



Backing a sustainable future

AIB Group plc
Detailed Sustainability Report 2017

About this report

Throughout this report, "AIB", "the Group", "the bank" or "we" refers to AIB Group plc and its subsidiaries "AIB Group". This is AIB's second report on non-financial activity, disclosing information specifically for the year ended 31 December 2017. Information on operations before and after these dates may be included by way of context, in particular for the first quarter of 2018.

In late 2016 we completed our first materiality exercise engaging with almost 1,200 stakeholders identifying 32 issues.

In Q1 2018, with the help of KPMG we refreshed this exercise with input from 1,376 contributors from five stakeholder groups. As a result, we are continuing to refine our approach and becoming more focused on a smaller number of issues. This report focuses on 11 macroeconomic issues and 14 material topics identified from this exercise.

Audience for this report

This report is aimed at our various stakeholder groups who want to know more about our sustainability approach and performance in 2017.

Reporting standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It includes a GRI Content Index. This is provided on pages 55-77 so that users can easily find specific data related to the GRI Standards.

We publish both a summary report and a detailed report which includes our GRI index, both of which are available on our website: www.aib.ie/sustainability

Throughout this report we make reference to information contained in our Annual Financial Report 2017 (AFR 2017).

Assurance

Assurance has been provided by Deloitte on our preparation of the Detailed Sustainability Report in accordance with the GRI Standards. Their independent assurance statement is on page 54 of this report.

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AIB SUSTAINABILITY REPORT – INTRODUCTION

About AIB

AIB is a financial services group operating predominantly in the Republic of Ireland. We provide a range of services to retail, business and corporate customers, and hold market-leading positions in key segments in Ireland. AIB also operates in Great Britain, as Allied Irish Bank (GB), and in Northern Ireland, under the trading name of First Trust Bank.

Our Purpose

A shared sense of purpose guides the overall ambition and strategy of an organisation and unites employees behind a common goal, motivating everyone to deliver.

In September 2017 we launched Our Purpose:

To back our customers to achieve their dreams and ambitions.

Our Purpose is necessarily ambitious and it clearly conveys our intent and identity as an organisation.

It puts our customers at the heart of our actions, it shows how we can add value and it communicates what we stand for. Our Purpose is a constant cornerstone and guide for everything we do.

In 2018, we will continue to embed Our Purpose, ensuring that all of our people can really connect, understand and contribute to it in their daily roles.

We operate under the following brands



AIB, comprising personal, business, corporate and wholesale banking, predominantly in the Republic of Ireland.



EBS, delivering a suite of personal products in the Republic of Ireland, primarily mortgages.



Haven, providing mortgages through intermediaries in the Republic of Ireland.



AIB UK comprises two trading entities: Allied Irish Bank (GB) in Great Britain and First Trust Bank (FTB) in Northern Ireland.

AIB SUSTAINABILITY REPORT – INTRODUCTION

Our strategy

Our Purpose is what drives Our Ambition, to be at the heart of our customers financial lives by always being useful, always informing and always providing an exceptional customer experience.

This is underpinned by **Our Values** and **our four strategic pillars**.

Our Values are:

- We put our customers first
- We are better together
- We are empowering
- We are building trust and appreciation

Our four strategic pillars are detailed below.



Our four strategic pillars

Customer First

We put our customers at the heart of our organisation, continually adapting our product and service offerings to meet their needs. We provide a digitally-enabled, omni-channel banking experience that allows customers to interact with us how and when they want.

Simple & Efficient

We are at the forefront of digitally-enabled banking, with ongoing investment in technology and innovation. Our products and services are simple and easily accessible, supported by a resilient and agile technology platform.

Risk & Capital

We are increasing the value of the business while maintaining a strong risk management framework, improved asset quality and robust capital levels. We offer value to our customers while consistently delivering a strong financial performance that paves the way for future development and addresses legacy challenges.

Talent & Culture

We ensure that we have the right talent, skills and capabilities within the organisation to support accountable, collaborative and trusted ways of working. We promote a culture of diversity and inclusion, where people can be at their best.

A message from our CEO

“We can either allow the past to prevent us from moving forward, or we can accept the fact that the future needs to be different and it’s our job to make it both different and sustainable.”

