OUR APPROACH TO DISCLOSURES

We outline our approach to mandatory and voluntary corporate disclosures across four reporting frameworks, further details of which can be found on pages 30 to 54 of the following ESG Disclosures section. More can be found in our Sustainability Report 2022.

As a recognised leader of the sustainability agenda in Ireland and through our Pledge to Do More, we are committed to building long-term resilience and sustainability for our business, the economy and society.

Developing a sustainability culture and Group-wide processes that enable us to cascade and embed our agenda across our business and stakeholders is paramount to helping the Group achieve our ambitions and targets. It is also integral to supporting our customers in the transition to a low-carbon future. Our Group sustainability strategy is overseen by the Sustainable Business Advisory Committee (SBAC), which was established in 2016. In 2020, Sustainable Communities became a fifth pillar of our Group strategy, embedding sustainability from Board level right throughout the business.

Progress on our Group sustainability agenda is assessed against our Sustainable Communities pillar with a focus 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.

At AIB, we believe climate change poses a systemic challenge to long-term sustainability and consequently we have positioned climate action as our most urgent responsibility. We have a clear ambition for 70% of our new lending to be green or transition by 2030. We have set ourselves a target to achieve Net Zero in our financed emissions by 2040 for our full lending portfolio (excluding agriculture, which will be by 2050) in line with the Irish government's Climate Action Plan. We also have a target of becoming Net Zero in our own operations by 2030. Our ambitions more widely include social housing, where we have set a target to deliver €800m in lending approvals by 2024.

With key ambitions and targets set across our sustainability agenda, our focus is on implementation and delivery, including investing in our corporate sustainability reporting and meeting disclosure obligations. We believe transparency is at the heart of corporate sustainability, and in this section we demonstrate our commitment to principles of openness and accountability through the publication of a range of non-financial corporate sustainability and ESG disclosures.

These disclosures provide a basis for us to consider our commitments, while also imposing additional discipline on the Group to make further progress and to use our influence to advocate for sustainability across our range of stakeholders.

Our mandatory non-financial reporting disclosures are comprised of Task Force on Climate-related Financial Disclosures (TCFD), the EU Taxonomy and the Non-Financial Reporting Directive (NFRD).

In 2019, we became the first Irish bank and one of the first Irish companies to become an official supporter of the **Task Force on Climate-related Financial Disclosures**. Our disclosures to TCFD, which are on pages 30 to 41, are made through its four areas of focus: Governance, Strategy, Risk Management and Metrics & Targets.

This is our second disclosure to the **EU Taxonomy**, which is on pages 42 to 43, following its introduction for certain companies last year. It provides a classification system of sustainable activities across climate and environmental objectives.

Meanwhile, our Non-Financial Information Statement, a requirement under the **Non-Financial Reporting Directive**, is on pages 44 to 47 and provides disclosed information on policies and codes across four prescribed areas of Environmental Matters, Social & Employee Matters, Respect for Human Rights, and Anti-Bribery & Corruption.

In 2021, we became the first Irish company to adopt the **World Economic Forum (WEF) Stakeholder Capitalism Metrics**. This is a voluntary universal framework providing a common approach by which AIB's sustainability disclosures can be measured and compared with peers globally from all sectors, including financial services. Our disclosures are on pages 48 to 54, and are made through the lens of AIB's three areas of focus aligned to WEF's Planet (Climate & Environment), Prosperity (Economic & Social Inclusion), People and Principles of Governance (Future Proof Business).

→ Further detail on these four reporting frameworks are in the following ESG Disclosures section of this report. Additional information can also be found in our Sustainability Report 2022. See www.aib.ie/sustainability

SUSTAINABILITY IN AIB – TARGETS & PROGRESS

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 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.

Targets	2022 Performance
2023 **€10BN** **CLIMATE ACTION FUND** IN NEW GREEN & TRANSITION LENDING **(€2BN PER YEAR)**	**€7.9BN** GREEN LENDING SINCE 2019 **€3.3BN** GREEN LENDING IN 2022
2030 **NET ZERO** IN OUR OPERATIONS AMBITION OF 70% OF NEW LENDING TO BE GREEN	**10%** **REDUCTION IN OPERATIONAL EMISSIONS**[2] IN 2022 40% REDUCTION SINCE 2019 **26% OF NEW LENDING** WAS GREEN
2040 **NET ZERO AMBITION** CUSTOMER PORTFOLIO LENDING (AGRI 2050)	**FINANCED EMISSIONS TARGETS SET** FOR 75% OF LOAN BOOK[3]

Priorities for 2023

- Continue to support all AIB customers in the transition to a low-carbon future through product and proposition development and engagement
- Complete the energisation of our Corporate 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	2022 Performance
2024 **€800M** **FINANCE FOR SOCIAL HOUSING**	**€437M** **ALLOCATED AGAINST TARGET** SINCE 2020 €91M IN 2022
2023 **500K** **CUSTOMERS SUPPORTED** FINANCIAL LITERACY	**341K** **SECONDARY SCHOOLS** PROGRAMME SINCE 2021
ONGOING **AIB IN OUR COMMUNITY** ONGOING STRATEGIC FOCUS	**€10.7M** **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 and 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	2022 Performance
2023 **+53** **TRANSACTIONAL NPS**[1]	**+39** **TRANSACTIONAL NPS (2022)**
2023 **>2.25M** **DIGITALLY ACTIVE** CUSTOMERS	**2.1M** **DIGITALLY ACTIVE** CUSTOMERS
ONGOING **GENDER BALANCED**[4] MANAGEMENT	**GENDER BALANCE MAINTAINED**

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

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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. Absolute Scope 1 & 2 GHG emissions
3. As at 31 December 2021
4. The Equileap annual Gender Equality Global Report & Ranking equates 'gender balanced' with between 40% and 60% women

ESG DISCLOSURES

ESG Disclosures within this Annual Financial Report

Further disclosures are contained within our Sustainability Report 2022, which highlights the progress we are making against our strategy and commitments.

→ Read more on aib.ie/sustainability

OUR TCFD DISCLOSURES

In 2019, AIB was the first Irish bank, and one of the first Irish companies, to become an official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), supporting stakeholders to identify and assess our climate risks and opportunities. We are reporting to the TCFD framework in the following pages.

TCFD recommendation		Where in our disclosures is this addressed?
Governance	Board's oversight of climate-related risks and opportunities	→ page 30
	Management's role in assessing and managing climate-related risks and opportunities	→ page 31
Strategy	Climate-related risks and opportunities (short, medium and long term)	→ page 32
	Impact of climate-related risks and opportunities on business, strategy and financial planning	→ page 35
	Resilience of strategy, considering different climate-related scenarios, including a 2C or lower scenario	→ page 36
Risk management	Processes for identifying and assessing climate-related risks	→ page 37
	Processes for managing climate-related risks	→ page 37
	Integration of processes for identifying, assessing and managing climate-related risks into overall risk management	→ page 38
Metrics and targets	Metrics to assess climate-related risks and opportunities in line with strategy and risk management process	→ page 39
	Scope 1, 2 and 3 GHG emissions and the related risks	→ page 41
	Targets used to manage climate-related risks and opportunities and performance against targets	→ page 41

GOVERNANCE

TCFD recommendation: AIB's governance around climate-related risks and opportunities.

a. Board's oversight of climate-related risks and opportunities.

Board

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.

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,
- 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 responsibilities, 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.

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 independence and performance of the internal and external auditors; and,
- 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.

2022 Climate-related Activities
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, BAC and BRC to support enhanced evidencing of decision-making and ownership of ESG matters at Board level. As of 1 January 2023 a BAC member joined the SBAC and cross membership already exists between the BRC and the SBAC.

The Committees' 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 Chairs provide an update to the Board following each meeting on the key items discussed and considered by the Committee. In 2022, topics presented to one or more of Board, BRC and SBAC:

- The Board approved the Group Risk Appetite Statement (RAS) 2023 which included specific ESG-related qualitative statements;
- The BRC was updated on the outputs of initial climate risk quantification covering transition risks for high risk sector and physical flood risk;
- The BRC also received an update on green lending;
- The SBAC and Board reviewed and challenged the sustainability strategy as part of the wider Group strategy process and were updated on Financed Emissions Targets;
- The SBAC also reviewed and challenged the progress in achieving our sustainability targets;
- The SBAC reviewed the ESG Framework, which was approved by the Board on the basis of the recommendation of the BRC;
- The SBAC was updated on the climate risk stress tests, regulatory expectations, supplier risk management as well as AIB's own environmental footprint;
- The SBAC was provided with updates on sustainability propositions development status and propositions plan including peer reviews; and,
- SBAC was updated on investor views.

