2</sub>e (2020)</li> </ul> <p>We currently do not report on our Scope 3 financed emissions but are in the process of setting science-based Net Zero targets and aim to disclose these in 2022. Scope 1 &amp; Scope 2 emissions are reported for the 12 months to 31 December 2021 whereas Scope 3 emissions are reported for the 12 months to 31 December 2020. Scope 1, 2 &amp; 3 emissions are independently verified by EcoAct. For more detail on our GHG emissions, see our Sustainability Report 2021 on pages 107-110.</p>
NATURE LOSS	<p><b>TCFD IMPLEMENTATION</b> Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation.</p> <p>Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.</p>	<p>It is our intention to fully implement the recommendations of the TCFD by 2023, while recognising that the climate-related financial disclosures will mature over time. Our TCFD disclosures are summarised on pages 48-49. Further information on our progress towards implementing the TCFD disclosures, together with an update on our progress since we announced our Net Zero ambitions and commitments, is set out in greater detail in our Sustainability Report 2021 on pages 20-50.</p>
	<p><b>LAND USE AND ECOLOGICAL SENSITIVITY</b> Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).</p>	<p>AIB operates sites in Ireland, Northern Ireland, Great Britain and the United States of America. To date, we have mapped our Ireland and Northern Ireland sites to KBAs. We identified one site in Northern Ireland (0.082 hectares) with a property which is adjacent to a regional KBA with marine and terrestrial attributes. The property is a leasehold office, located within a shopping centre which is multi-tenanted. Based on the analysis completed to date, which covers the majority of our operations, and on the nature of our operations (i.e. offices), it is our understanding that the sites of our operations do not represent a heightened risk of adverse impacts on biodiversity. For more information, see our Sustainability Report 2021 on page 111.</p>
FRESH WATER AVAILABILITY	<p><b>WATER CONSUMPTION AND WITHDRAWAL IN WATER-STRESSED AREAS</b> Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to the World Resources Institute (WRI) Aqueduct water risk atlas tool.</p> <p>Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p>	<p>We report discharged water as water consumed. We rely on municipal water networks for our water demand. There are no other sources of withdrawals. In 2021, AIB withdrew and consumed 112.4 megalitres of water from our global operations. Of this, 1.5% of water withdrawn and consumed was from high water-stressed regions in Great Britain, according to the WRI Aqueduct water risk atlas tool. At 31 January 2022, the tool did not indicate that any of our operations in GB were in an extremely high water-stressed region. None of our operations in Ireland, where AIB operates predominantly, Northern Ireland or the United States are located in a region of high/extremely high water stress. For more information, see our Sustainability Report 2021 on page 110.</p>



For more information about our sustainability strategy, go to [aib.ie/sustainability](https://aib.ie/sustainability)

