



FUTURE PROOF BUSINESS

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

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

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



OUR TARGETS

2023

+53

TRANSACTIONAL NPS

2023

>2.25M

DIGITALLY ACTIVE CUSTOMERS

ONGOING GENDER BALANCED

BOARD, EXCO AND ALL MANAGEMENT



FUTURE PROOF BUSINESS - 2022 PROGRESS

Customer experience

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

→ [Read more: Customer experience](#)

Digitalisation and interconnectivity

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

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

Cyber security and business system resilience

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

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

Protect our customers' privacy and data

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

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

Talent attraction, retention and development

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

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

Corporate governance & accountability

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

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

TARGET

+53 Transactional NPS

2022 PROGRESS



TARGET

>2.25m digitally active customers by 2023

2022 PROGRESS



TARGET

Gender balanced Board, ExCo and all management

2022 PROGRESS





FUTURE PROOF BUSINESS CUSTOMER EXPERIENCE

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

OUR TARGET

**2023
+53
TRANSACTIONAL NPS**

STRATEGY

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

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

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

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

Understanding customer experiences

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

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

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

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

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

How we manage complaints

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

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



FUTURE PROOF BUSINESS

CUSTOMER EXPERIENCE

CONTINUED

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

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

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

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

Support for customers in difficulty

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

When we don't get things right

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

RISK MANAGEMENT

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

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

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

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

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

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

Additional Regulations outlined in Policy:

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

FUTURE PROOF BUSINESS
CUSTOMER EXPERIENCE
 CONTINUED

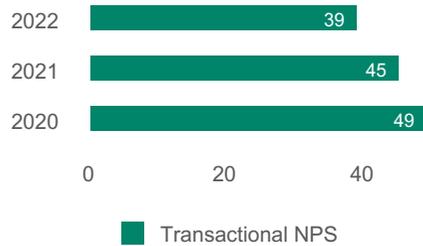
4.2 / 5
EASE OF BANKING
 2022

4.1 / 5
CUSTOMERS
FEELING VALUED
 2022

2022 METRICS

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

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



Voice of the Customer (VOC) programme

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

Our customers continue to rate AIB positively:

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

Monitoring complaints

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

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



FUTURE PROOF BUSINESS
CUSTOMER EXPERIENCE
 CONTINUED

CASE STUDY:

CUSTOMER CARE & OUTCOMES

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

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

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

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



Q. Key activities undertaken to deliver the project?

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

Q. What was the impact/result?

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

Q. Were there lessons learned from the work?

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

Q. What's next?

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

Looking ahead

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



FUTURE PROOF BUSINESS

DIGITALISATION AND INTERCONNECTIVITY

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

OUR TARGET

2023

>2.25M

DIGITALLY ACTIVE CUSTOMERS

STRATEGY

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

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

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

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

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

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

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

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

Enhancing customer experience

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

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

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

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

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

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

7%

INCREASE IN DIGITALLY ACTIVE CUSTOMERS AGED OVER 65

2022



FUTURE PROOF BUSINESS

DIGITALISATION AND INTERCONNECTIVITY

CONTINUED

Responsible data use

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

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

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

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

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

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

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

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

Supporting financial inclusion

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

Digitalisation helping to prevent fraud

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

Stakeholder interaction

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

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

82m
DIGITAL WALLET
PAYMENTS
2022

RISK MANAGEMENT

Policies

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

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

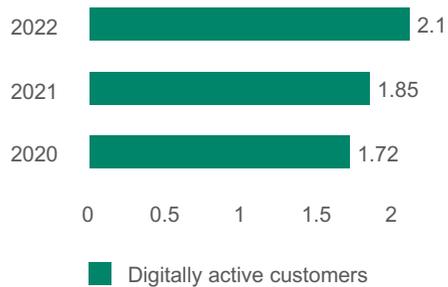
These policies are approved by the relevant governance fora on a regular basis, or when material changes are made, in accordance with the governance pathway. IT, Continuity & Resilience and Information Security risks are monitored on a monthly basis via risk governance committees. This provides senior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

FUTURE PROOF BUSINESS
DIGITALISATION AND INTERCONNECTIVITY
CONTINUED

2022 METRICS

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

Digitally active customers (millions)



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

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

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

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

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

Other metrics

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

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

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

2.1m
DIGITALLY ACTIVE CUSTOMERS
2022

>900K
MOBILE APP DAILY LOGINS
2022



FUTURE PROOF BUSINESS
DIGITALISATION AND INTERCONNECTIVITY
 CONTINUED

CASE STUDY:

