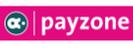


INTRODUCING

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AIB AT A GLANCE

AIB is a financial services group. We were incorporated in Ireland in September 1966 as a result of the amalgamation of three long established banks: the Munster and Leinster Bank Limited (established 1885), the Provincial Bank of Ireland Limited (established 1825) and the Royal Bank of Ireland Limited (established 1836).

OWNERSHIP	OPERATIONS	PURPOSE	VALUES	CUSTOMER-FACING SEGMENTS	LOCATION OF OPERATIONS	BRANDS	MAIN PRODUCTS & SERVICES	SCALE OF THE ORGANISATION ²	STRATEGIC PRIORITIES
<p>AIB Group plc is a publicly quoted holding company on the main markets of the Euronext Dublin and London Stock Exchanges after undertaking an initial public offering in June 2017. Our current issued ordinary shareholding is 2,714,381,237¹ shares – the Irish State has a significant shareholding (71.1% – 1,930,436,543 Ordinary Shares) through the Ireland Strategic Investment Fund and the balance is held by other shareholders. A Relationship Framework document details our relationship with the Irish State.</p>	<p>Our most significant operations are in Ireland and the United Kingdom where we operate a retail, corporate and business banking offering. We also operate US Syndicated & International Finance and branch activities in our New York office. We operate in Ireland predominantly, where we hold market-leading positions in key segments.</p>	<p>To back our customers to achieve their dreams and ambitions.</p>	<p> Drive progress</p> <p> Show respect</p> <p> Be one team</p> <p> Own the outcome</p> <p> Eliminate complexity</p>	Retail Banking	Ireland	    	<p>Mortgages, personal, SME and corporate lending, payment services, credit card services and deposits.</p> <p>Where we provide non-core banking products, for example general insurance, we typically partner with market leaders.</p>	<p>9,356 Employees³</p> <p>€103,264m Total average assets</p> <p>€14,971m Total capital resources</p> <p>€2,371m Total operating income</p> <p>€1,527m Total operating expenses</p> <p>€1.1bn Operating Contribution⁴ (by segment – Retail Banking 51%, CIB 40% and AIB UK 9%)</p>	<p>End-to-end credit</p> <p>Refocused branch network</p> <p>Future of work</p> <p>Product gaps</p> <p>AIB GB business model</p> <p>Simplification</p> <p>Sustainable Communities</p>
				Corporate, Institutional & Business Banking (CIB)	Ireland USA				
				AIB UK	UK				

¹ AIB Group plc Annual Financial Report (AFR) 2020, p.361.

² Refer to AFR 2020 p.350, 61, 316 (including debt and equity split), 60 and 267.

³ Average employees in 2020.

⁴ Before impairments and exceptional items, and excludes Group segment loss.

You can find our AFR 2020 at www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results.

AN INTRODUCTION FROM OUR CHIEF EXECUTIVE OFFICER, COLIN HUNT

The climate emergency did not appear in 2020. It is the issue of our generation, which is why AIB has been a vocal and active leader in pursuing a sustainable agenda for our business, our communities, and through the products we serve our customers.



For many, we are at inflection point in our local and global societies, asking ourselves how we want to live in the future? How we want to re-build our economy and our communities? And what kind of world do we want to live in?

These are the questions we are asking ourselves at AIB and we believe that we have a duty and responsibility to the people of Ireland and the world at large, to enable an accelerated transition to a more sustainable future. This is not just the right thing to do, it's the only thing to do.

That means more than just addressing issues around climate. It's about ensuring that we have a fair, responsible and inclusive social infrastructure – at both a global level and in our local communities. This means adapting to the new environments in which we operate and also showing leadership in what that change will be.

We're seeing the transition take place already. For our colleagues, COVID-19 has enabled all of us to work flexibly from home, finding greater balance in our daily lives and being in a position to support our loved ones where possible. In the future, this means we will do what we can to re-think how we operate to allow flexibility to continue, while also ensuring that our culture is maintained, and the wellbeing of our people is paramount.