## ECONOMIC AND SOCIAL INCLUSION

THEME	METRIC	RESPONSE																																																						
<b>PROSPERITY</b>																																																								
<b>EMPLOYMENT AND WEALTH GENERATION</b>	<b>ABSOLUTE NUMBER AND RATE OF EMPLOYMENT</b> Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.	<table border="1"> <thead> <tr> <th>HIRES IN FY21</th> <th>NUMBER</th> <th>RATE</th> <th>LEAVES</th> <th>NUMBER</th> <th>RATE</th> </tr> </thead> <tbody> <tr> <td>&lt;30 yrs</td> <td>639</td> <td>71%</td> <td>&lt;30 yrs</td> <td>668</td> <td>41%</td> </tr> <tr> <td>30-50 yrs</td> <td>237</td> <td>26%</td> <td>30-50 yrs</td> <td>574</td> <td>36%</td> </tr> <tr> <td>&gt;50 years</td> <td>28</td> <td>3%</td> <td>&gt;50 years</td> <td>374</td> <td>23%</td> </tr> <tr> <td>Female</td> <td>417</td> <td>46%</td> <td>Female</td> <td>876</td> <td>54%</td> </tr> <tr> <td>Male</td> <td>487</td> <td>54%</td> <td>Male</td> <td>740</td> <td>46%</td> </tr> <tr> <td>Ireland</td> <td>894</td> <td>99%</td> <td>Ireland</td> <td>1,313</td> <td>81%</td> </tr> <tr> <td>United Kingdom</td> <td>10</td> <td>1%</td> <td>United Kingdom</td> <td>293</td> <td>18%</td> </tr> <tr> <td>United States of America</td> <td>0%</td> <td>—%</td> <td>United States of America</td> <td>10</td> <td>1%</td> </tr> </tbody> </table>	HIRES IN FY21	NUMBER	RATE	LEAVES	NUMBER	RATE	<30 yrs	639	71%	<30 yrs	668	41%	30-50 yrs	237	26%	30-50 yrs	574	36%	>50 years	28	3%	>50 years	374	23%	Female	417	46%	Female	876	54%	Male	487	54%	Male	740	46%	Ireland	894	99%	Ireland	1,313	81%	United Kingdom	10	1%	United Kingdom	293	18%	United States of America	0%	—%	United States of America	10	1%
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<b>ECONOMIC CONTRIBUTION</b> 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for AIB's global operations, ideally split out by: revenues; operating costs; employee wages and benefits; payments to providers of capital; payments to government; community investment. 2. Financial assistance received from the government: total monetary value of financial assistance received by AIB from any government during the reporting period.	<p>1. For FY2021, direct economic value generated was €2,635m, and economic value distributed was €1,762m. The components of economic value generated and distributed include:</p> <table border="1"> <tbody> <tr> <td>Revenues</td> <td>€2,379m</td> </tr> <tr> <td>Operating costs (excluding community investments)</td> <td>€711m</td> </tr> <tr> <td>Employee wages and benefits</td> <td>€796m</td> </tr> <tr> <td>Payments to providers of capital</td> <td>€65m<sup>1</sup></td> </tr> <tr> <td>Payments to government</td> <td>€180m</td> </tr> <tr> <td>Community investment</td> <td>€10m</td> </tr> </tbody> </table> <p>Information on the components of economic contribution for the Group is set out in our Sustainability Report 2021 on page 106.</p> <p>2. AIB operates predominantly in Ireland, and received no financial assistance (including tax relief and tax credits, subsidies, investment grants, research and development grants, financial assistance from export credit agencies, financial incentives or other financial benefits received/receivable) from the Irish Government in 2021.</p> <p>The issued share capital of AIB Group plc is 2,714,381,237 ordinary shares of €0.625 each. At 2 March 2022, the Minister for Finance holds 1,926,309,424 ordinary shares representing 70.97% of the total voting rights attached to the issued share capital. The nature of the Group's relationship with the Irish Government is set out on page 352 in note 51(g) Related party transactions – Summary of the relationship with the Irish Government.</p>	Revenues	€2,379m	Operating costs (excluding community investments)	€711m	Employee wages and benefits	€796m	Payments to providers of capital	€65m <sup>1</sup>	Payments to government	€180m	Community investment	€10m																																											
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<b>FINANCIAL INVESTMENT CONTRIBUTION</b> Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.  Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	<p>For FY2021, total CapEx minus depreciation was €8m. CapEx for the year included additions to property and plant of €30m, additions to intangibles of €204m, depreciation charge for the year on property, plant and equipment of (€29m) and amortisation for the year on intangible assets of (€197m). AIB continues to invest significantly to transform itself into a market leading technology driven Group with infrastructure that is both secure and resilient. These investments have focused on enhancing the customer experience. The current investment strategy approach encompasses i) regulatory change ii) cyber iii) transformation iv) inorganics including the following areas:</p> <ul style="list-style-type: none"> <li>A world class personal mobile app and business payments platform.</li> <li>Streamlining and digitalisation of the mortgage customer journey.</li> <li>Transforming the Group's credit processes and technologies.</li> </ul> <p>In addition, the Group's property strategy has focused on adapting to an agile model, both in terms of IT solutions and location that enables us to drive collaboration and efficiency to best deliver for our customers.</p> <p>For FY2021, €65 million of distributions were paid on other equity instruments (AT1 coupons) and there were no distributions on ordinary shares. The company's strategy for ordinary shareholder distributions is a target 40-60% payout of attributable earnings, subject to regulatory approval. Any decision on the balance between dividends and buybacks in any year will be assessed at the appropriate time. Information on the components of CapEx and share buybacks is in the Sustainability Report 2021 on page 106.</p>																																																							
<b>INNOVATION IN BETTER PRODUCTS AND SERVICES</b>	<b>TOTAL R&amp;D EXPENSES (€)</b> Total costs related to research and development.	<p>While R&amp;D expenses are indicative of a company's investment in innovation and producing better products and services for their customers, it is not the only way to measure a company's efforts to innovate new products and services, and to be fit for the future.</p> <p>AIB is keenly focused on implementing the Sustainable Communities pillar of our Group strategy, which has a strong focus on financing our customers' transition to a low-carbon economy. We have invested in a suite of sustainable finance options, continue to build our understanding of climate risk and are adapting our systems and processes to capture ESG data. In addition, we have a sustained programme of investment in IT to support our digitalisation strategy and the resilience of our business systems.</p>																																																						
<b>COMMUNITY AND SOCIAL VITALITY</b>	<b>TOTAL TAX PAID</b> The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	<p>The table below sets out the total global tax paid by AIB for FY2021.</p> <table border="1"> <tbody> <tr> <td>Corporate income taxes</td> <td>(€9m)</td> </tr> <tr> <td>Property taxes</td> <td>-</td> </tr> <tr> <td>Non-creditable VAT and other sales taxes</td> <td>€98m</td> </tr> <tr> <td>Employer-paid payroll taxes</td> <td>€68m</td> </tr> <tr> <td>Other taxes – Bank levy</td> <td>€37m</td> </tr> <tr> <td><b>Total</b></td> <td><b>€194m</b></td> </tr> </tbody> </table>	Corporate income taxes	(€9m)	Property taxes	-	Non-creditable VAT and other sales taxes	€98m	Employer-paid payroll taxes	€68m	Other taxes – Bank levy	€37m	<b>Total</b>	<b>€194m</b>																																										
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1. Distributions paid to other equity interests.