In continuing to build on their climate-related expertise, our Board participated in sustainability regulatory training, as well as two thought leadership events led by industry experts in the area of climate risk and climate policy in the financial sector.

b. Management's role in assessing and managing climate-related risks and opportunities.

Executive Committee (ExCo)
The ExCo is the most senior management committee of the Group and is accountable to the CEO. Subject to financial and risk limits set by the Board and excluding those matters that are reserved specifically for the Board, the ExCo, under the stewardship of the CEO, has responsibility for the day-to-day management of the Group's operations. For ESG matters the ExCo is supported by the following committees

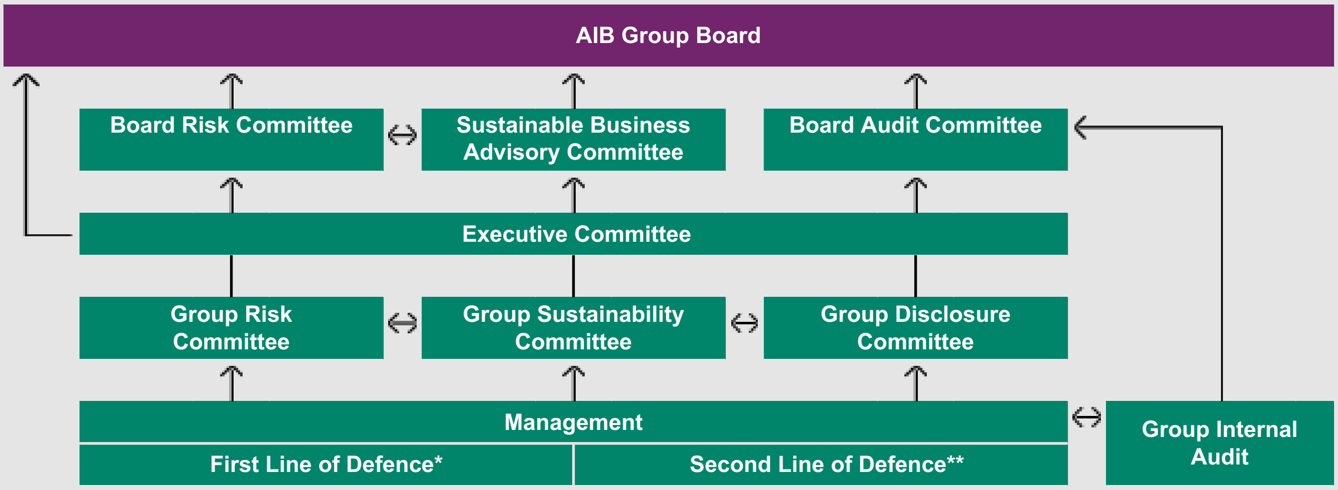
Group Sustainability Committee (GSC)
The GSC is a sub-committee of, and comprises members of, the ExCo in addition to some senior stakeholders from across the business. It is tasked with approval and oversight of aspects of the Group's sustainability strategy, including ESG activities, and how the Group responds to our ESG commitments. A key role of the committee is to review and assess current and emerging ESG risks, evolving with our ESG Framework 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 Group Risk Committee (GRC) on relevant matters. The GSC is chaired by the Chief Sustainability & Corporate Affairs Officer who is the Group's executive sponsor for sustainability. Its responsibilities include:

- Overseeing the development and implementation of the Group's sustainability strategy;
- Reviewing and assessing current and emerging ESG risks and trends that may materially affect the business, operations, performance or reputation of the Group;
- 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;
- 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 providing oversight of any sustainability-driven regulatory change including effective fulfilment of regulatory obligations and reporting;
- Reviewing the Group's relationships with key sustainability and ESG stakeholders including sustainability assessment bodies; and,
- 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 its overall responsibilities, the GRC receives updates regarding the effectiveness of the Group's policies and programmes that relate to identifying, managing and mitigating ESG risks, including climate risk and financial risk, 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.

Our ESG Governance Structure & Information flows chart:



* Updates in line with framework governance and reporting requirements
**ESG and material risk updates and reporting requirements
(Note: Arrows indicate information flow only)

STRATEGY

TCFD recommendation:
Actual and potential impacts of climate-related risks and opportunities on business, strategy and financial planning, where such information is material

a. Climate-related risk and opportunities (short, medium, and long term)

At a Group level, transition risks and opportunities, as well as physical risks, are considered over the short (0-3 yrs) medium (3-10 yrs) and long term (10+ yrs). AIB carried out an initial assessment of transition and physical risks and opportunities to ensure we have a resilient strategy aligned to a pathway seeking to limit global warming to 1.5°C, via the annual business planning process. We have embedded emissions targets covering Scope 1 and 2 and Scope 3 Financed Emissions Targets covering 75% of the baseline loan book (as at 31 December 2021 for financed emissions).

Climate-related risks include physical (chronic and acute) risks and 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. Physical risks arise from the physical impacts of a changing climate and can be both chronic (e.g. long-term rise in sea level) and acute (e.g. severe weather events). These risks can manifest themselves for AIB in impacts upon customer operations, supply chains, key assets, underlying infrastructure and workforce capacity.

Overall, a level of uncertainty is present regarding the timing of both climate-related transition and physical risk. Transition risk is expected to impact across the short, medium and long term as new technology, policies, legal and market shifts take place in the segments within which AIB operates. In terms of physical risk and flood risk in particular, climate scenarios demonstrate that these risks may manifest in the long term as the climate changes with the advent of both chronic and acute flood risks. These transition and flood risk themes are outlined further in the table below and following sections on Flood Risk in particular.

AIB recognises and embraces the significant opportunities in supporting our customers in their transition to a low carbon future. The systematic switch over time to a low carbon economy creates a vital commercial opportunity to deploy capital at scale across AIB's key sectors and geographies, in an environmentally and risk conscious manner.

Flood Risk

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

AIB has Non Financial Corporate (NFC) exposures secured on immovable property of €8.4bn in 2022, of which €0.27bn (3.2%) is sensitive to Physical Flood Risk*.

*Note: The physical flood risk is aligned with our CRR449a Pillar 3 disclosure showing "sensitivity" to physical risk for NFC's secured by immovable property under an adverse climate scenario. Adverse climate scenario is defined as: RCP 8.5 to 2035, and a 1:100 risk of a flood event.The threshold of risk for sensitive is set at a 1% flooding risk (1:100) and the adverse climate change scenario to 2035. This approach aligns to the EBA 2021 ESG Risk Management guidance in so far as there is prescriptive guidance.