ENHANCED SELF-SERVICE

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



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

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

Q. Key activities undertaken to deliver the project?

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

Some of the improvements that were identified and implemented included:

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

Q. What was the impact/result?

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

Q. Were there lessons learned from the work?

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

Q. What's next?

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

Looking ahead

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



FUTURE PROOF BUSINESS

CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

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

STRATEGY

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

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

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

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

Roles and responsibilities

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

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

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

Employee training

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

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

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

90%
EMPLOYEES COMPLETED
INFORMATION SECURITY
TRAINING
2022

Preventing fraud

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

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



FUTURE PROOF BUSINESS

CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

CONTINUED

Stakeholder interaction

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

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

RISK MANAGEMENT

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

Policies

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

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

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

Key controls

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

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

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

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

Regulation changes

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

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

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

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

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

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

2022 METRICS

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

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

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

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



FUTURE PROOF BUSINESS

CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

CONTINUED

CASE STUDY:

DORA REGULATION

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



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

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

Q. Key activities undertaken to deliver the project?

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

Q. What was the impact/result?

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

Q. Were there lessons learned from the work?

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

Q. Is there a Phase 2?

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

Looking ahead

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



FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

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

62,707
PHISHING SIMULATION
EMAILS SENT
2022

STRATEGY

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

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

Protecting customer information

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

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

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

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

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

Where AIB shares data with a third party we expect these third parties to have the same levels of information protection that we have.

Where AIB shares data with third parties outside the EEA we will only do so where we believe there are equivalent levels of protection for personal data as those provided by the General Data Protection Regulation.





FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

CONTINUED

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

In 2022, we completed the following enhancements:

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

Building trust with stakeholders

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

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

Responsibilities

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

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

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

Stakeholder interactions

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

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

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

Training and awareness

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

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

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

RISK MANAGEMENT

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

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



FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

CONTINUED

Policies and frameworks

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

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

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

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

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

Breaches of privacy and losses of data

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

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

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

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

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

2022 METRICS

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

Substantiated complaints from outside parties



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

Substantiated complaints from regulatory



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

Identified leaks, thefts or losses of customer



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

Employee training

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



FUTURE PROOF BUSINESS

PROTECT OUR CUSTOMERS' DATA AND PRIVACY

CONTINUED

CASE STUDY:

ePrivacy Policy

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



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

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

Q. Key activities undertaken to deliver the project?

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

Q. What was the impact/result?

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

Q. Were there lessons learned from the work?

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

Q. What's next?

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

Looking ahead

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



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

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

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

STRATEGY

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

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

AIB as an attractive place to work

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

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

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

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

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

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

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

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

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

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



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

Universal inclusion

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

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

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

Gender balance

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

Learning and developing in AIB

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

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

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

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

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

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

A supportive working environment

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

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

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

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

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

Hiring activity

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

120 TEAMS
UNIVERSAL
INCLUSION PLEDGE
2022



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

Remuneration

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

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

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

Engaging with our stakeholders

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

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

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

Freedom of association & collective bargaining

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

Raising a concern

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

RISK MANAGEMENT

People and culture risk

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

Frameworks, policies and codes

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

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

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

Health & Safety policy

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

Regulations introduced in 2022

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

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



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

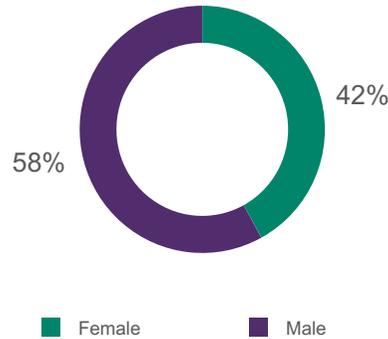
2022 METRICS

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

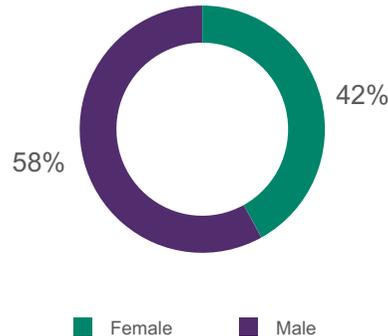
Progress on our gender balance target

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

Female representation – ExCo



Female representation – all management



AIB employee profile

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

At 31.12.2022, AIB had 9,135 employees :

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

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

Compensation

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

Gender pay gap

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

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

TRAINING

Average Training hours

34.8 hours (female)
35.3 hours (male)

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

Average training spend per FTE

c.€880

(2021: c.€800)

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

OTHER METRICS

77%

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

2,200

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



FUTURE PROOF BUSINESS

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

CONTINUED

CASE STUDY:

STRIVING FOR UNIVERSAL INCLUSION

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



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

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

Q. Key activities undertaken to deliver the project?

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

Q. What was the impact/result?

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

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

Q. Were there lessons learned from the work?

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

Q. Is there a Phase 2?

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

Looking ahead

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



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

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

OUR TARGET
ONGOING GENDER BALANCE BOARD

STRATEGY

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

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

Culture and accountability

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

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

Board composition and diversity

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

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

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

Board training

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

Corporate governance framework

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

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

SALIENT HUMAN RIGHTS IDENTIFIED 2022
€2,943m ECONOMIC VALUE GENERATED 2022



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

CONTINUED

Speak Up

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

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

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

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

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

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

Human Rights Commitment

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

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

Code of Conduct

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

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

→ Read more:

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

RISK MANAGEMENT**Corporate behaviour**

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

Financial crime

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

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

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



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

CONTINUED

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

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

Anti-bribery & corruption

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

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

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

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

Sanctions

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

Tax

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

→ [Read more: Tax Principles](#)

Mortgage tracker enforcement

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

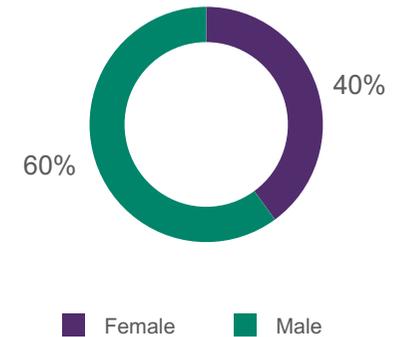
The CBI concluded its Enforcement Investigation in June 2022 with Group agreeing to pay a fine of € 96.7m which was settled prior to 30 June 2022. This brought the CBI's investigation into tracker mortgages at the Group to a close.

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

2022 METRICS

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

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



In 2022, other metrics we report include:

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

For more details for the components for economic contribution and tax paid see the ESG Supporting Data (Financial Data) section of this report. Our Tax Principles are available at www.aib.ie/sustainability



FUTURE PROOF BUSINESS

CORPORATE GOVERNANCE AND ACCOUNTABILITY

CONTINUED

CASE STUDY:

HUMAN RIGHTS PILOT

We are committed to respecting human rights in accordance with internationally accepted standards. Our Human Rights Commitment is being embedded in our culture and values, and is reflected in our policies and actions toward our customers, employees, suppliers, and the communities and countries where we do business. Our Commitment is shaped by the UN Guiding Principles on Business and Human Rights.



Q. Key activities undertaken to deliver the project?

In 2022 we broadened the parameters of our human rights due diligence pilot to cover Retail Banking, HR and Risk alongside Corporate Lending and Procurement, recognising our responsibilities as an employer, procurer and provider of banking services. Information was gathered about potential human rights impacts that AIB could be connected to by reviewing publicly available desk research and internal documentation. Over a series of workshops, surveys and interviews with internal and external stakeholders a long list and then a short list of human rights issues was developed.

Q. What was the impact/result?

The project delivered on two key objectives which have been reported to our Board's Sustainable Business Advisory Committee:

1. Built internal awareness on human rights as an issue for the business
2. Identified potential 'salient' human rights impacts relevant to the bank for action including:
 - Modern slavery in the global value chain
 - Risks from climate change and a just transition in the global value chain
 - Financial exclusion and financial abuse connected to our retail customers
 - Data Privacy issues for our staff and customers
 - Lack of affordable housing in Ireland effecting first time buyers, renters and low/no income earners

Given the long-term, systemic nature of these global and national issues, it will require collaborative efforts from ourselves, our suppliers, customers, community partners and government bodies to successfully address these entrenched challenges.

Q. Were there lessons learned from the work?

The large numbers of entities in our value chain and their corresponding global supply chains makes it challenging to conduct due diligence for adverse human rights impacts across all of them. As such, we identified general areas where the risk of adverse human rights impacts is most serious, systemic and there is an increased likelihood of it arising in the short or long term, whether due to certain suppliers' or clients' operating context, business relationships, the particular products or services involved. We prioritized these 'salient' human rights impacts for further due diligence and action.

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

While undertaking this exercise, we realised that continuing human rights training is crucial to fully embed due diligence across the organisation. We are currently updating our training modules, policies and procedures to enhance our human rights processes. We will systematically engage stakeholders and conduct periodic reviews to risk-map potential issues, as new information on potential impacts becomes available.

Looking ahead

- A number of enhancements were identified, which will be implemented throughout 2023 with regular check-ins to ensure progress is being made against them.