For our customers, there has been an inevitable acceleration to digitalisation and banking remotely.

As Ireland's leading digital bank, we have been there to support our customers, but we also continue to place great value on the presence of our branches in the communities in which we operate. They are part of the lifeblood of our high streets, so we will protect and re-imagine them for how they will be used by our customers and our people in the future.

As the pandemic engulfed our economies, we moved fast to give help where it mattered most. We worked closely with our customers as they faced into the evolving challenges and granted over 66,000 payment breaks on mortgages, small business and personal loans in 2020. We re-assigned employees to contact centres and kept over 99% of our branch network open for business across our communities, with priority hours to support the most vulnerable; and we moved over 80% of our workforce to remote working overnight. We didn't get it right all the time but we responded quickly in areas where we fell short.

BOLD COMMITMENT AND ACTION ARE REQUIRED

Bold commitment and action are required at this moment of change: environmentally and socially. Progressive change is required on all fronts if we are to be the bank that supports a diverse customer base. The climate challenge is unlike anything any of us have encountered in our lifetime, therefore AIB's ambition remains steadfast to its continued leadership in this space.

“WE ARE AT AN INFLECTION POINT IN OUR LOCAL AND GLOBAL SOCIETIES, ASKING OURSELVES HOW WE WANT TO LIVE IN THE FUTURE?”

We are fundamentally committed to supporting the transition to a low-carbon economy, reducing our own carbon footprint, and helping our customers to do the same. We have made significant progress in building a climate-resilient business and expanding our range of products to address environmental issues.

The importance we place on this issue was acknowledged with the addition of Sustainable Communities to our strategic pillars in Q1 2020.

WE HAVE COMMITTED TO OUR OWN OPERATIONS BEING NET ZERO BY 2030

In November last year we committed to our own operations being Net Zero by 2030, the first Irish bank to do so in this timeframe. We completed a body of work in 2020 to assist us in both the development of our Net Zero targets and an implementation plan that includes upcoming regulatory requirements and the groundwork to create a pathway to deliver these Net Zero goals. We will continue to build out on this work in 2021 and beyond – ambitious targets need to be met by deliverable action plans.



In December we were re-accredited with inclusion on the CDP Global 'A list' (Leadership status) which recognises companies leading on environmental transparency and action.



FTSE4Good

In July, AIB was included in the FTSE4 Good Index Series which identifies companies demonstrating strong environmental, social and governance practices measured against globally recognised standards.



AIB was awarded 'Outstanding Achievement in Sustainability' by Chambers Ireland/Business in the Community as well as the Excellence in the Environment award at the Annual Sustainable Impact Awards 2020.

WE ARE SUPPORTING OUR CUSTOMERS IN THE TRANSITION TO A GREENER, MORE SUSTAINABLE ECONOMY

We're also developing solutions to help customers retrofit their homes and businesses, and already we are seeing growing demand from our customers for more sustainable products and support as they transition to more energy-efficient homes and businesses. In 2020, we continued to grow our green lending exceeding our €1bn yearly target by almost €0.5bn. Green mortgages accounted for 14% of our new mortgage lending in Ireland, and we are continually looking at ways to diversify our product offering for retail and corporate customers.

By 2030, we have set out our ambition for green and transition lending to represent 70% of new lending and will be Net Zero by 2040 (excluding the agriculture sector, which we are working to the 2050 timeline of the national Climate Action Plan).

WE'RE WORKING WITH PARTNERS

We are building from strong foundations, but the climate emergency will not be solved by organisations acting on their own independently, it requires collaboration, engagement and urgency from all sides to make the necessary difference. This is why we have partnered with national and global movements such as Business in the Community Ireland (BITCI), United Nations Environment Programme Finance Initiative – Principles for Responsible Banking and support the Task Force on Climate-related Financial Disclosures. We will continue to seek out other appropriate strategic opportunities to keep moving forward and have our voice heard on this issue of generational importance.