Speaking at our inaugural sustainability conference – October 17



Progress and Purpose

2017 was a pivotal year for AIB as we continued to rebuild strength in and support for our business. Some of that support was evident through the successful completion of the IPO in June that saw AIB relist on the Irish and London stock exchanges. Through this, the Irish Government commenced the sell down of their investment in AIB and raised €3.4bn. Another mark of our progress was the continued strong financial performance, including the ongoing delivery towards the financial commitments made during the IPO process and the payment of a full year ordinary dividend, for 2017, of €326m.

We also published our first Sustainability Report, hosted a thought-provoking conversation at our first sustainability conference and launched our Purpose statement: to back our customers to achieve their dreams and ambitions. Our Purpose is necessarily ambitious, clearly conveying our intent and identity as an organisation. It puts our customers at the heart of our actions, it shows how we can add value and it communicates what we stand for. In effect, it is a constant cornerstone and a guide for everything we do.

Sustainability and culture

As a bank, we recognise our role in the economy and society. As is evident from Our Purpose

statement, it starts with an unrelenting focus on delivering for our customers and ripples out from there. Our aim is to create long-term shared value in our business, the economy and the communities where we work. By doing this well we can continue to build our social licence to operate. That means evolving and embedding a sustainable approach into every level of our business, ensuring it is hard-wired into the decisions we make and the actions we take.

Having the right culture is critical to the success of any business and it sets a baseline for the beliefs and values of our people. These beliefs and values drive behaviour, and our collective behaviour determines how we face out to our colleagues, customers and those we engage with in our communities. Culture has rightly been identified as being at the heart of many of the issues the banking industry faced in the recent past. Too often, banks focused on their own short-term priorities over and above those of their customers. We are on a journey of cultural change at AIB. We have made good progress but we know that we still have more to do.

Our stakeholders

Our stakeholders care about our sustainability agenda. They want to know more about our business, specifically the impact we have and the value we create. So when refreshed our materiality exercise in Q1 2018, we wanted to

know what sustainability issues our stakeholders believe are important for us to respond to, in addition to what they expect from us, in order to develop their trust.

This input has helped us focus on both the role we can play in addressing the social, environmental and economic issues facing our stakeholders, and also guide us on how we can continue to grow their trust in us, through responsible banking practices and operations.

What’s next?

Through this report, we are sharing examples of work we are already undertaking to respond to the issues that matter most to our stakeholders. That way we will be judged not on what we say, but what we do – our actions – to continue to rebuild trust in AIB. Our next step will be to publish metrics and targets against sustainability issues, fully aligned to our business and our four pillar strategy.

I want to thank the Office of Sustainable Business, the Sustainable Business Executive Council and the Sustainable Business Advisory Committee for their collaboration and focus in leading and guiding AIB on this important journey.

Bernard Byrne
Chief Executive Officer

AIB SUSTAINABILITY REPORT – INTRODUCTION

Our impact

Our Purpose
To back our Customers to achieve their dreams and ambitions



2.7m
Customers



9,720
Employees (FTE)



2,871
Suppliers



Personal main current account



Business main current account



Personal credit cards

#1
in Ireland

Group



c.700,000

Active mobile app users



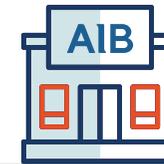
1.4m

Active digital customers



1.5m

Daily interactions



327

Locations across Ireland and the UK



Foreign direct investment



New mortgage lending

+39

Customer transactional

+21

Relationship – personal



+19

Relationship – SME

€1,070m

Suppliers and procurement

€790m

Salaries and benefits

€490m

Total tax paid and collected

Sustainability at AIB

A sustainable bank must be profitable, offering products and services that are relevant, easily understood, simple to access and fairly priced for both new and existing customers. A sustainable bank is technologically advanced, environmentally conscious and socially responsible.

A sustainable bank takes care of its employees and plays a strong role in communities, in the economy and in society. Fundamentally, a sustainable bank is one that is trusted and has the support from society that it needs to survive and thrive.