Key Sectors: Loans & Advances to Customers at 31.12.22	Transition Risks	Physical Risks	Opportunities
Property (Residential and Commercial) 63%	• Increase in carbon taxes impacts on cost of heating for low energy efficiency buildings, reducing owner repayment capacity ⬛ / 🟪 • Low energy efficiency buildings reduce in value impacting collateral ⬛ / 🟪 • High raw material costs for retrofitting and limited supply chain capacity increase risk of default 🟩 / ⬛ • Some risk of stranded assets for low energy efficiency buildings ⬛ / 🟪 • Risk that key policies (incentives, etc.) are not applied in a consistent manner 🟩 / ⬛ / 🟪	• Increase in flood risk due to extreme weather events, rising sea levels, river flooding and changes in precipitation and temperature patterns: – Negative impact on property collateral from flood damage ⬛ / 🟪 – Could lead to increased insurance / inability to insure some properties ⬛ / 🟪 – Risk of stranded assets and portfolio impacts 🟪	• Retrofitting of residential and commercial buildings • Support increases in supply chain capacity and expertise • Solar rooftops – commercial, business and residential • Longer-term potential to support customers via innovations such as carbon trading platforms
Manufacturing 5%	• Carbon price impact on products and services reducing demand e.g. steel / cement and other building products ⬛ / 🟪 • Changing consumer preferences to low carbon manufactured goods and services 🟩 / ⬛ / 🟪 • Changing business models and impact of circular economy drives a shift towards total lifetime impact and products shifting to being consumed as a service ⬛ / 🟪 • Requirement to invest in new low carbon technology, but with demand for products and services uncertain 🟩 / ⬛ • Risk that key policies (incentives, etc.) are not applied in a consistent manner 🟩 / ⬛ / 🟪	• Negative impact on property values from flood damage ⬛ / 🟪 • Impact from severe weather on operations and global supply chains 🟩 / ⬛ / 🟪	• Investment in R&D for new building products including green steel and alternative cements • Funding for business model innovations and shift to circular manufacturing models
Transport 4%	• Impact of carbon pricing combined with cost of energy for internal combustion engines (ICEs) makes traditional car ownership more challenging 🟩 / ⬛ • Technology risk for commercial vehicles in particular as the pathway for electrification vs alternative / renewable gas vehicles remains uncertain ⬛ • Risk that key policies (incentives, etc.) are not applied in a consistent manner 🟩 / ⬛ / 🟪	• Increased severity in extreme weather leads to disruption to freight routes with associated supply chain impacts ⬛ / 🟪 • Severe weather leads to some damage and need to adapt / protect key infrastructure which could increase construction and insurance costs ⬛ / 🟪	• Public charging infrastructure for electric vehicles • Viable alternative business models to private car ownership, especially in urban settings • Adoption of public transport and cycling / walking infrastructure
Energy 5%	• Increased carbon prices and cost of energy create policy constraints limiting the implementation of the transition to a low-carbon energy system 🟩 / ⬛ • Ensuring adequate security of energy supply during transition to a low-carbon energy system 🟩 • Risk of high energy prices impacting vulnerable customers 🟩 • Risk that key policies (incentives, etc.) are not applied in a consistent manner 🟩 / ⬛ / 🟪	• Seasonal changes in wind variability make wind generation capacity less certain, reducing security of supply ⬛ / 🟪 • increased exposure to storm damage e.g. offshore wind, leads to increased maintenance and operational costs ⬛ / 🟪	• Onshore / offshore wind and solar • Waste to energy • Infrastructure for energy storage • Infrastructure for offshore wind • R&D for hydrogen and other alternative gases
Agriculture 3%	• Impact on beef and dairy farming profitability due to increased carbon prices and inability to pass through costs on products to customers ⬛ / 🟪 • Changing customer preferences away from traditional animal-based products reduces demand ⬛ / 🟪 • Increased focus on sustainability credentials in order to continue to serve key export markets and access grants and additional funding 🟩 / ⬛ • Some viability challenges for sub-scale farmers that fail to access additional grants and EU level funding ⬛ / 🟪 • Risk that key policies (incentives, etc.) are not applied in a consistent manner 🟩 / ⬛ / 🟪	• Changes in precipitation and temperature patterns during the growing season leads to fodder shortages within supply chains, damage to tillage and increased propensity for animal disease ⬛ / 🟪 • Impacts on growing seasons in Ireland and also global disruptions to supply chains leads to volatile commodity prices ⬛ / 🟪	• Adoption of sustainable farming practices • Diversification into new business models including land use and energy transition

Key:

🟩 Short term (0-3 yrs) (business planning period) ⬛ Medium term (3-10 yrs) 🟪 Long term (10+ yrs)

Transition Risk

Our Group Loan Portfolio by Sector table (see below), shows our exposure to all sectors.

Previously, heatmap analysis was undertaken to assess transition risk and identified these sectors/sub-sectors as most prone to transition risk

- Agriculture – Dairy and cattle farming
- Manufacturing – Food processing
- Transport – Road, rail and water transport; or aviation
- Non-renewable energy.

Although property and construction was identified as carrying some transition risk via the heatmap exercise, it was agreed that this sector climate risk would be primarily considered within physical flood risk.

During 2022, c. 8% of new lending (over a threshold of €/£300k gross connected exposure) was to sectors most prone to transition risk. AIB completed an assessment of those customers via an ESG Questionnaire.

Over the course of 2022, work commenced to further enhance and refine this tool, broadening the scope of coverage at both counterparty and sector level.

In 2022 work continued in further embedding ESG risk with a focus on reviewing and updating, where appropriate, relevant policies to include further ESG requirements.

	at 31.12.2022		at 31.12.2021	
AIB Group Loan Portfolio by Sector	Loans & advances to customers (€bn)	% of AIB Loan Book	Loans & advances to customers (€bn)	% of AIB Loan Book
Residential mortgages	30.3	49	29.4	50
Property & construction	8.8	14	7.6	13
Non-Property Business				
Distribution	4.1	7	4.7	8
Manufacturing	2.9	5	2.6	4
Transport	2.6	4	2.2	4
Agriculture	1.7	3	1.7	3
Energy	2.8	5	2.2	4
Financial	0.5	1	0.5	1
Other Services	4.8	8	4.8	8
Other Personal	2.7	4	2.7	5
Total	61.2	100	58.4	100

- Numbers are rounded

AIB Climate Risk Heatmap

Risk Category		Residential mortgages	Property & construction	Distribution	🟪 Manufacturing	🟪 Transport	🟪 Agriculture	🟪 Energy
31.12.22 Loans & Advances to Customers (€bn)		**30.3**	**8.8**	**4.1**	**2.9**	**2.6**	**1.7**	**2.8**
Transitions Risks	Carbon pricing & other GHG emissions regulations	🟥	⬛	🟥	⬛	⬛	⬛	⬛
	Transportation emissions reductions regulations	🟩	🟩	🟩	🟥	⬛	🟥	🟩
	Increased competition from low-carbon and/or energy efficient technologies	🟩	🟥	🟥	⬛	🟥	🟩	🟥
	Global trade policies	🟩	🟩	🟩	🟥	🟥	⬛	🟩
	Increase in energy, water and insurance costs	🟩	🟥	🟩	🟥	🟥	⬛	🟥
	Increase in costs of raw materials	🟩	🟥	🟩	🟥	🟩	🟥	🟥
	Removal of non-renewable energy subsidies	🟩	🟩	🟩	🟩	🟩	🟩	🟩
	Changing consumer behaviour	🟥	⬛	🟥	🟥	⬛	⬛	⬛
	Reputational risk	🟥	🟥	🟩	⬛	⬛	⬛	🟥
	Exposure to litigation	🟩	🟩	🟩	🟥	🟩	🟩	🟥

Key:

🟪 High climate risk sector for AIB

⬛ Material financial impact on sector from transition risk

🟥 Moderate financial impact on sector from transition risk

🟩 Low financial impact on sector from transition risk

Climate Opportunities
From an opportunity perspective, and as part of the business and financial planning process, a review of climate opportunities considering evolving market dynamics, regulatory, legal and societal trends was undertaken to strategically review and assess the areas of investment focus. This exercise involved stakeholders from across the Group to define the long list of opportunities and to agree the prioritised list of opportunities for inclusion. The basis for the prioritisation included weightings for climate impact, as well as wider commercial parameters.

The key opportunities identified within the strategic and investment planning process can be referenced in the table on page 33. Some examples of these opportunities include retrofitting of residential and commercial buildings, solar rooftops across commercial, business and residential and sustainable farming measures, research and customer supports.

b. Impact of climate-related risks and opportunities on businesses, strategy, and financial planning.

Impacts
The financial impacts of climate and environment are considered within two key processes. Firstly, the financial impact associated with the Financed Emissions Targets to 2030 and Net Zero commitment to 2040 (and 2050 for agriculture) is a formal part of business and financial planning. Business areas are required to consider the impact on projected revenues, costs and margins associated with meeting the Financed Emissions Targets over the period of the plan and outlook to 2030. Secondly, within the ECB 2022 Climate Risk Stress Test, analysis was completed based on the scenarios of the Network for Greening the Financial System (NGFS). These included quantitative forecasts for short- and long-term transitional risk, short term drought/ heat risk and short-term flood risk.

At a Group level, transition risks and opportunities, as well as physical risks, across the short (0-3 yrs) medium (3-10 yrs) and long term (10+ yrs) are inputs into the business and financial planning process. Key issues are considered across sectors and AIB's ROI and UK geographies. These time horizons have been determined based on a combination of literature review, 2022 ESG Heatmap from Moody's, S&P Global and internal and external workshops.

The longer-term scenario analysis was completed as part of the Group climate risk stress testing exercise where the parameters and scenarios utilised were provided as part of the ECB 2022 Climate Risk Stress Test, taking into account the lifespan of AIB's assets (see Climate Risk Stress Testing Section on page 37 to 38).

Business and Financial Planning
Within the business and financial planning process, climate and environmental issues have been considered as a key input to the allocation of capital for each of the key business segments.

- Financed Emissions Targets covering Retail Banking, Capital Markets and the UK business, were included in the process and were a key parameter within planning - for example, funding to propositions supporting green financing in support of achievement of the emissions targets; and,
- Levels of green and transition lending were included within business planning (% of total new lending) to provide AIB with increased visibility on the trajectory to achieve our 2030 target that 70% of total new lending should be green or transition.