IT'S ABOUT SUSTAINABILITY IN ITS BROADEST SENSE

As articulated in our strategy, sustainability can't be thought of as just climate change. This is why we are committed to making a positive contribution to society and the communities in which we live and work. Our role and importance in the construct of our cities, towns and villages and what that means is not lost on us.

As an employer we're connected through our people; our physical presence on high streets enables face-to-face advice, support and friendships; and our support for grassroots activities from sport to the arts to education continues. Diversity of experience is critical to a thriving society. As we think about how Ireland can emerge stronger and fairer after COVID-19, prioritising diversity and inclusion will be paramount.

AIB passionately believes in sustainability and the importance of building a bank that thinks in generations, not years. Therefore, sustainability is our strategy and not an addition to the strategy.

LOOKING AHEAD; WE PLEDGE TO DO MORE

We are pleased that our progress has also been recognised by industry. In July, AIB was included in the FTSE4Good Index Series which identifies companies that demonstrate strong environmental, social and governance practices measured against globally recognised standards. We were awarded 'Outstanding Achievement in Sustainability' by Chambers Ireland/BITCI as well as the Excellence in the Environment award at the Annual Sustainable Impact Awards 2020. And in December we were also re-accredited with inclusion on the

CDP Global 'A list' which recognises companies leading on environmental transparency and action.

Notwithstanding this progress and recognition, we know that we can and must do more to advance the sustainability agenda in Ireland.

The programme for the newly formed Government focuses on rebooting the Irish economy, accelerating the green-agenda and delivering solutions to the housing crisis. For the recovery to emerge and for the aftermath to lead to a better Ireland, all of these issues must be addressed simultaneously. We recognise, as a financial institution at the heart of Ireland's economy, that we are well positioned to be a key driver and supporter at all levels.

This is the decade for change and AIB is committed to being a change-maker to enable action and meaningful progress.

COLIN HUNT
AIB Chief Executive Officer



A MESSAGE FROM THE CHAIR OF OUR SUSTAINABLE BUSINESS ADVISORY COMMITTEE (SBAC) – HELEN NORMOYLE

We've heard so many times that 2020 was a year like no other and it looks like 2021 is shaping for much of the same as countries continue to manage the impact of the ongoing pandemic, in addition to progressing their vaccine rollout. Like other banks and businesses, AIB too has had to cope with the challenges before us and do our very best to serve our customers, colleagues, investors, and local communities across the markets in which we operate. Throughout this time, creating a more sustainable future for the Bank and the communities in which we operate continued to be a key area of focus for AIB.

As Chair of the SBAC, I am pleased to present our fifth Sustainability Report, which has once again been assured by Deloitte in accordance with the Global Reporting Initiative (GRI). Given the external challenges that we are all facing, I think this year's Sustainability Report is the most important yet in detailing the scale of the challenge facing all of us, and what we at AIB are doing about it.

Work on the current sustainability plan commenced in 2019 with extensive stakeholder engagement and progressed through the development of a strategic and operational framework. We are now in the process of delivering against our own low carbon commitments in our operations, introducing additional products to enable our customers advance their own journey, and collaborating with like-minded partners in business, education, and community circles – all working towards a common goal.

While we have made great strides and been recognised by the industry for doing so, we are of the view that we can and must do more to advance the sustainability agenda, hence our 'pledge to do more'. As Mark Carney, the UN's Special Envoy for Climate and Finance, said, "We cannot self-isolate from climate change". Now more than ever, organisations need to act on the environment and the effects of climate change more broadly – leadership is required. No matter how far we've gone, we need to go further.

The pandemic has not only been a health crisis of acute need, but it has been a wake-up call to the work that is needed to make our communities fairer, more diverse and inclusive; especially for the vulnerable.