We recognise that having a sustainable and responsible approach to how we do business – now and in the future – should be integral to everything we do at AIB. We want to create long-term, shared value in our business, the economy and the communities where we work.

We are working to embed a sustainable culture at all levels and across all areas of our business.

In this report we have provided the details of our recent materiality exercise. In completing this exercise we identified five key stakeholder groups, customers, employees, regulator, investors and government/society.

We wanted to find out what our stakeholders consider to be the key sustainability priorities for the bank. We asked them firstly to tell us what were the macroeconomic issues (e.g. Brexit, housing) of most concern to them. Secondly we asked what were the most material topics that stakeholders felt we should address as a bank.

We are also reporting in accordance with the Global Reporting Initiatives (GRI) standards, the full details of which can be found on pages 55-77.

Our vision for sustainability at AIB

- ▶ A holistic approach creating a sustainable business model, with sustainability practices embedded at every level
- ▶ Placing our stakeholders at the heart of our decision-making
- ▶ Creating long-term value for both our stakeholders and the bank



Sustainability governance

How we govern sustainability

We established an Office of Sustainable Business (OSB) in January 2016 to advise and support our CEO and Leadership Team on the development of our sustainability programme. We also established the Sustainable Business Advisory Committee (SBAC), to advise the Board of Directors and provide focus to these efforts. In April 2017, we established the Sustainable Business Executive Council (SBEC) to support the SBAC.

Sustainable Business Advisory Committee

The SBAC advises the Board of Directors on our sustainability strategy, which is aligned to our strategic and financial plan.

The SBAC comprises Helen Normoyle, chairman, a Non-Executive AIB Director, two Non-Executive Directors and our Chief Marketing Officer, Chief People Officer and Director of Corporate Affairs.

SBAC's main role is to supervise the development and execution of our sustainable business strategy. Developing this strategy includes enhancing and safeguarding our social licence to operate.

Sustainable Business Executive Council

The SBAC is supported by the SBEC, which comprises members of the Leadership Team and senior managers representing a cross-section of the bank's different functions. Its role is to support ongoing projects and to set strategic direction for Sustainability.

The Office of Sustainable Business

The OSB is responsible for guiding the Groups approach relating to sustainability and to develop key policies and activities relating to sustainability. With a small, designated team, its role is to integrate a sustainable approach across all areas and at all levels of AIB.

A key objective for the OSB is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all our activities. This includes understanding, measuring and disclosing the impact of our activities on all our stakeholders, society and the environment. This is a phased and two-way process that also requires us to capture our stakeholder concerns and expectations for our business. These expectations must be used to help inform and shape our objective setting, performance measurements, policy approach and operational practice, particularly in terms of credit provision. Over the past year we have started to make progress to incorporate ESG ambitions across AIB, we recognise that we have more to do to fully embed this across all of our activities.



Message from Helen Normoyle

Over the last 12 months, we have continued to make progress in aligning our sustainability programme with our four pillar business strategy, ensuring that we maintain a simple and focused approach to our work. In doing so, we are responding to the topics that matter to our stakeholders, as part of who we are and what we do.

We're ensuring our approach has strong and effective governance within the business through both the Board and Executive committees. We're also directly responding to what matters to our stakeholders, as evidenced by the refresh of our materiality exercise in Q1 this year. Importantly, assurance has been provided by Deloitte on our preparation of the Detailed Sustainability Report in accordance with Global Reporting Initiative (GRI) Standards.

As we continue to rebuild trust in AIB, our work is focused on actively and practically regaining our social licence to operate, which is a critical next step in our long-term recovery. We are learning from the mistakes of the past, ensuring that our culture as a business and the operations that support our activities are focused on our customers and doing right by them – all of the time. Our Purpose, launched last year, gives all our people a simple and clear basis from which to work.

Fundamentally, we know that a truly sustainable bank is one that is trusted and, as a result, has the social licence to operate that it needs to survive and thrive.

We will be reporting on our progress annually and will introduce key performance indicators (KPIs) to ensure that all our stakeholders can influence, follow, and judge us on this evolving journey. Importantly, our stakeholders will also have a say on the issues we focus on, which will be aligned with our core business strategy.