Transitioning to a lower-carbon economy will entail extensive policy, legal, technology, regulatory and market changes to address mitigation and adaptation requirements related to climate change. In 2022 as part of the business and financial planning process, key areas considered included,

- Green mortgage lending and pricing strategy;
- Business plan focus on high energy efficiency buildings;
- SME Sustainability Customer Tool;
- Relationship Manager ESG training and supports, specialist customer advisor supports;
- ESG research and thought leadership to define sector strategies;
- Developing Sustainability Linked Loan framework to support transition across all sectors; and,
- Full suite of propositions/products focused on higher-risk sectors to support transition

Products and Services
Providing products and services to support customers to transition to a low-carbon economy form a key part of the Group strategy and financial planning process. We have continued to grow our green lending, to provide support for the transition, working alongside key stakeholders. AIB continues to actively engage with the Net Zero Banking Alliance, Equator Principles, WEF Stakeholder Capitalism Metrics and UN Global Compact.

AIB is committed to thought leadership in the ESG landscape. In 2022, AIB SME Sustainability Research was carried out by Amárach Research, who surveyed 300 businesses (250 SMEs and 50 larger firms) providing research and insights into SMEs' own perspectives on the ESG challenges and opportunities they are encountering. AIB is also facilitating ESG knowledge transfer to its SME customers through its support of programmes such as Enterprise Nation's Plan it with Purpose, the Dublin Chamber Sustainability Academy and the AIB Green Living Hub.

Agriculture faces unique challenges in respect of ESG and specifically climate change. With ambitious National GHG emissions reduction targets, the farming sector must identify, develop and adopt new technologies that can enable achievement of these targets. AIB will continue to support this transition effort in agriculture through our support of initiatives such as: Grass 10; Teagasc Signpost Programme; Irish Grassland Dairy Summer Tour; and Teagasc Moorepark Open Day. Each of these contribute to the farm sector sustainability R&D and knowledge transfer effort.

In 2021, the World Business Council for Sustainable Development (WBCSD) formed the Banking for Impact on Climate in Agriculture (B4ICA) initiative in partnership with UNEP FI, PCAF and the Environmental Defence Fund (EDF). AIB joined the initiative so we could collaborate with other agriculture industry stakeholders to help develop solutions to better measure agriculture carbon emissions at a farm / producer level, which will further aid development of solutions to manage those emissions.

c. Resilience of strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.

AIB has a strategy and plans in place to ensure transition to meet our emissions targets across Scope 1, 2 and Scope 3 financed emissions.

Financed Emissions

From a Scope 3 financed emissions perspective, we have set Financed Emissions Targets covering 75% of our Group loan portfolio as at 31 December 2021, based on decarbonisation scenarios with outcomes to 1.5°C.

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, including via ensuring appropriate products and services are in place to support customers to transition. This includes education, training and customer engagement.

Own Operations

From a Scope 1 and 2 perspective AIB modelled two new targets, committing to reduce absolute Scope 1 GHG emissions 34% by 2027 from a 2019 base year and to increase annual sourcing of renewable electricity to 100% by 2030.

A Corporate Power Purchase Agreement (CPPA) contract was signed with NTR plc to source renewable energy generated from two solar farms in Ireland which is expected to remove c. 80% of our Scope 2 emissions. This partnership will help deliver on our commitment to source 100% of our power requirements from certified renewable energy sources by 2030.

Key elements of strategy and areas of progress in 2022 include:

- Our property strategy and energy efficiency investments have resulted in 40% reduction in GHG emissions against our Net Zero target;
- 37% reduction in Scope 1 GHG emissions against 2019 baseline;
- Developed a Net Zero Strategy for the Group's remaining property portfolio. Aligned with this we refurbished one of our main locations in Eyre Square, Galway to eliminate fossil fuels;
- Strategy in place to transition AIB's corporate fleet to electrical vehicles; and,
- Continued investment in energy efficiency projects.

RISK MANAGEMENT

TCFD recommendation:
How AIB identifies, assesses and manages climate-related risks.

a. Processes for identifying and assessing climate-related risks.

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. See page 133. (Sustainability Report page 33). The Group's risk taxonomy consists of the Principal Risks, the associated sub risks and the risk drivers that may impact these risks.

The Group's Principal Risks and how they are managed are set out in this Annual Financial Report on page 23 to 25.

ESG risks continue to be identified as key risk drivers impacting all of the Group's Principal Risks, especially Credit Risk.

Risk Terminology Used

Physical risk: Physical risks due to acute and chronic climate change and environmental degradation (e.g. flooding, water stress, biodiversity loss and pollution) causing physical damage of property, branches.

Transition risk: Uncertainty related to the timing and speed of adjusting to a Net Zero economy including changes in policy, technology and consumer preferences.

Risk driver: An external risk that, should it occur, will materially impact on one or more of the Principal Risks.

The Group undertakes horizon scanning and monitoring of climate-related developments, which is particularly important given the uncertain and long-term nature of the risks from climate change, as well as the increasing focus in this area.

Regular monitoring of climate-related regulatory and legal developments is in place across different areas of the Group to ensure suitable consideration and appropriate action is taken and our Regulatory Compliance team is responsible for independently identifying and assessing current and forward-looking compliance obligations, including regulation and guidelines in relation to climate change.

We have a multi-annual Sustainability Regulatory programme in place that is responsible for implementing all ESG-related regulatory requirements governed by a Steering Group of senior business stakeholders.

In 2021, the Central Bank of Ireland (CBI) announced its intention to establish a Climate Risk and Sustainable Finance Forum in 2022, bringing together stakeholders to share knowledge and understanding of the implications of climate change for the Irish financial system. AIB Group continues to participate in this Forum and to ensure we are meeting regulatory expectations and requirements, including those relating to governance, risk management frameworks, scenario analysis, disclosures and strategy and business model risks.

We complete our climate risk stress test to enable us to assess the potential size and scope of our identified climate risks.

b. Processes for managing climate-related risks

Credit Risk

In 2021, the heat mapping exercise identified a number of sectors as high risk from a transition perspective (Agriculture, Energy, Food Processing & Transport), and the ESG questionnaire was introduced to ensure a better understanding of the ESG risk associated with the borrower. The new ESG Questionnaire was incorporated into credit applications for borrowers in high climate risk sectors where new lending is over €/£300k.

In 2022 work commenced to further enhance and refine it, broadening the scope of coverage at both customer and sector level. We will consider the implementation of changes in our credit risk management process over the course of 2023, following the governance route outlined in the governance section above via GSC, GRC, BRC and SBAC.

In addition, ESG risk commentary is required in all credit applications for customers of our Capital Markets segment.

Climate Risk Stress Testing

AIB commenced development of our climate risk 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 the climate heat map 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 that completed all three modules of the ECB 2022 Climate Risk Stress Test, out of a total of 104 participating institutions. AIB participated in the three modules was as follows:

- Module 1: A qualitative questionnaire aimed at providing a uniform and standardised assessment of banks' climate risk stress-testing structures.
- Module 2: A data template aimed at providing peer comparisons for the sensitivity of banks' income to transition risk and their exposures to carbon-intensive industries as at December 2021.
- Module 3: Four individual credit stress tests were performed based on the scenarios of the Network for Greening the Financial System. These included quantitative forecasts for short- and long-term transitional risk, short-term drought / heat risk and short-term flood risk. In addition, Module 3 incorporated a qualitative questionnaire for operational risk. AIB did not participate in the market risk element of Module 3 due to immateriality of exposures.

In July 2022, the ECB produced a report on the 2022 Climate Risk Stress Test. Within their report, a number of challenges were noted that correspond with the two key challenges experienced by AIB in our participation in the exercise:

- Data: Large gaps exist in the availability of GHG emissions data and energy performance certificates at counterparty and itemised collateral level. For the stress test, these gaps were filled with estimates based on proxies rather than actual information.
- Model Maturity: Models are currently at an early stage of development. Published industry standards for climate models are not yet available and AIB's climate models, although reviewed for reasonableness by external advisors, have not been through formal validation.

This work will continue to be advanced over the course of 2023. AIB is developing a fully integrated Climate Stress Testing Framework which builds on the experience of the 2022 stress test and the December 2022 ECB report on good practices for climate risk stress testing, including:

- A significant improvement in collateral data in relation to exposure to flood risk, leading to compliance with article 449a requirements for Pillar 3 reporting. Continued progress with corporate and business customers to ensure improved accuracy on emissions data.
- Current models are being run as part of the annual ICAAP. Further developments are planned for the model suite to ensure the Group is in line with developing market best practice. The model suite will be validated by an independent internal team before the end of 2023. Climate model development standards are currently being developed by the independent validation team in conjunction with external partners for application in the 2023 model redevelopment.

Operational Risk
Over the course of 2022 the Risk Control Assessment guidelines were enhanced to support the consideration of ESG risk on AIB's operational risk profile. Work on integrating ESG risk into the Business Continuity and Third Party Management procedures and policies also continued. We have integrated the Responsible Supplier Code within our third-party management activities. During 2023, we will outline an overall roadmap and approach for AIB's supply chain and third-party management to fully consider climate and wider ESG elements and an implementation plan to embed these within our processes. In addition, we continue to enhance our approach in assessing the impact of physical risk on our own locations, operations and supply chain.