We understand that at this time of unprecedented economic and social inequality, many of our customers are juggling priorities and so climate change and other social factors may take a back seat. However, these issues, if left unchecked, will continue to multiply and will be irreversible, causing an even greater exacerbation of the inequalities already being experienced. This is exactly why AIB is focused and working hard to create and enable solutions that support our customers' and colleagues' pathway to a greener, more inclusive, and ultimately more sustainable way of life.

As Chair of the SBAC, I am fortunate to have a CEO in Colin Hunt who passionately cares about sustainability, ensuring that it forms a central part of the AIB strategy and with a clear ambition to do more. My role, and the role of my fellow Non-Executive Directors on the SBAC, is to continue to ensure that behind the strategy is a plan of action that is delivering and is continually tested – and challenged – to deliver meaningful change. On behalf of the Committee, I would like to thank Colin and his Executive team for their commitment to making AIB a truly sustainable bank for our customers, our people and the markets we serve, and I would like to thank my fellow Committee members for their hard work and commitment throughout this very busy year.



A handwritten signature in black ink that reads "Helen Normoyle". The signature is fluid and cursive.

HELEN NORMOYLE
Chair of Sustainable Business Advisory Committee

“I THINK THIS YEAR’S SUSTAINABILITY REPORT IS THE MOST IMPORTANT YET IN DETAILING THE SCALE OF THE CHALLENGE FACING ALL OF US, AND WHAT WE AT AIB ARE DOING ABOUT IT”

THE VALUE WE CREATE

OUR PURPOSE

To back our customers to achieve their dreams and ambitions.

OUR SCALE



2.8M
CUSTOMERS



4,000
SUPPLIERS



324
LOCATIONS
ACROSS IRELAND
AND THE UK



9,356
EMPLOYEES

#1 IN IRELAND



NEW MORTGAGE
LENDING¹



PERSONAL
LOANS²



PERSONAL
CREDIT CARDS



PERSONAL MAIN
CURRENT ACCOUNT

BACKING DREAMS



€2.4BN
MORTGAGE
DRAWDOWNS



€9.2BN
NEW LENDING



€1.6BN
NEW SME LENDING



€1.5BN
NEW GREEN LENDING

DIGITALLY ADVANCED



2.57M
DAILY
INTERACTIONS



1.72M
ACTIVE DIGITAL
CUSTOMERS



1.39M
ACTIVE MOBILE
CUSTOMERS

VALUE CREATION

€801M
EMPLOYEE
SALARIES
AND BENEFITS

€1BN 
SPEND ON
SUPPLIERS

€14.1M
COMMUNITY
INVESTMENT

€476M 
TAX PAID
& COLLECTED

Information as at December 2020.

Sources: Company information and independent market research.

¹ New mortgage lending H1 2020.

² No. 1 among banks, personal lending excl. car finance.

AWARDS

We have seen good progress in 2020, across our ESG credentials, seeing an improvement in our ratings across ESG rating agencies, retention of our CDP Climate Leadership status, inclusion on the FTSE4Good, and gaining various industry awards, some of which are shown below:



Chambers Ireland
Advancing business together



Sustainable Business Impact Awards 2020

WINNER
Outstanding Achievement in Sustainable Business Impact Award



Sustainable Business Impact Awards 2020

WINNER
Excellence in Environment



Sustainable Business Impact Awards 2020

SHORTLISTED
Excellence in Marketplace
Community partnership with charity



THE UK COMPLAINT HANDLING AWARDS '20



Irish HR Champion
Champion Use of Innovative Technology in HR



GREEN AWARDS 2020
Green Business & Sustainability

WINNER
Green Large Organisation of the Year (1000+ Employees)