To that end, earlier this year we undertook an extensive stakeholder engagement exercise to understand the current macroeconomic issues that our stakeholders believe are important for us to respond to, in addition to what they would like us to do in order to regain their trust. I'm delighted to see a very focused and clear agenda resulting from that process.

The outputs of this work have been linked to our four pillar business strategy, demonstrating that sustainability is core to AIB's strategy.

Sustainability is not just an add-on at AIB; it is part of who we are becoming and how we are doing things.

It is both an honour and a great responsibility to chair the Sustainable Business Advisory Committee. It is a role I am delighted to play and one that enables me, along with the team, to support and challenge the business in key areas that ultimately drive trust and engagement with all our stakeholders. I would like to thank my Board colleagues and the Executive team for their support in responding to this important agenda, for the bank and for our wider stakeholders.

Helen Normoyle
Chairman – Sustainable Business
Advisory Committee

“Fundamentally, we know that a truly sustainable bank is one that is trusted and, as a result, has the social licence to operate that it needs to survive and thrive.”



Our sustainability journey

It is clear from engaging with our stakeholders that understanding of sustainability is developing.

We now need to embed and implement our approach across the business, to continue rebuilding our social licence to operate, creating shared value.

From... AIB in 2016

Stand-alone citizenship, philanthropy, sustainability strategy and initiatives...

Societal value creation as a goal in itself...

Separate from AIB's financial performance...

Bottom-up sustainability management oversight...

Impact limited by corporate footprint and sustainability budget...

To... AIB in 2018+

...integral part of AIB's four pillar strategy

...part of daily business to create a sustainable business model for the short, medium and long term

...integral to AIB's financial performance

...top-down overarching, focused sustainability framework with sustainability performance driven by the relevant business areas

...integral to commercial planning

Next steps

**Align with
Our Purpose**

**Our
Purpose**

To back our Customers to achieve their dreams and ambitions

**Embed and
operationalise**

**Set clear sustainability
targets and measures**

AIB SUSTAINABILITY REPORT – SUSTAINABILITY AT AIB

Our sustainability journey continued

Our progress

We are continuing to make progress against our existing targets. In an ongoing effort to increase transparency of our non-financial reporting the below policies. See the table to the right for details.

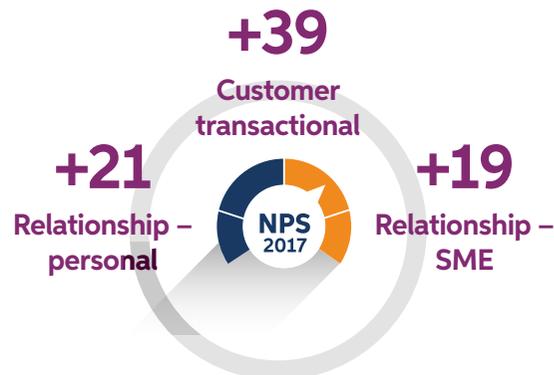
The below policies and codes are now available to view on our sustainability site www.aib.ie/sustainability:

- Our Data Protection Notice
- The Employee Code of Conduct
- Our Diversity and Inclusion code
- Our Anti-bullying and Harassment policy
- Our Conflicts of Interests policy
- Our Speak-up (whistleblowing) policy
- Our Selection policy
- Our Environment and Energy policies

Net Promoter Score

We are striving to improve our customer experience. Our Personal Relationship Net Promoter Score (NPS) increased by two points in Q4 2017. Our Customer Transactional NPS was +39 in Q4 2017; up one point from the previous quarter, but down six from the previous year. This highlights the ongoing challenge we face in delivering a great banking experience for our customers.

They continue to expect more from us and how they interact with us on a daily basis has changed significantly over recent years. We must continue to strive to evolve our products and services to meet their needs and to enable them to engage with us how and when they wish. In 2018 we will continue to focus on driving change and customer experience improvements.