In 2021 AIB took initial steps to develop our understanding of flood risk for AIB owned operations across ROI and UK. Based on 2020 flood data c.22% of properties (out of 284 properties) are in higher flood risk areas and this increases to 24% in 2080 under the Representative Concentration Pathway (RCP) 8.5°C climate scenario. The relatively high percentage is due to location of AIB-owned operations being located in town centres (majority in Dublin and Cork both located near rivers which have a high flood risk score). We expect an update to this exercise to be completed in 2023 based on latest industry developments which continue to evolve.

During 2022 AIB Corporate Development updated operating procedures to include climate and ESG considerations and, as part of transaction due diligence, will include ESG considerations in its evaluation of strategic investment activity.

Business Model Risk
The Group has approved a new climate risk quantitative metric under Business Model Risk in the Group's Risk Appetite Statement as well as Climate Risk qualitative statements for Climate Risk that help articulate appropriate areas of climate-related risk appetite and the Group's approach to the risk assessment of our customers.

c. Integration of processes for identifying, assessing and managing climate-related risks into overall risk management

The Board approved a new Environmental, Social & Governance Framework in December 2022 to ensure that the Group's overall approach to the management of key components of the agenda are clearly defined and well understood. The Group's Risk Management Framework incorporates ESG and material risk owners are required to incorporate climate risk within the annual review of their respective risk frameworks and policies.

Our Material Risk Assessment (MRA) process, which is completed at least annually, considers the impact of climate risks for AIB, our customers and the communities in which we operate, helping us to identify the material risks to the Group and then determine a suitable risk appetite for them.

In our most recent MRA process, we assessed the ESG risks and identified transition and physical under environmental and governance risk as a risk driver impacting the Principal Risks.

The MRA is a key input into the Group's risk management processes, including the RAS, which sets out the maximum amount of risk the Group is willing to accept. See Sustainability Report on page 33.

In 2022, the focus continued to be on embedding ESG considerations across all relevant material risk policies.

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METRICS AND TARGETS

TCFD recommendation:
Actual and potential impacts of climate-related risks and opportunities on business, strategy and financial planning where such information is material.

a. Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process

Overview and Methodology
To set Financed Emission Targets, there are several key steps involved, which together form the overall target setting methodology. These steps combine actual AIB and wider market data with a set of assumptions and decarbonisation levers to provide a baseline financed emissions position and associated Financed Emission Targets. The steps undertaken included:

- Calculation of each lending portfolio's baseline emissions in line with Partnership for Carbon Account Financials (PCAF) GHG guidance;
- Calculation of absolute and intensity requirement based on standardised industry International Energy Agency (IEA) decarbonisation 1.5°C aligned pathways;
- Determination of AIB and national decarbonisation levers to reduce emissions e.g., Decarbonisation of the electricity system as a national lever and a continued leading Green mortgage market proposition as a specific AIB lever;
- Quantification of the impact of each lever on emissions across counterparty Scope 1, 2 and 3 emissions;
- Financed Emissions Targets were governed and approved, including the relevant business actions and metrics; and,
- Short-term (annual) portfolio level Financed Emissions Targets set in line with medium-term Net Zero ambitions regularly monitored.

Financed Emissions Targets
In 2022, Financed Emission Targets were set for c. 75% of our group lending portfolio. AIB selected 31 December 2021 as the Scope 3 financed emissions baseline position as this reflected the latest available year-end loan book data against which to set the targets.

The targets include the mortgage portfolio (50%), CRE lending portfolio (10%), electricity generation (3%) and the corporate portfolio (12%). Over the period to 2030 we expect to see a significant reduction in emissions intensity of 58% per m^2 for mortgages and 67% per m^2 for CRE at the Group level.
The 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). This is aligned to science based IEA decarbonisation pathways that deliver a 1.5°C outcome.
For the corporate portfolio, we have set portfolio coverage targets. This means that AIB's counterparties are required to set their own approved emissions targets. 12% of the in-scope corporate book (by loan value) currently have approved emissions targets, and AIB's target is to increase that to 54% by 2030.

Actions to achieve the targets
The Financed Emissions Targets have identified measurable business actions and metrics 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 Certification (EPC) of A or B;
- The metric relating to the electricity generation maintenance target focuses on emission intensity and ensuring that new lending is primarily to renewable electricity projects; and,
- For the corporate portfolio coverage target the key business action focuses on customer outreach and engagement.

For each of the Financed Emissions Targets, the key business actions that support these emission reductions have been identified and are now tracked as part of our business planning process.

Financed Emissions Targets – AIB Group Lending Portfolio	% of Loans 31.12.2021	Decarbonisation Scenario	2021 Baseline Financed Emissions	2021 Baseline Emission Intensity/Emissions Targets coverage*	% Reduction in Emissions/ Emissions Targets coverage required by 2030
Residential Mortgages	50%	IEA 2021 NZE2050 (1.5°C)	1.3 mtCO2e	40 kgCO^{2}e/M^2	58%
Commercial Real Estate	10%		1.2 mtCO2e	135 kgCO^{2}e/M^2	67%
Electricity Generation	3%	Maintenance Target	0.07 mtCO2e	21 gCO^{2}e/kWh	Maintain
Corporate Portfolio Coverage	12%	Emissions Targets Portfolio Coverage	n/a	12% loan volume covered by emissions targets	54% loan value covered by emissions targets
Fossil fuels	<1%	Emissions Targets Portfolio Coverage	n/a	No separate coverage target as not material	n/a
Total Loan Portfolio Covered	**75%**		2.57 mt Co2e		

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.
*The 2021 Baseline emission intensity column is AIBs starting position for emissions per portfolio. The % reduction required by 2030 is the % reduction in intensity required to meet the targets. Noting that for the Corporate Portfolio coverage (4th row) the target requirement is to see an increase in coverage from 12% to 54% (whereby AIB's counterparties set emissions targets themselves).

Transition and Physical Risk

We continue to be focused on flood risk as the most significant acute and chronic physical risk and have developed initial metrics to better understand this risk for our property-related exposure. These new metrics support the tracking of acute and chronic physical risk for our key property portfolios. Our approach is subject to further evolution based on industry developments and supervisory and regulatory expectations which continue to evolve over time. On the transition risk side, we require all new lending over £/€300k in high transition risk sectors to complete our ESG Questionnaire. In 2022 this amounted to 8% of all new lending.

		2022
Non Financial Corporate (NFC) exposures sensitive to Flood risk secured on immovable property*	Sensitive to Physical risk	3.2% (€0.27bn)
% of new lending to sectors with higher transition risk		8%
% of lending to sectors with higher transition risk		6%
Exclusions/Assets Excluded from EU Paris-aligned Benchmarks (% lending to non-financial corporates)		<1%

Notes
- Our approach continues to evolve in line with industry developments and numbers may change with time.
- *The physical flood risk is aligned with our CRR449a Pillar 3 disclosure showing "sensitivity" to physical risk for NFC's secured by immovable property under an adverse climate scenario. Adverse climate scenario is defined as: RCP 8.5 to 2035, and a 1:100 risk of a flood event. The threshold of risk for sensitive is set at a 1% flooding risk (1:100) and the adverse climate change scenario to 2035. This approach aligns to the EBA 2021 ESG Risk Management guidance in so far as there is prescriptive guidance.
- The % of new term lending to high transition risk sectors is based upon an ESG Questionnaire completed by counterparties, with exposure >€/£300k, in the high-risk sectors identified in the heatmap.
- The % of total lending to high transition risk is based upon the high-risk sectors identified in the heatmap, as a % of total balance sheet.
- Non-Paris Agreement aligned assets refers to non-financial corporate lending to counterparties with revenue from fossil fuel activities.

Sustainable Finance

We are committed to supporting our customers to transition to a low-carbon economy by providing them with appropriate sustainable finance products and services. During 2022 we continued to deploy our Climate Action Fund by providing lending to energy efficient properties and renewable energy projects. The table below shows the key metrics used by AIB to track and monitor sustainable finance lending and activity.