Global Capital Derivatives Awards

Tier Two Capital Deal of the Year



gradireland

MOST POPULAR
Graduate Recruiter in Banking, Investment and Financial Services



BEST BRAND CAMPAIGN MEDIA AWARDS

Winners 2020 – Media Awards 2020



GRAPHITE PENCIL D&AD AWARDS

The Book That Grew | Rothco | AIB | D&AD Awards 2020 Pencil Winner | Entire Book | D&AD (dandad.org)



USE OF SOCIAL MEDIA BY A FINANCIAL ORG SOCIAL MEDIA AWARDS

2020 Winners | Sockies 2020

RATINGS



ESG Risk Rating 16.3 (Low ESG Risk)
AIB is in the 6th percentile for banks and 3rd percentile for diversified banks (1st = lowest risk).
As at: 06 November 2020.



MSCI ESG RATINGS **AA**

CCC B BB BBB A **AA** AAA

As at: 22 January 2021.



ESG Data, Ratings & Benchmarking

61/100
AIB is in the 78th percentile for banks.
As at: 12 November 2020.



CDP A LIST 2020 CLIMATE



FTSE4Good



BUSINESS WORKING RESPONSIBLY
Collective Mark

For our up to date information on our ESG Ratings, visit www.aib.ie/sustainability/esg-ratings.ie.

SUSTAINABLE COMMUNITIES STRATEGY & 2020 PROGRESS

Sustainable Communities is the 5th pillar of the AIB Group Strategy.

For further detail on the AIB Group strategy, [click here to view our Annual Financial Report 2020](#).

ENSURING A GREENER TOMORROW BY BACKING THOSE BUILDING IT TODAY

OUR FOCUS

CLIMATE ACTION

We're actively 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 products will account for 70% of all our new lending by 2030.

- Announced Net Zero Commitment
- Launched Ireland's first Green Bond
- Achieved €1.46bn in Green Lending
- Green Mortgage – 14% of new mortgage lending
- Launched AIB Electric Vehicle proposition
- Provided Sustainability linked loans
- Published excluded activities list
- Achieved CDP Climate A rating
- Disclosures on TCFD and UNEP FI Principles for Responsible Banking.

2020 PROGRESS

ECONOMIC & SOCIAL INCLUSION

We aspire to 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.

- Supported customers through 66,000 COVID-19 payment breaks
- Maintained branch support through COVID-19
- Launched €5m COVID-19 community support programme
- Extended our partnership with FoodCloud by a further 3 years
- Supported SMEs with €1.6bn lending
- Established a Socially Responsible Investment Bond Framework and related Bond Portfolio
- Financial literacy focus – secondary schools, vulnerable customers, fraud prevention and alerts
- Supported five local innovation hubs.

FUTURE-PROOF BANK

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.

- Cyber security training including eight phishing simulations
- Refreshed Code of Conduct launched
- Over 1,300 attendees for Risk Awareness Week
- Human Rights Commitment and signatory of UN Global Compact
- Launch of new Responsible Supplier Code
- ESG Regulatory Training provided at Board, Executive and employee level
- Hosted fourth AIB Sustainability Conference as part of Ireland's Climate Finance Week (over 5,100 participants)
- Delivered data migration programme.

OUR SUSTAINABILITY TARGETS

In 2020, we set out our longer-term ambitions in relation to achieving Net Zero in our own operations and in our customer lending portfolio. We are currently defining science-based targets that will lay out our pathway to achieve these and will be updating on these targets in the short-term.

CLIMATE ACTION

2023
€5BN
IN NEW CLIMATE ACTION LENDING

2030
NET ZERO¹
IN OUR OWN OPERATIONS
AMBITION FOR
70% OF NEW LENDING TO BE GREEN

2040
NET ZERO AMBITION
CUSTOMER PORTFOLIO LENDING (AGRI 2050)

ECONOMIC & SOCIAL INCLUSION

2023
€300M
FINANCE FOR SOCIAL HOUSING

2023
500,000
CUSTOMERS SUPPORTED – FINANCIAL LITERACY

ONGOING
FOCUS ON
AIB TOGETHER
PROGRAMME

FUTURE-PROOF BANK

2023
TRANSACTIONAL NPS²
53+

2023
>2.25M
DIGITALLY ACTIVE CUSTOMERS

ONGOING
GENDER BALANCED
BOARD & EXCO

¹ Includes Scope 1 & 2 emissions.