## FUTURE PROOF BUSINESS

THEME	METRIC	RESPONSE
<b>PRINCIPLES OF GOVERNANCE</b>		
<b>GOVERNING PURPOSE</b>	<b>SETTING PURPOSE</b> The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	<p>AIB's purpose is to back our customers to achieve their dreams and ambitions. Our purpose was developed by the Group's Executive Committee and approved by the Group's Board in 2017. In 2018, our 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. Following the acceleration towards digital banking and changing ways of working associated with the COVID-19 pandemic, AIB announced a refreshed three-year strategy in December 2020, which was developed by the Executive Committee and approved by the Board. The strategy cycle includes a rolling annual review process.</p> <p>The Group is headed by an effective Board which is collectively responsible for the long-term, sustainable success of the organisation, generating value for shareholders and contributing to wider society. The Board supports, and strives to operate in accordance with, the Group's purpose and values at all times and challenges Management as to whether the purpose, values and strategic direction of the Group align with its desired culture.</p>
<b>QUALITY OF GOVERNING BOARD</b>	<b>GOVERNANCE BODY COMPOSITION</b> Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; and stakeholder representation.	<p>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 and through its succession planning is committed to achieving the most appropriate blend and balance of diversity possible over time. In terms of implementation of the Board Diversity Policy, the Nomination and Corporate Governance Committee reviews and assesses the Group Board composition and has responsibility for leading the process for identifying and nominating, for approval by the Board, candidates for appointment as Directors. At 31 December 2021, there was 44% female representation on our Board.</p> <p>In reviewing the Board composition, balance and appointments, the Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity, in order to maintain an appropriate range and balance of skills, experience and background on the Board and in consideration of the Group's future strategic plans. Where external search firms are engaged to assist in a candidate search, they are requested to aim for a fair representation of both genders to be included in the initial list of potential candidates so the Committee has a balanced list from which to select candidates for interview. All Board succession planning processes during 2021 were conducted in line with the policy. For more information, see Board Succession Planning and Appointments on page 181.</p> <p>The composition of the Board and its committees is set out in Our Board of Directors on pages 36 to 39. Committee membership is also reported within each of the Committee reports on pages 186 to 209.</p>
<b>STAKEHOLDER ENGAGEMENT</b>	<b>MATERIAL ISSUES IMPACTING STAKEHOLDERS</b> A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	<p>Through our Materiality Exercise, the following issues have been identified as being material to our stakeholders (customers, employees, suppliers, investors, regulators and society &amp; community) and to AIB:</p> <ol style="list-style-type: none"> <li>Ensure a climate resilient &amp; responsive business model</li> <li>Products and services to address environmental issues</li> <li>Responsible lending and investments</li> <li>Usability of services and accessibility of products</li> <li>Enable customers to make better informed financial decisions</li> <li>Housing</li> <li>Customer experience</li> <li>Digitalisation and interconnectivity</li> <li>Cyber security and business system resilience</li> <li>Protect our customers' data and privacy</li> <li>Talent attraction, retention and development</li> <li>Corporate governance &amp; accountability</li> </ol> <p>We also report on Community Investment, as this is a key area of strategic focus for AIB.</p> <p>Further details on our Materiality Exercise and our approach to managing each topic can be found in our Sustainability Report 2021.</p>
<b>ETHICAL BEHAVIOR</b>	<b>ANTI-CORRUPTION</b> 1. Total percentage of governance body members, employees and business partners who have received training on AIB's anti-corruption policies and procedures, broken down by region.  a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.  2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	<p>Training on AIB's anti-corruption policies and procedures was provided to the Board, to our employees and business partners in 2021.</p> <p>By year end, 100% of our Board, 90% of our employees and 87% of our business partners had completed our anti-corruption training. For a more detailed breakdown, see our Sustainability Report 2021 on page 105.</p> <p>Two incidents of corruption were confirmed in 2021 – one related to 2021 and the other to a previous year. Both incidents arose from customer complaints and have been fully investigated. The monetary amount for both is not material.</p> <p>Our Code of Conduct, Conflicts of Interests Policy and Anti-Bribery &amp; Corruption policy and training builds awareness across the organisation to assist in combating corruption. Our Speak Up (whistleblowing) policy and training clearly sets out how our employees can raise any concerns. Other stakeholders can raise concerns through our complaints process.</p>
	<b>PROTECTED ETHICS ADVICE AND REPORTING MECHANISMS</b> A description of internal and external mechanisms for:  1. Seeking advice about ethical and lawful behaviour and organisational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organisational integrity.	<p>Our key mechanism for seeking advice about ethical and lawful behaviour and on reporting concerns is our Speak Up (whistleblowing) policy and process. This is underpinned by our Code of Conduct, which sets out clear expectations for how we behave and how we do business. The Code guides our behaviours and emphasises our commitment to acting ethically, honestly and with integrity while demonstrating trustworthiness. All employees are required to complete mandatory training on both our Code of Conduct and on Speak Up to ensure awareness and understanding of what is expected and how to raise any concerns. Our Speak Up policy and our Code of Conduct are publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>.</p>