	2022	2021
Actual % of new mortgage lending to energy efficient homes	49 %	
New green lending (Climate Action Fund)	€3.3bn	€2.0bn
New green lending as % total new lending	26 %	19 %
Green bond issuances	€1.5bn	€0.75bn
CDP rating	A-	A-

Notes:
- Our approach continues to evolve in line with industry developments and numbers may change with time.
- New green lending includes green and transition lending, as defined in our Sustainable Lending Framework.
- % new mortgage lending for energy efficient homes is based on new mortgage lending to borrowers with the provision of a BER certificate. The Transition Risk Indicator metric is the level required to meet emissions target.
- For the % new mortgage lending to energy efficient mortgages metric, new self builds are assumed to be within building regulation i.e. A-B BER rated. The rest of the properties are based on BER certificates
- The new green lending figure is compiled based on new lending to the following categories, as defined within AIBs Sustainable Lending Framework (i) renewable energy (ii) green mortgage product based on BER / EPC certificate (iii) A and B rated energy efficient properties BER / EPC certificate.
- The Green bond issuances are aligned with the Green Bond Framework and associated governance, including from Second Party Opinion (SPO) independent review
- The Carbon Disclosure Project (CDP) rating is externally collated and benchmarked by CDP and is based on a survey completed by AIB management

Remuneration

In 2022, AIB did not provide variable pay or long-term incentives to senior management and therefore ESG 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 reviewed and challenged quarterly by ExCo and regularly by the Board. 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.

Recommended disclosure:
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Scope 1, 2 and 3 greenhouse gas (GHG) emissions are disclosed below. The risks related to emissions are set out in the Strategy and Risk sections on pages 32 to 38.

Absolute GHG Emissions (tCO2e)	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, see Financed Emissions Target table on page 26 of our Sustainability Report for more detail)		2,570,000	Not reported	2,570,000	2021

Notes:

- Our data 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.
- We adopt the operational control approach on reporting boundaries. In 2022 data covers 100% of our operations in Ireland, the United Kingdom and the United States of America, including Goodbody for the first time. In 2021 it included Payzone for the first time.
- 2022 data is the most recent information available for Scope 1 & 2 emissions. The methodology we apply to calculate Scope 1 & 2 emissions for the most recent financial period includes 10 months actual data and 2 months extrapolated. Data for the full 12 months of 2022 will be finalised later in 2023 and may change our disclosed emissions. 2021 data has been updated to reflect changes in methodology and reported emissions account for the full 12 months of 2021.
- Scope 3 emissions are reported one year in arrears - 2021 data is the most recent information available. AIB reports on categories 1, 2, 3, 5, 7, 8 and 15. Category 15 includes lending activity and is being reported for the first time this year. We do not report on categories 4, 6 and 9-14, which are not material for AIB and for which there is currently limited data available.
- Reported Scope 1 and 2 emissions, as well as Scope 3 categories 1, 2, 3, 5, 7 and 8 for 2019-2022 are independently verified by EcoAct. Our verification statements are publicly available at www.aib.ie/sustainability
- Figures are rounded.
- Further detail on our GHG emissions is set out in the ESG Supporting Data section of our FY2022 Sustainability Report.
- Our approach continues to evolve in line with industry developments and numbers may change with time.

Recommended disclosure:
c. Targets used to manage climate-related risks and opportunities and performance against targets

AIB committed to Net Zero in our own operations by 2030.
For emissions targets, we committed to:
i. reducing absolute Scope 1 GHG emissions by 34% by 2027, from a 2019 base year; and

ii. 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 is our most recent information.

In FY2023 reporting we intend to report on our first year's progress against our emissions targets and further outline our plans to achieve them.

Targets - Net Zero own Operations and Lending to Energy Efficient Homes	2022	2021	2020	Baseline 2019
Total Absolute Scope 1 and 2 GHG emissions (tCO2e)	**8,924**	**9,923**	**11,788**	**14,808**
Reduction (versus Baseline)	(40%)	(33%)	(20%)	
Target % of new mortgage lending to energy efficient homes	47 %			

Notes:

- Metrics cover the Group.

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. The EU Taxonomy aims to redirect capital flows to support the transition and help generate sustainable and inclusive growth. As in 2021, we are disclosing the composition of our balance sheet through the lens of EU Taxonomy eligibility.

Our 2022 EU Taxonomy reporting remains focused on identification of eligible activities and counterparties. We have made progress throughout 2022 on EU Taxonomy reporting readiness in preparation for Green Asset Ratio (GAR) and wider EU Taxonomy requirements due in 2024.

The AIB Sustainable Lending Framework (SLF) and AIB ESG Questionnaire are two internal tools that were introduced in 2021 and rolled out as part of Group-wide loan origination and monitoring. They continue to inform our strategic alignment in preparation for expanded EU Taxonomy reporting in 2024.

AIB offers a range of products that promote Taxonomy-eligible activities to support our customers on their sustainability journey. For example, we offer AIB Green Mortgages at a reduced interest rate. We also offer competitively priced AIB Green Loans for energy upgrades, insulation or other measures to increase energy efficiency or, for example, to purchase an electric vehicle.

Home purchase and building upgrades are both examples of EU Taxonomy-eligible activity and our next steps will include establishing EU Taxonomy alignment of these activities and helping our customers achieve higher energy efficiency.

During 2022, we also launched our AIB Green Development finance offering, available to developments that include specific climate change mitigation measures, aligned with key EU Taxonomy principles.

AIB is taking a significant role in project financing to 'green the electricity grid' and our lending portfolio for Electricity Generation is focused on renewable energy projects.

CCM and CCA
In our 2022 EU Taxonomy disclosure, the European Commission regulation 2020/852 technical screening criteria by economic activity were used to determine eligible activities under climate change mitigation (CCM) and climate change adaptation (CCA),

- CCM: The process of holding the increase in 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.
- CCA: The process of adjustment to actual and expected climate change and its impacts.

Information- Scope of Assets, Activities (KPIs), Data Sources and Limitations
Our EU Taxonomy disclosure covers AIB Group's balance sheet. Our proportion of in-scope assets exposure to taxonomy eligible economic activities is static year-on-year at 38%, materially comprising 'Household: acquisition and ownership of buildings' as an EU Taxonomy-eligible activity.

A counterparty screening exercise was performed to estimate the Non-Financial Reporting Directive (NFRD) counterparties. At present, this cohort of counterparties represents a small portion of our total lending activity (1%).

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.

OUR 2022 DISCLOSURE

Our proportion of in-scope assets exposure to EU Taxonomy-eligible economic activities is 38%

AIB carefully monitors the evolution of our balance sheet in line with the EU Taxonomy for households and the larger EU Corporates, in scope for NFRD. We will continue to develop our disclosures in line with European Commission and EBA guidelines, including the publication of the expanded EU Taxonomy-related metrics such as the Green Asset Ratio (GAR) under Article 449a CRR.

EU TAXONOMY	Gross Assets (€m)	% Total Assets	% Taxonomy
EU Taxonomy eligible assets	€32,431	**25 %**	**38 %**
Households	€32,243	25 %	38 %
Local governments financing (housing)	€0	0 %	0 %
Non-Financial Corporations subject to NFRD (eligible)	€188	0 %	0 %
EU Taxonomy non-eligible assets	**€53,280**	41 %	62 %
Households	€3,086	2 %	
Local governments financing	€18	0 %	
Financial corporations	€16,697	13 %	
Credit institutions	€12,367	9 %	
Other financial corporations	€4,330	3 %	
Non-financial corporations	€25,633	20 %	
Derivatives	€1,865	1 %	
On-demand interbank loans	€277	0 %	
Cash and cash-related assets	€573	0 %	
Other assets (e.g. Goodwill, commodities etc.)	€5,131	4 %	
Total in-scope EU taxonomy assets	**€85,711**	**65 %**	100 %
Out-of-scope EU Taxonomy assets	€45,648	35 %	
Sovereigns	€7,155	5 %	
Central banks exposure	€37,839	29 %	
Trading book	€654	0 %	
Total assets	**€131,359**	**100 %**	

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

OUR NON-FINANCIAL INFORMATION STATEMENT

Our Non-Financial Information 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 Information 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 2022, which is reported with reference to the Global Reporting Initiative (GRI) Standards. For information on our business model, see pages 14 and 15.