² Transactional Net Promoter Score (NPS) is an aggregation of 20 Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking journeys.

OUR CORPORATE GOVERNANCE STRUCTURE

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

THE SUSTAINABLE BUSINESS ADVISORY COMMITTEE (SBAC)

The SBAC has been the overarching Board Advisory Committee responsible for the guidance of our sustainability agenda since 2016. The Committee is appointed by the Board to assist them in fulfilling its independent oversight responsibilities in relation to ESG matters.

The SBAC is chaired by Helen Normoyle, independent Non-Executive Director of AIB Group and membership includes three other independent Non-Executive Directors. It also includes members of the Executive Committee including the Chief Executive Officer, Chief Risk Officer, Chief People Officer

and the Director of Corporate Affairs, Strategy & Sustainability. As SBAC is an advisory Board, decisions are routed through our standard governance pathway. To ensure ongoing awareness of the work of the Committee by all Directors, the Committee Chair provided an update to the Board following each meeting on the key items discussed and considered by the Committee. The Committee met on seven occasions in 2020 – five of which were scheduled and two of which were out of course.

Specifically, the Committee consider and advise on the key areas of focus as set out in the Sustainability Strategy.

During the year, they advised on a number of key areas including:

- Setting our sustainability ambition and Net Zero targets
- Agreeing the approach for defining the climate risks and opportunities by sector
- Agreeing appropriate propositions to address and leverage the opportunity
- Understanding the expectations of stakeholders through our ESG ratings and agreeing the areas of focus to address gaps
- Virtually engaging with the wider AIB sustainability team across the organisation to provide support and ensure momentum during the year
- Contributing to and reviewing sustainability progress and disclosures in our annual reporting
- Supporting of our annual AIB Sustainability Conference and Climate Finance Week events.



For more information on our Board Committees and Directors please see our Annual Financial Report 2020.

OUR CORPORATE GOVERNANCE STRUCTURE

THE 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 which 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. As at year end, the ExCo was gender balanced. Mary Whitelaw, Director of Corporate Affairs, Strategy & Sustainability is the bank's ExCo sponsor for Sustainability.

SUPPORTING OUR GOVERNANCE – THE SUSTAINABILITY IMPLEMENTATION GROUP (SIG)

The SIG was established in 2019 to embed the refreshed sustainability strategy in the business. SIG comprises of senior representatives (mainly ExCo -1 level) from each business area across AIB who have specific responsibilities, including:

- defining the deliverables to enable the Sustainability Strategy
- development of appropriate processes, propositions, targets, and data points in support of the plan and overall ambition
- ownership of business area reporting to support ongoing stakeholder engagement and communications
- advocacy for sustainability within their business area, across management teams.

SIG is a working forum, and each member of SIG is responsible for driving sustainability initiatives in their business area, and decisions on sustainability-related initiatives are made through the governance pathway for their business area. Our Group Sustainability team, led by our Chief Sustainability Officer, supports SIG, SBAC and various working groups in delivering on AIB's Sustainability Strategy.

SUSTAINABILITY WORKING GROUPS

Many working groups have been embedded across our business and are instrumental in supporting the delivery of our Sustainability Strategy. Currently we have working groups in the UK, the USA, Corporate, Institutional & Business Banking, Risk, Legal and Treasury and one in Retail Banking currently being established. The multi-disciplinary Green Bond working group set up by Treasury supported the development of our Green Bond Framework and the very successful issuance of our Tier 2 Green Bond in September 2020.



 [CLICK HERE TO READ MORE](#) 

For further information on governance at AIB please see our AFR 2020 (located in our Results Centre).