## FUTURE PROOF BUSINESS

THEME	METRIC	RESPONSE																															
<b>PEOPLE</b>																																	
<b>RISK AND OPPORTUNITY OVERSIGHT</b>	<b>INTEGRATING RISK AND OPPORTUNITY INTO BUSINESS PROCESS</b> Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship (which includes responsibility for personal data, as well as the use and governance of artificial intelligence and cyber security).	In our Risk Summary, we set out how AIB manages material risks, including our approach to Climate Change and Cyber and Information Security, which we see as Emerging Risk Drivers. Our Material Risks, Emerging Risk Drivers together with the linkage of these Risk Drivers for each of the Principal Risks, are set out on pages 28-31. Further insights into the risks and opportunities associated with Climate Change and Data Stewardship are set out in our Sustainability Report 2021 on pages 20-50 and pages 75-83.																															
<b>DIGNITY AND EQUALITY</b>	<b>INCLUSION &amp; DIVERSITY (%)</b> Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	<table border="1"> <thead> <tr> <th>EMPLOYEES (BY AGE)</th> <th>&lt;30 YRS</th> <th>30-50 YRS</th> <th>&gt;50 YRS</th> </tr> </thead> <tbody> <tr> <td>Senior management</td> <td>—%</td> <td>65%</td> <td>35%</td> </tr> <tr> <td>Junior management</td> <td>1%</td> <td>72%</td> <td>28%</td> </tr> <tr> <td>Non-management</td> <td>20%</td> <td>64%</td> <td>16%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>EMPLOYEES (BY GENDER)</th> <th>FEMALE</th> <th>MALE</th> </tr> </thead> <tbody> <tr> <td>Senior management</td> <td>36%</td> <td>64%</td> </tr> <tr> <td>Junior management</td> <td>44%</td> <td>56%</td> </tr> <tr> <td>All management</td> <td>42%</td> <td>58%</td> </tr> <tr> <td>Non-management</td> <td>60%</td> <td>40%</td> </tr> </tbody> </table> <p>Diversity is a key strategic priority for AIB. We have a long-term strategic target for gender balance in our Board, ExCo, and all management. Further data on diversity is set out in our Sustainability Report 2021 on page 104.</p>	EMPLOYEES (BY AGE)	<30 YRS	30-50 YRS	>50 YRS	Senior management	—%	65%	35%	Junior management	1%	72%	28%	Non-management	20%	64%	16%	EMPLOYEES (BY GENDER)	FEMALE	MALE	Senior management	36%	64%	Junior management	44%	56%	All management	42%	58%	Non-management	60%	40%
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Senior management	36%	64%																															
Junior management	44%	56%																															
All management	42%	58%																															
Non-management	60%	40%																															
<b>PAY EQUALITY (%)</b> Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	<p>Within AIB Group we are committed to being open, transparent and clear in relation to our position on inclusion and diversity and with this mind we are making our first disclosure on gender pay gap in Ireland, our most significant location of operation. Our gender pay gap for Ireland is 12.9% mean and 7.4% median. The gender pay gap represents the difference between both the mean (average) and the median (midpoint of all wages) hourly pay of male and female employees. Our disclosures are made ahead of the finalisation of Irish regulations on gender pay gap reporting, therefore we have based our calculations on the UK methodology. We have used a snapshot date of 25 September 2021. Please note, gender pay gap is not the same as equal pay. An equal pay comparison involves a direct comparison between a man and a woman, or a group of men and women, who are carrying out the same work.</p> <p>We have achieved a lot during 2021 reflecting our commitment to gender equality. We were the first bank to achieve a Silver "Investors in Diversity" Accreditation. In addition, we were named Best Practice Leader in the 2021 European Women on Boards Gender Diversity Index.</p>																																
<b>WAGE LEVEL (%)</b> 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	<p>We recognise that fair compensation and benefits contribute to the economic wellbeing of employees.</p> <p>The ratio of AIB's standard entry level wage compared to local minimum wage is 1.31:1 (Ireland) and 1.1:1 (United Kingdom). In AIB, the standard entry level wage is equal for female and male employees. Data excludes Payzone and Goodbody employees.</p> <p>The ratio of the annual total compensation of the CEO to the median of the annual total compensation of all AIB employees, except the CEO, is 9.84:1. Our CEO's total compensation is set out on page 205.</p> <p>For more information, see our Sustainability Report 2021 on page 105.</p>																																
<b>RISK FOR INCIDENTS OF CHILD, FORCED OR COMPULSORY LABOUR</b> An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	AIB does not have suppliers considered to have a significant risk for incidents of child labour. In 2021, we have made significant progress in relation to Human Rights, launching our Human Rights Commitment developed in line with the standards set out in the UN Guiding Principles on Human Rights. We also completed a pilot project to model the identification of our salient human rights issues, recognising our responsibilities relating to our role as an employer, as a procurer of goods and services, and as a provider of retail banking and corporate lending. For more information, see our Sustainability Report 2021 on page 91.																																

## FUTURE PROOF BUSINESS

THEME	METRIC	RESPONSE												
<b>PEOPLE</b>														
<b>HEALTH AND WELLBEING</b>	<b>HEALTH AND SAFETY (%)</b> 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.  2. An explanation of how AIB facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	<p>For all employees and workers who are not employees but whose work and/or workplace is controlled by AIB, we reported the following for FY2020:</p> <table border="1"> <thead> <tr> <th>HIRES</th> <th>NUMBER</th> <th>RATE</th> </tr> </thead> <tbody> <tr> <td>Fatalities from work-related injury</td> <td>0</td> <td>0.00</td> </tr> <tr> <td>High-consequence work-related injuries (excl. fatalities)</td> <td>1</td> <td>0.06</td> </tr> <tr> <td>Recordable work-related injuries</td> <td>13</td> <td>0.83</td> </tr> </tbody> </table> <p>The main types of work-related injuries include slips/trips/falls, trapped/crushed, hit against something fixed or stationary. We use FY2020 data which is our most current available. Please note the rate is calculated using an estimate of the number of hours worked, and indicates the number of work-related injuries per 500 full-time worked in 2020. Further details on health and safety matters are set out in our 2020 Health &amp; Safety Report available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>.</p> <p>AIB provides access to additional professional, emotional and wellbeing support via an external provider, Workplace Options, in addition to an occupational health service provided to employees by Medmark.</p>	HIRES	NUMBER	RATE	Fatalities from work-related injury	0	0.00	High-consequence work-related injuries (excl. fatalities)	1	0.06	Recordable work-related injuries	13	0.83
	HIRES	NUMBER	RATE											
Fatalities from work-related injury	0	0.00												
High-consequence work-related injuries (excl. fatalities)	1	0.06												
Recordable work-related injuries	13	0.83												
<b>SKILLS FOR THE FUTURE</b>	<b>TRAINING PROVIDED (HOURS, €)</b> 1. Average hours of training per person that AIB's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).  2. Average training and development expenditure per full-time employee (total cost of training provided to employees divided by the number of employees).	<p>AIB has a proud tradition of investing in best-in-class training and development to support 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 access a wide range of training, skills development and leadership development programmes.</p> <p>In 2021, training continued to be delivered virtually and a number of new initiatives were launched to support employees to lead effectively in a hybrid work environment. Our employees completed on average 28 hours of training (females 28.2, males 27.7). These training hours include all training types such as Instructor Led training, Virtual Instructor Lead training, SMT, iLearn: Web Based Training and external training, and relates to permanent and temporary employees. The average training spend per FTE employee was €800.</p>												

For more detail on the above data, including information on assumptions, inclusions/exclusions, please refer to the Non-Financial Information section of our Sustainability Report 2021, available at [www.aib.ie/sustainability](http://www.aib.ie/sustainability).