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 2022

ENVIRONMENTAL MATTERS	
ENVIRONMENTAL POLICY	Our Environmental Policy enables us to carry out activities in our own operations taking environmental protection into account, to manage the direct and indirect environmental impact of our business in a responsible way and to achieve continual improvement in environmental performance. AIB is certified to ISO 14001 for environmental management. Our policy was approved by our former Chief Operating Officer Designate and our Chief Sustainability & Corporate Affairs Officer. It is publicly available at www.aib.ie/sustainability
ENERGY POLICY	Our Energy Policy enables 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 the international standard ISO 50001:2018 for energy management. Our policy was approved by our former Chief Operating Officer Designate and our Chief Sustainability & Corporate Affairs Officer. It is publicly available at www.aib.ie/sustainability
GROUP CREDIT RISK POLICY	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 their 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. Our policy was approved by our Board. The list of excluded activities is publicly available at www.aib.ie/sustainability
PROJECT FINANCE POLICY	Our Project Finance Policy, approved by our Group Credit Committee, guides our renewable energy 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. Our policy was approved by our Group Credit Committee. It is publicly available at www.aib.ie/sustainability
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. Our framework was approved by our Group Sustainability Committee. It is publicly available at www.aib.ie/sustainability
KPIs	Our main key performance indicators for environmental matters are: • Reduction in emissions – in 2022 we achieved a 10% reduction in our Scope 1 & 2 GHG emissions (yoy); and, • Green finance – in 2022 we advanced €3.3bn in new green lending.
PRINCIPAL RISKS	→ **Operational Risk** (see pages 202 to 203), **Financial Risk** (see pages 195 to 201), **Liquidity & Funding Risk** (see pages 188 to 194), **Business Model Risk** (see page 202), **Model Risk** (see page 207) and **Credit Risk** (see pages 134 to 187)

SOCIAL & EMPLOYEE MATTERS

CODE OF CONDUCT	Our Code of Conduct 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. 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. Our code was approved by our Board Audit Committee. It is publicly available at www.aib.ie/sustainability
SPEAK UP POLICY	Our Speak Up Policy is our whistleblowing policy. It sets out how all those working in and for AIB Group, including but not limited to, employees, agency staff, tied agents, suppliers, contractors, consultants and those providing an outsourced service, can safely and confidentially speak up to raise a concern about suspected or actual wrongdoing in work, without fear of penalisation. The policy outlines the channels available to raise such concerns. The policy is approved by our Board Audit Committee. It is publicly available at www.aib.ie/sustainability
INCLUSION & DIVERSITY CODE	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 inclusive place to work for our employees, and brings an appropriate financial return for our shareholders and the economies within which we operate. Our code was approved by our Executive Committee. It is publicly available at www.aib.ie/sustainability
SOCIAL HOUSING POLICY	Our Social Housing Policy, together with our Commercial Investment Policy, supports lending to our customers for social housing and helps us to manage and mitigate the associated risks. Our policy was approved by our Group Credit Committee.
HEALTH & SAFETY POLICY	Our Health & Safety Policy sets out our commitment to ensuring the safety of our employees, customers, contractors, visitors and our workplace. Our policy was endorsed by our Chief Executive Officer. It is publicly available at www.aib.ie/sustainability
KPIs	For social and employee matters, our key performance indicators include: • Diversity – In 2022, we maintained gender balance with 40% female representation at Board, 42% at ExCo and 42% across all management levels. • Social housing finance – We supported social housing by providing funding of €91m in 2022, representing c. 570 homes. This brings the total of social housing financed since we announced our target in 2020 to €437m.
PRINCIPAL RISKS	→ **People and Culture Risk** (see pages 205 to 206) and **Credit Risk** (see pages 134 to 187)

RESPECT FOR HUMAN RIGHTS	
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 towards 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. It is publicly available at www.aib.ie/sustainability
CODE OF CONDUCT	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. Our code was approved by our Board Audit Committee. It is publicly available at www.aib.ie/sustainability
DATA PROTECTION POLICY	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 operations, including our suppliers. Our policy was 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 at www.aib.ie/dataprotection
RESPONSIBLE SUPPLIER CODE	Our Responsible Supplier Code sets out our expectation 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. Our code was endorsed by our Chief Executive Officer. It is publicly available on our suppliers portal at www.aib.ie/suppliers
MODERN SLAVERY STATEMENT	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 statement was approved by our Board. It is available at https://aib.ie/group/modern-slavery-statement
KPIs	We report on these performance indicators annually in our Sustainability Report: • Breaches of data privacy: In 2022, we received 13 complaints from the data protection supervisory authorities in Ireland and the UK regarding breaches of data privacy, the majority of which related to 2021. • Personal data breaches: In 2022, we reported 140 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.
PRINCIPAL RISKS	→ **People and Culture Risk** (see pages 205 to 206), and **Regulatory Compliance Risk** (see pages 204 to 205)

ANTI-BRIBERY & CORRUPTION

FINANCIAL CRIME FRAMEWORK	Our Financial Crime Framework includes our Financial Crime Policy and Standards on Anti-Money Laundering/ Countering the Financing of Terrorism, Fraud, Anti-Bribery and Corruption and Sanctions. The policy and standards are embedded within business operating procedures, and subject to at least an annual content verification to ensure that they are kept up to date. 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 (MLRO) provides comprehensive annual training to the Board. Bespoke training tailored to consider the financial crime risks relevant to specific roles is also provided to key employees. To further enhance awareness, we issue financial crime bulletins periodically to our employees, outlining key trends and other topical items. Our policy was approved by our Board Risk Committee.
CONFLICTS OF INTEREST POLICY	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. Our policy was approved by our Group Risk Committee. It is publicly available at www.aib.ie/sustainability
KPIs	Our key performance indicators for these matters include: • Conflicts of Interests training – 96% completion rate in 2022. We target a completion rate of 90% annually, to allow for those who are on leave during the training period. On returning from leave, they are expected to complete the training. • Incidents of corruption – In 2022, two incidents of internal fraud were identified, all of which related to 2022. They were reviewed through appropriate governance and appropriate actions taken. None resulted in a material monetary loss.
PRINCIPAL RISKS	→ **Regulatory Compliance Risk** (see pages 204 to 205) and **Conduct Risk** (see pages 203 to 204)

WORLD ECONOMIC FORUM STAKEHOLDER CAPITALISM METRICS

As part of our commitment to transparency and our Pledge to Do More, we report against the core World Economic Forum Stakeholder Capitalism Metrics.

CLIMATE & ENVIRONMENT

PLANET

Theme	Metric	Response
CLIMATE CHANGE	**Greenhouse Gas (GHG) Emissions** For all relevant greenhouse gases (carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	For our most up-to-date GHG Scope 1, 2 and 3 GHG emissions data, see the Metrics and Targets section of our TCFD disclosures on pages 39 to 41 of this report. More detailed information is also available in the ESG Supporting Data section of our 2022 Sustainability Report – page 99.
NATURE LOSS	**TCFD Implementation** 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. 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.	Please refer to our disclosures in the TCFD section of this report. Further information is also available in the Climate & Environment section of our 2022 Sustainability Report.
	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBAs).	AIB operates sites in Ireland, Northern Ireland, Great Britain and the United States of America, all of which have been mapped to KBAs. We have identified one site in Northern Ireland (0.082 hectares) with a property which is adjacent to a KBA with marine and terrestrial attributes. The property is a leasehold office, located within a shopping centre which is multi-tenanted. Based on our analysis and on the nature of our operations (i.e. offices), the sites of our operations do not represent a heightened risk of adverse impacts on biodiversity. For more information, see the ESG Supporting Data section of our 2022 Sustainability Report - page 100.
FRESH WATER AVAILABILITY	**Water consumption and withdrawal in water-stressed areas** 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. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	We report discharged water as water consumed. We rely on municipal water networks for our water demand. There are no other sources of withdrawals. All water data is reported one year in arrears. In 2021, AIB withdrew and consumed 76.8 megalitres of water from our global operations[1]. Of this, 0.9% 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 2023, the tool did not indicate that any of our operations in Great Britain 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 the ESG Supporting Data section of our 2022 Sustainability Report - page 100.

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1. Our 2021 data excludes Goodbody.

ECONOMIC AND SOCIAL INCLUSION

PROSPERITY

Theme | **Metric** | **Response**

EMPLOYMENT AND WEALTH GENERATION

Absolute number and rate of employment

Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.

Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region

	Hires 2022		Leaves 2022	
	Number	Rate	Number	Rate
<30 yrs	1,360	65%	683	46%
30-50 yrs	680	32%	639	43%
>50 yrs	56	3%	165	11%
Female	1,072	51%	734	49%
Male	1,024	49%	753	51%
Ireland	1,989	95%	1,310	88%
United Kingdom	106	5%	168	11%
United States of America	1	—%	9	1%

The above data does not include Goodbody or Payzone employees. Further data on our employees is set out in our 2022 Sustainability Report on pages 92 to 95.

Economic contribution

1. Direct economic value generated and distributed, 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.

In 2022, AIB generated and distributed direct economic value as follows:

	€m
Revenues	2,913
Net credit impairment charge	(7)
Income from equity accounted investments	37
Direct economic value generated	**2,943**
Operating costs (excluding community investments)	(759)
Employee wages and benefits	(797)
Payments to providers of capital	(278)
Payments to government	(188)
Community investment	(11)
Direct economic value distributed	**(2,033)**

Information on the components of economic contribution for the Group is set out in ESG Supporting Data (Finance Data), in our 2022 Sustainability Report.