For our full Sustainability disclosures, see our Sustainability Report 2021

SUSTAINABILITY IN AIB

# OUR TCFD DISCLOSURES

AIB is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and this is our second year of disclosing our progress against its recommendations.<sup>1</sup> Our full set of TCFD disclosures is contained as part of our update on Climate & Environment on pages 20-50 in our Sustainability Report 2021 alongside our other ESG disclosures, which allows for the inclusion of more detailed and technical content. See [www.aib.ie/sustainability](http://www.aib.ie/sustainability).



GOVERNANCE		
TCFD FOCUS AREA	RECOMMENDED DISCLOSURE	OUR DISCLOSURE
<b>Disclose the organisation's governance around climate-related risks and opportunities</b>	Describe the Board's oversight of climate-related risk and opportunities	<ul style="list-style-type: none"> <li>Oversight of climate change and material items reviewed at Board level. Board and Executive Committee oversight and review of climate-related metrics that appear on the AIB Group Scorecard.</li> <li>Enhanced ESG governance with new Sub-Executive Committee, the Group Sustainability Committee, in addition to existing Board committee that has been in place since 2016, the Sustainability Board Advisory Committee. For more details, see our Sustainability Report 2021 – ESG Governance section on page x.</li> <li>Roles &amp; responsibilities and Terms of Reference of Board and Executive committees updated to reflect consideration of Climate Risk.</li> <li>Multi-year programme in train and sustainability working groups in place across key business areas.</li> <li>Sustainability training (including Climate Risk training) at Board, Executive Committee and employee levels.</li> <li>Mandatory sustainability objectives for all employees.</li> <li>First disclosures on WEF Stakeholder Capitalism metrics and continuing Carbon Disclosure Project disclosures (Leadership rated for six consecutive years).</li> </ul>
	Describe management's role in assessing and managing climate-related risks and opportunities	

STRATEGY		
TCFD FOCUS AREA	RECOMMENDED DISCLOSURE	OUR DISCLOSURE
<b>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material</b>	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	<ul style="list-style-type: none"> <li>Integrated consideration of climate risks and opportunities in the annual strategic planning process.</li> <li>Review of climate action opportunities and areas prioritised for investment as part of strategy review.</li> <li>Undertook initial climate risk quantification – physical flood risk for our residential mortgage portfolio and transition risk for our high climate risk sectors.</li> <li>New propositions launched to support customer transition including joint venture with leasing company for electric &amp; hybrid vehicles (Nift) and new green mortgage propositions across other AIB brands (in addition to existing Green Mortgage, Electric Vehicle proposition, Green Consumer Loan and Sustainability Linked Loans).</li> </ul>
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	<ul style="list-style-type: none"> <li>Sustainable Lending Framework defined for categorisation of green and transition lending published externally.</li> <li>Internal science-based targets set for 63% of the lending portfolio based on International Energy Agency 2°C or lower scenarios. Embedded within multi-year financial plans with plan to externally validate and disclose in 2022.</li> <li>Partnerships or collaboration to build awareness of climate change and promote action including prevention of food waste (FoodCloud), biodiversity (Coillte), community dialogues (TASC), in addition to annual Sustainability Conference and other events.</li> </ul>
	Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> <li>AIB signed up to Net Zero Banking Alliance, Equator Principles, WEF Stakeholder Capitalism metrics and UN Global Compact in 2021.</li> </ul>

RISK MANAGEMENT		
TCFD FOCUS AREA	RECOMMENDED DISCLOSURE	OUR DISCLOSURE
<b>Disclose how the organisation identifies, assesses, and manages climate-related risks</b>	Organisation's processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"> <li>Conducted climate risk heat-mapping to determine the most likely sectors with greatest exposure to physical and transition risks and developed a methodology to use scenario analysis to quantify climate-related risks for our commercial and retail customers.</li> <li>Introduced a new ESG Questionnaire to assess a borrower's ESG risk (for customers in high climate risk sectors), the outputs of which feed into the credit assessment process.</li> <li>Detailed work on ECB stress testing (Modules 1, 2 &amp; 3) in progress.</li> <li>In-depth review of AIB Group's Enterprise Risk Management Framework with respect to climate risk and areas for enhancement identified, with a number of gaps closed in 2021 including updates to a number of policies.</li> </ul>
	Organisation's processes for managing climate-related risks	<ul style="list-style-type: none"> <li>Climate Risk has been recognised as a key risk driver within Material Risk Assessment and updates made to AIB's Risk Appetite Statement (RAS) relating to Business Model Risk and Credit Risk.</li> <li>An assessment of climate-related risks over short, medium and long term was performed and linked to existing risk categories.</li> <li>Data &amp; Systems programme of work in train to capture required data fields for Climate Risk quantification and emissions reduction measurement.</li> </ul>
	Processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	

METRICS & TARGETS		
TCFD FOCUS AREA	RECOMMENDED DISCLOSURE	OUR DISCLOSURE
<b>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>Progress made on 2020 climate ambition announcements including:                             <ul style="list-style-type: none"> <li>– €2bn of green financing accounting for 19% of new lending (excludes transition finance);</li> <li>– issuance of second €750m Green Bond;</li> <li>– contracting for a power purchase agreement for 100% certified solar renewable energy.</li> </ul> </li> <li>Climate action lending target doubled from €5bn over five years to €10bn in the same period.</li> </ul>
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none"> <li>Science-based emissions reduction targets disclosed for a number of key sectors (residential mortgages, commercial real estate and electricity generation) covering 63% of lending balance sheet, with internal measurement processes in place to track progress.</li> </ul>
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> <li>Reduction of emissions from our own operations (Scope 1 &amp; Scope 2) of 19% in 2021.</li> </ul>

1. We comply with the FCA's Listing Rule 9.8.6R(8) and make disclosures consistent with the 2017 TCFD recommendations and recommended disclosures across all four of the TCFD pillars: Strategy; Governance; Risk Management; and Metrics and Targets.



For our full Sustainability disclosures, see our Sustainability Report 2021

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SUSTAINABILITY IN AIB

# OUR NON-FINANCIAL STATEMENT

Our Non-Financial Statement is intended to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

This Non-Financial Statement offers some high-level information to provide an understanding of the development, performance, position and impact of our activities in the four non-financial matters. We have provided references to supplemental information in this report and in our Sustainability Report 2021, which is published to the Global Reporting Initiative (GRI) Standards. For information on our business model, see pages 2 to 5.

In AIB, policies and codes are in place to enable us to operate our business in a responsible and sustainable way. Below we have set out some of the key policies related to Non-Financial Reporting Directive (NFRD) requirements, and provided links to the associated principal risks and key performance indicators (KPIs) for each matter. For more information, see our Sustainability Report 2021.

ENVIRONMENTAL MATTERS	
<b>ENVIRONMENTAL POLICY</b>	Our Environmental Policy is sponsored by our Chief Operating Officer Designate and our Director of Corporate Affairs, Strategy & Sustainability. The purpose of our policy is to enable us to carry out our business in an environmentally responsible and compliant manner. It will allow for greater management of the risks to the environment in our operations. The policy includes AIB's commitment to decarbonise our operations and to support initiatives aimed at preventing, mitigating, adapting or responding to climate change and decarbonisation of our operations. AIB is certified to ISO 14001 for environmental management. Our policy is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>ENERGY POLICY</b>	Our Energy Policy is sponsored by our Chief Operating Officer Designate and our Director of Corporate Affairs, Strategy & Sustainability. The purpose of our policy is to enable us carry out our business as energy efficiently as possible, reduce our carbon footprint and to achieve continuous improvement in energy performance. AIB is certified to ISO 50001 for energy management. Our policy is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>GROUP CREDIT RISK POLICY</b>	Our Group Credit Risk Policy includes a list of excluded business activities that are considered to be incompatible with Group Strategy due to negative environmental impacts associated with deforestation, nuclear power generation, natural gas fracking and the exploration, extraction or refining of oil or coal. 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 who are relationship managed. The full list is publicly available on <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>PROJECT FINANCE POLICY</b>	Our Project Finance Policy, approved by our Group Credit Committee, guides our climate-related lending assessments and decisions for long-term infrastructure, industrial projects and public services. Within credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location must undergo an environmental impact assessment (EIA), which will have to be submitted to competent authorities when applying for project development. AIB may rely on analyses provided by external parties to support our assessment.
<b>SUSTAINABLE LENDING FRAMEWORK</b>	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. The SLF is based on industry best practice and is largely aligned, where applicable, to the EU Taxonomy regulation and will evolve as the EU Taxonomy develops. It was approved by the Group Sustainability Committee and is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>KPIs</b>	Our main key performance indicators for environmental matters are Reduction in Emissions and Green Finance metrics. <ul style="list-style-type: none"> <li>Reduction in emissions – in FY2021 we achieved a 19% reduction in our Scope 1 &amp; 2 GHG emissions (year on year).</li> <li>Green Finance – in FY2021 we advanced €2bn in new green lending.</li> </ul>
<b>PRINCIPAL RISKS</b>	Operational Risk (see page 163) and Credit Risk (see pages 83-144).



SOCIAL & EMPLOYEE MATTERS	
<b>CODE OF CONDUCT</b>	Our Code of Conduct sets out how we are expected to behave in a manner consistent with our values and asks us, individually and collectively, to Do the Right Thing. It applies to anyone working in AIB. All employees are required to adhere to our Code and complete a declaration of compliance with our Code as part of their annual performance review. Annual e-learning on the Code is mandatory for all employees. We report annually to the Board Audit Committee in relation to the Code, on training completed and any breaches. The Code is available on <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>INCLUSION &amp; DIVERSITY CODE</b>	Our Inclusion & Diversity Code is based on an ethos that respecting, developing and harnessing the talents of all our employees creates an inclusive and supportive organisation. It enables the Group to deliver a superior experience for all our customers, provides an extraordinary place to work for our employees, and brings an appropriate financial return for our shareholders and the economies within which we operate.
<b>SOCIAL HOUSING POLICY</b>	Our Social Housing policy, which is part of our Credit Risk policy suite, supports lending to our customers for social housing and helps us to manage and mitigate the associated risks. Credit Risk develops and maintains policies to ensure responsible lending practices, aligned with our Risk Appetite Statement (RAS). It was approved by our Group Credit Committee.
<b>HEALTH &amp; SAFETY POLICY</b>	Our Health & Safety policy is based on the safety of our customers and employees which are paramount. Our policy forms part of our Safety Statement. It sets out the practical steps each of us must 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.
<b>KPIs</b>	For social and employee matters, our key performance indicators include: <ul style="list-style-type: none"> <li>Diversity – In 2021, we maintained gender balance at Board, ExCo and across all management levels with female representation of 44%, 45% and 42% respectively.</li> <li>Social housing finance – In 2021, we fully allocated our €300m Social Housing Fund and in July we launched an additional €500m. The additional funds aim to provide a further 3,000 homes.</li> </ul>
<b>PRINCIPAL RISKS</b>	See People and Culture Risk (see pages 167-168) and Credit Risk (see pages 83-144).