AIB did not receive 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 any government in 2022. The nature of the Group's relationship with the Irish Government is set out in note 47(g) Related party transactions – Summary of the relationship with the Irish Government.

Financial investment contribution

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.

For FY2022, total CapEx minus depreciation was (€51m). CapEx for the year included additions to property and plant of €32m, additions to intangibles of €174m, depreciation charge for the year on property, plant and equipment of (€39m) and amortisation for the year on intangible assets of (€218m). AIB continues to invest significantly to transform itself into a market-leading technology-driven bank with infrastructure that is 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; and iv) inorganics; and includes the following areas:

- transforming the Bank's business and personal credit processes and technologies;
- best-in-class personal and business mobile app and payments platform, and,
- continuing to streamline and digitalise the mortgage customer journey.

In addition, the bank's property strategy has focused on adapting to an agile model both in terms of IT solutions and a location that allows us to bring colleagues together to drive collaboration and efficiency to deliver for our customers.

For FY2022, there were €122m dividends paid on ordinary shares, €91m buyback of ordinary shares and €65m of distributions paid on other equity instruments (AT1 coupons). The company's strategy for ordinary shareholder distributions is a policy of 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.

ECONOMIC AND SOCIAL INCLUSION CONTINUED

PROSPERITY

Theme	Metric	Response
INNOVATION IN BETTER PRODUCTS AND SERVICES	**Total R&D Expenses (€)** Total costs related to research and development.	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.
COMMUNITY AND SOCIAL VITALITY	**Total tax paid** 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.	Global tax paid by AIB for FY2022:

		€m
Corporate income taxes		19
Property taxes		–
Non-creditable VAT and other sales taxes		127
Employer-paid payroll taxes		75
Other taxes	– Bank levy	37
	– Taxes related to customer redress	10
Total		**268**

FUTURE PROOF BUSINESS

PRINCIPLES OF GOVERNANCE

Theme	Metric	Response
GOVERNING PURPOSE	**Setting Purpose** 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.	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 across the Group. Following consultation with employees at all levels, the Executive Committee updated our values, each with associated behaviours, in March 2020.
QUALITY OF GOVERNING BOARD	**Governance body composition** 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.	See page 177 re Board Leadership and Company Purpose.
STAKEHOLDER ENGAGEMENT	**Material issues impacting stakeholders** 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.	In our Materiality Exercise, completed in 2021, we considered 26 topics, agreed following an internal and external best practice review. The process identified 12 topics of material importance for both our stakeholders and AIB, which align to our strategy and commitments. Given our relevance and the strategic focus we place on the role of AIB in our communities, we also report on community support: • Ensure a climate resilient and responsive business model • Products and services to address environmental issues • Responsible lending and investments • Usability of services and accessibility of products • Enable customers to make better informed financial decisions • Housing • Community support • Customer experience • Digitalisation and interconnectivity • Cyber security and business system resilience • Protect our customers' data and privacy • Talent attraction, retention and development • Corporate governance and accountability Further details on how we manage each of our material topics can be found in our 2022 Sustainability Report.

FUTURE PROOF BUSINESS CONTINUED

PRINCIPLES OF GOVERNANCE

Theme	Metric	Response
ETHICAL BEHAVIOUR	**Anti-corruption** 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.	Anti-bribery and corruption training is included in our Conflicts of Interest training for employees, while the Board received stand-alone training in 2022. By year end 100% of our Board, 98% of our employees and 91% of our business partners had completed our training. For more details, see ESG Supporting Data (other data) in our 2022 Sustainability Report. In 2022, two incidents of internal fraud were identified, all of which related to 2022. They were reviewed through appropriate governance and appropriate actions taken. None resulted in a material monetary loss. In 2022 our Anti-Bribery and Corruption Policy was incorporated into our Financial Crime Framework. Together with our Code of Conduct and our Conflicts of Interest Policy it helps to build awareness across the organisation to assist in combating corruption. Our Speak Up (whistleblowing) Policy and training clearly sets out how our employees and suppliers can raise any concerns. Other stakeholders can raise concerns through our complaints process.
	Protected ethics advice and reporting mechanisms 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.	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 www.aib.ie/sustainability.

FUTURE PROOF BUSINESS CONTINUED

PEOPLE

<table>
<tr><th>Theme</th><th>Metric</th><th>Response</th></tr>
<tr><td>RISK AND OPPORTUNITY OVERSIGHT</td><td>Integrating risk and opportunity into business process
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).</td><td>For insights into how we integrate climate risk into our business processes, see the TCFD section of this report, and for data stewardship see the Future Proof Bank section of our Sustainability Report 2022.</td></tr>
<tr><td>DIGNITY AND EQUALITY</td><td>Inclusion & Diversity (%)
Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).</td><td>
<table>
<tr><th>Employees (by age)</th><th><30 yrs</th><th>30-50 yrs</th><th>>50 yrs</th></tr>
<tr><td>Senior management</td><td>—%</td><td>65%</td><td>35%</td></tr>
<tr><td>Junior management</td><td>1%</td><td>71%</td><td>28%</td></tr>
<tr><td>Non-management</td><td>25%</td><td>59%</td><td>16%</td></tr>
</table>
<table>
<tr><th>Employees (by gender)</th><th>Female</th><th>Male</th></tr>
<tr><td>Senior management</td><td>37 %</td><td>63 %</td></tr>
<tr><td>Junior management</td><td>45 %</td><td>55 %</td></tr>
<tr><td>Non-management</td><td>59 %</td><td>41 %</td></tr>
</table>
AIB does not currently report diversity by other indicators such as ethnicity. The above data does not include Goodbody or Payzone employees. We have an ongoing strategic target for gender balance in our Board, ExCo, and all management. Further data on diversity is set out in our 2022 Sustainability Report on pages 67 to 70.</td></tr>
<tr><td></td><td>Pay equality
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.</td><td>AIB does not currently report on pay equality, however we report on Gender Pay Gap. 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 2022 Gender Pay Gap (GPG) for AIB RoI is 18.4% mean (average) and 14.4% median (midpoint) based on our snapshot date of 30.06.2022. 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. For more information, see our RoI Gender Pay Gap report on www.aib.ie</td></tr>
<tr><td></td><td>Wage level
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.</td><td>We recognise that fair compensation and benefits contribute to the economic wellbeing of employees. The ratio of AIB’s standard entry-level wage compared to local minimum wage is: 1.39:1 (Ireland); 1.05:1(NI); 1.12:1 (GB); and, 1.23:1 (London). In AIB, the standard entry-level wage is equal for female and male employees. Data excludes Payzone and Goodbody employees. 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 9.61:1.Our Chief Executive Officer’s total compensation is set out on page 113.
For more information, see the ESG Supporting Data (Employee data) section of our 2022 Sustainability Report.</td></tr>
<tr><td></td><td>Risk for incidents of child, forced or compulsory labour
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.</td><td>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.</td></tr>
</table>

ESG DISCLOSURES – WORLD ECONOMIC FORUM STAKEHOLDER CAPITALISM METRICS CONTINUED

FUTURE PROOF BUSINESS CONTINUED

PEOPLE

<table>
<tr><th>Theme</th><th>Metric</th><th>Response</th></tr>
<tr>
<td>HEALTH AND WELLBEING</td>
<td>Health and safety
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.</td>
<td>For all employees, and for workers who are not employees but whose work and/or workplace is controlled by AIB, we reported the following for FY2021:
<table>
<tr><th></th><th>Number</th><th>Rate</th></tr>
<tr><td>Fatalities from work-related injury</td><td>0</td><td>0</td></tr>
<tr><td>Recordable work-related injuries</td><td>14</td><td>0.64</td></tr>
</table>
The main types of work-related injuries include slips/trips/falls, trapped/crushed, hit against something fixed or stationary. We use FY2021 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 2021. Recordable work-related injuries refer to those injuries which required reporting to the relevant statutory body for the jurisdiction. AIB does not report high-consequence work-related injuries. Further details on health and safety matters are set out in our 2021 Health & Safety Report available at www.aib.ie/sustainability
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.</td>
</tr>
<tr>
<td>SKILLS FOR THE FUTURE</td>
<td>Training provided
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).</td>
<td>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.
In 2022, our employees completed on average 35 hours of training each (females 34.8 hours, males 35.3 hours). These training hours include all training types such as instructor-led training, virtual instructor-led training, SMT, iLearn: web-based training, and external training, and relates to permanent and temporary employees. The average training spend per FTE employee was c. €880.</td>
</tr>
</table>