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RESPECT FOR HUMAN RIGHTS	
<b>HUMAN RIGHTS COMMITMENT</b>	Our Human Rights Commitment, published in Q1 2021, was developed in line with the standards set out in the UN Guiding Principles on Business and Human Rights. During 2021, we conducted a pilot project to model the identification of our salient human rights issues, recognising our responsibilities relating to our role as an employer, as a procurer of goods and services, and as a provider of retail banking and corporate lending. The pilot project focused on two areas of our business (Corporate Banking and Supplier procurement and management). It centred on building internal awareness on human rights within our business and identifying priority salient human rights risks relevant to the bank for further review and action. Our Human Rights Commitment is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>CODE OF CONDUCT</b>	Our Code of Conduct is our central policy for the human rights of our employees. In addition, our wider policy suite exists to protect our employees and respect their rights. Additional supporting policies include: our Inclusion & Diversity Code, Anti-Bullying & Harassment Policy, Domestic Abuse Handbook, Speak Up Policy, and Grievance Policy. We ensure that we not only fulfil our legislative requirements, but that we seek to go above and beyond the minimum standards for the jurisdictions in which we operate. The Code is available on <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>DATA PROTECTION POLICY</b>	Our Data Protection policy is part of the Regulatory Compliance Risk Management Framework. It aims to ensure that processes and controls are in place to minimise the risk of unfair or unlawful data processing and that all employees understand the responsibilities and obligations that must be adhered to under Data Protection regulation. It applies to our entire operation, including our suppliers. Material changes to the policy must be approved by our Group Risk Committee. While this policy is not publicly available, our Data Protection Notice and other information, including information on customers' data rights, is available on <a href="http://www.aib.ie/dataprotection">www.aib.ie/dataprotection</a> .
<b>RESPONSIBLE SUPPLIER CODE</b>	Our Responsible Supplier Code, launched in October 2020, sets out our expectations that our suppliers conduct their business in a fair, lawful, and honest manner with all their stakeholders, employees, subcontractors, and any other third parties. It describes our expectations on human rights, health, safety and welfare, supply chain, and inclusion and diversity. Suppliers are expected to abide by it, along with all applicable laws, regulations, and standards in the countries in which their business is conducted. Our suppliers may be asked to provide a written attestation that they have read and understood the code, and will abide by it. The Code is available on our suppliers portal on <a href="http://www.aib.ie/suppliers">www.aib.ie/suppliers</a> .
<b>MODERN SLAVERY STATEMENT</b>	Our Modern Slavery and Human Trafficking Statement is released annually. AIB recognises our responsibility to comply with all relevant legislation, including the UK Modern Slavery Act 2015. Our 2021 statement (published in June 2021), sets out the steps we took during 2020 to prevent modern slavery and human trafficking in our business and supply chains. An updated statement will be published in June 2022. The current statement is available at <a href="http://www.aib.ie/content/dam/aib/group/Docs/modern-slavery-statement-2021.pdf">www.aib.ie/content/dam/aib/group/Docs/modern-slavery-statement-2021.pdf</a> .
<b>KPIs</b>	<p>We report on these performance indicators annually in our Sustainability Report:</p> <ul style="list-style-type: none"> <li>• Breaches of data privacy: In 2021, we received 17 complaints from the Data Protection supervisory authorities in Ireland and the UK regarding breaches of data privacy, the majority of which related to 2020.</li> <li>• Personal data breaches: In 2021, we reported 141 breaches under GDPR to the Data Protection supervisory authorities in Ireland and the UK. While these may include losses of customer data or inaccuracy, the majority reported related to unauthorised disclosure of personal data.</li> </ul>
<b>PRINCIPAL RISKS</b>	See People and Culture Risk (see pages 167-168), Credit Risk (see page 83) and Regulatory Compliance Risk (see pages 164-165).

ANTI-BRIBERY & CORRUPTION	
<b>ANTI-BRIBERY &amp; CORRUPTION POLICY</b>	Our Anti-Bribery & Corruption policy complies with applicable anti-bribery and anti-corruption legislation in all the jurisdictions in which we operate. It forms part of our Code of Conduct and it is publicly available on <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>CONFLICTS OF INTERESTS POLICY</b>	Our Conflicts of Interest Policy provides a clear statement of the standards for recognising and preventing potential conflicts of interest and for managing conflicts of interests where they cannot be avoided. Conflicts of interest situations may arise between the interests of two or more parties, (whether directly or indirectly involved) in any situation. It is the result of any activities, interests or relationships that interfere with (or appear to interfere with) the ability of employees, agency workers or contractors, or of AIB to act in the best interests of our customers, employees, or AIB as an organisation. All employees are required to complete annual Conflicts of Interests training which includes anti-bribery and anti-corruption matters. The policy forms part of our Code of Conduct and it is publicly available on <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a> .
<b>FINANCIAL CRIME FRAMEWORK</b>	<p>Our robust Financial Crime Framework includes our Financial Crime policy and standards on Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT), Fraud and Group Sanctions. The policy and standards are embedded within our operating procedures, and subject to at least an annual content verification to ensure they are kept up to date.</p> <p>All employees and Directors are made aware of our Financial Crime policy and standards. Employees must complete mandatory e-learning annually. Our Money Laundering Reporting Officer (or Deputy) provides comprehensive annual training to the Board. Bespoke training tailored to consider the money laundering / terrorism financing risks relevant to the specific roles is also provided to key staff. To further enhance awareness, Financial Crime AML and Sanctions Bulletins are issued periodically to our employees outlining key trends and other topical items.</p>
<b>KPIs</b>	<p>Our key performance indicators for these matters include:</p> <ul style="list-style-type: none"> <li>• Conflicts of Interests training – 90% completion rate in 2021. We target a completion rate of 90% annually, to allow for employees who are on leave during the training period. On returning from leave, they are expected to complete the training.</li> <li>• Incidents of corruption – Two incidents of corruption were confirmed in 2021 – one related to 2021 and the other related to a previous year. Both incidents arose from customer complaints and have been fully investigated. The monetary amount for both is not material.</li> </ul>
<b>PRINCIPAL RISKS</b>	See Regulatory Compliance Risk (see pages 164-165) and Conduct Risk (see pages 165-166).

## SUSTAINABILITY IN AIB

## EU TAXONOMY

The EU Taxonomy is a sustainability classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. Here we outline the background and methodology to our first EU Taxonomy disclosure, relating to 2021.

In AIB, sustainability forms a key pillar of our business strategy. We have set an ambition of green/transition lending to account for 70% of all new lending by 2030. To support this goal, we have developed a Sustainable Lending Framework (SLF) where we have used the EU Taxonomy as one of the considerations to inform our criteria for green, transition or social loans. This framework is reviewed annually and will continue to evolve as the EU Taxonomy expands.

We have also published a list of excluded business activities with negative environmental impacts that AIB Group will not finance, such as deforestation and nuclear power generation. It has been incorporated into our Group Credit Risk policy, which supports the management of Credit Risk across the Group.

AIB offers a range of products that promote Taxonomy-eligible activities and help our customers become more sustainable. For example, our green mortgages in Ireland and the UK are available to new and existing customers whose property has a Building Energy Rating (BER) of between A1-B3. We also launched our green consumer loans in early 2021 targeted with initiatives, for example, to help customers retrofit their homes and achieve a higher energy efficiency rating. Our 'Power of Zero' initiative in partnership with Nissan offers our customers the opportunity to buy a new Nissan LEAF electric vehicle and to move away from transport options reliant on fossil fuels. Looking forward, in 2022 we will continue to build out our green product offering further.

AIB Private Banking also offers a range of ESG portfolios that contain underlying Sustainable Finance Disclosures Regulation Article 8 and Article 9 funds to our clients. We discuss ESG matters with our clients at the point of origination. Additionally, we collect data from our corporate customers as part of the Sustainable Lending Framework to enable loan classification as green or transition.

#### CONTEXTUAL INFORMATION INCLUDING THE SCOPE OF ASSETS AND ACTIVITIES COVERED BY THE KPIS, INFORMATION ON DATA SOURCES AND LIMITATIONS

Our EU Taxonomy disclosure covers AIB Group. Our proportion of in-scope assets exposure to taxonomy eligible economic activities is 38% which is driven by the proportion of retail mortgages on our balance sheet and the fact that the acquisition and ownership of buildings is an eligible activity. The main category of assets for eligibility considerations covered in our disclosure includes households. In our denominator, we include local government financing, financial corporations, non-financial corporations (NFCs), derivatives, on demand interbank loans, cash and cash-related assets and other assets (e.g. goodwill, commodities etc.). The scope of activities covered includes the eligible activities under climate change mitigation (CCM)<sup>1</sup> and climate change adaptation (CCA)<sup>2</sup>. Total exposure for other assets not covered in either denominator or numerator has been provided for central governments, central banks and supranational issuers, and the trading portfolio.

Given this is the first year of reporting, published counterparty data was limited by 10 February 2022. For this reason, financial corporations, and NFCs not subject to Non-financial Reporting Directive (NFRD) disclosure obligations were excluded from eligibility considerations. As data availability improves, we will look to include these assets in our numerator. For our numerator, we determined the proportion of Taxonomy-eligible assets using the associated Nomenclature of Economic Activities (NACE) codes within the Technical Screening Criteria. Our categorisation of the full book was reviewed.

1. CCM: The process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1.5°C above pre-industrial levels, as laid down in the Paris Agreement.

2. CCA: The process of adjustment to actual and expected climate change and its impacts.

## OUR 2021 DISCLOSURE

AIB carefully monitors progress towards the EU Taxonomy. The following table outlines the breakdown of Taxonomy-eligible assets on the balance sheet with reference to disclosure requirements for 2021. We will continue to develop our disclosures over the coming years as requirements and data availability increase. Our proportion of total assets exposure to taxonomy eligible economic activities is 38%, which is driven by the proportion of retail mortgages on our balance sheet and the fact that the acquisition and ownership of buildings is an eligible activity under climate change mitigation and climate change adaptation.

MANDATORY DISCLOSURE	TOTAL GROSS AMT (€M) <sup>1</sup>	% IN-SCOPE ASSETS	% TOTAL ASSETS
<b>ASSETS COVERED IN BOTH NUMERATOR AND DENOMINATOR</b> (Loans & advances, debt securities and equity instruments)	€29,664	38%	23%
<b>HOUSEHOLDS</b>	€29,664	38%	23%
<b>LOCAL GOVERNMENTS FINANCING (HOUSING)</b>	€0	0%	0%
<b>ASSETS EXCLUDED FROM THE NUMERATOR (COVERED IN THE DENOMINATOR)</b>	€49,035		38%
<b>HOUSEHOLDS</b> (non eligible)	€2,963		2%
<b>LOCAL GOVERNMENTS FINANCING</b> (non eligible)	€471		0%
<b>FINANCIAL CORPORATIONS</b> (Loans & advances, debt securities and equity instruments)	€12,467		10%
Credit institutions	€8,923		7%
Other financial corporations	€3,544		3%
<b>NON-FINANCIAL CORPORATIONS</b> (Loans & advances, debt securities and equity instruments)	€25,897		20%
<b>DERIVATIVES</b>	€423		0%
<b>ON DEMAND INTERBANK LOANS</b>	€960		1%
<b>CASH AND CASH-RELATED ASSETS</b>	€545		0%
<b>OTHER ASSETS</b> (e.g. Goodwill, commodities etc.)	€5,309		4%
<b>TOTAL ASSETS FOR DENOMINATOR</b>	€78,699		61%
<b>OTHER ASSETS NOT COVERED IN EITHER DENOMINATOR OR NUMERATOR</b>	€50,930		39%
Sovereigns	€7,997		6%
Central banks exposure	€42,467		33%
Trading book	€466		0%
<b>TOTAL ASSETS</b>	€129,629		100%

1. This table is prepared on the prudential scope of consolidation per FINREP.



For more information, see our Sustainability Report 2021