		Outcomes 2017	Financial and non-financial targets ¹
Customer First			
Relationship Net Promoter Score (NPS)	A measure of our customers' overall AIB relationship experience	Personal +21 SME +19	50+
Transaction NPS	Measured after customer transactions for key touch points	+39	50+
Simple & Efficient			
Channel trends	% number of our active customers transacting digitally	53%	55%+
Cost income ratio (CIR) ²	Financial benchmark of efficiency	48% ⁴	Robust and efficient operating model CIR <50%
Risk & Capital			
Cash paid to State	Cash paid to the Irish State, including value received through the IPO	€10.5bn ³	State recovers its €20.8bn investment
Non performing exposures (NPEs)	Measures the credit quality of our loan stock	16% of gross loans	In line with European banking norms
Talent & Culture			
Diversity	Women as % of all management	38.7%	40%
Engagement	Employee engagement relative to Gallup client population	62nd percentile	Top quartile

1. All targets are long term, with the exception of medium-term financial targets communicated to the market on 09 March 2017.
2. Medium-term financial targets communicated to the market on 09 March 2017.
3. Includes proposed dividend for full year 2017.
4. CIR excluding income from cured/restructured loans was 53%.

Source: AFR 2017

Our sustainability journey continued

January 2016

A new approach to performance development evaluating **what** objectives were achieved but also **how** these were achieved, considering behaviours and approach in line with our values.



April 2016

Formation of the Sustainable Business Advisory Committee (SBAC).

December 2016

Engagement with almost 1,200 stakeholders to define our material sustainability topics.

April 2017

Establishment of AIB's sustainability governance structures.

May 2017

Recommencement of ordinary dividend payment.



June 2017

IPO – listing on Irish and London stock exchanges.

September 2017

Launch of Our Purpose.



October 2017



Published our first Sustainability Report covering our progress and performance in 2016. Available at: www.aib.ie/sustainability

Over 350 people attended our first Sustainability Conference to discuss how business can become truly sustainable by creating long-term value.



November 2017

Ranked in the 62nd percentile of organisations for employee engagement, up from the 52nd percentile in 2016.

January – April 2018

Completion of an extensive refresh of our materiality exercise, listening to 1,376 of our stakeholders across five stakeholder groups.

March 2018

Launch of AIB Together – two volunteering days per staff member per year.



June 2018

Published our second Sustainability Report

Available at: www.aib.ie/sustainability



What's next

- We will host our second sustainability conference in October 2018.
- Introduction of targets and measures against identified sustainability issues.
- Embedding and operationalising sustainability across our business.

Hosting a conversation – Sustainability Conference 2017

In October 2017 we hosted our first Sustainability Conference at a kitchen table in Croke Park. We were joined by local and global leaders in sustainability for an all-day conversation where we shared ideas, best practice and future thinking with colleagues, customers and many other stakeholders from across Ireland and beyond.

Many a business has been hatched at a kitchen table. It is a potent symbol of the why of being in business at all – it's where the bread that's earned is eaten, it's where the family congregate and it's where much of the stuff of real life happens – it's the boardroom of life. As the place where all the best ideas are born, the kitchen table is the home of creativity.



“In Ireland, one in eight people don't have enough food to eat while one million tonnes of food is going to waste.”

Iseult Ward, CEO & Founder, FoodCloud



“AI is not about technology; it's about a new set of ethics, morality and trust.”

Aric Dromi, Futurologist



“Trust is the ultimate currency.”

Bill McDermott, CEO SAP



“Customers are looking for brands that have strong values embedded in their DNA.”

Jo Fairley, Co-founder, Green & Black's

AIB SUSTAINABILITY REPORT – ENGAGING WITH OUR STAKEHOLDERS

Ongoing stakeholder engagement

We understand how important it is to listen to and to engage with our stakeholder groups. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service.

The below table lists our key stakeholder groups and the ways we continually engage with them.



Continual stakeholder engagement

Customers	Employees	Regulator	Investors	Government & Society
Customer visits and communications	iConnect employee engagement survey	Regular and ongoing structured engagement	Comprehensive Investor Relations programme	Regular and ongoing structured engagement
Net Promoter Score	Performance review processes	Site visits	Regular and ongoing structured engagement	Direct partnerships
Ask AIB (social media communications)	Speak up escalation process	Regulatory reporting	AGM and shareholder services	Volunteering and financial support
Complaints monitoring	Team meetings and management town hall engagements	AIB website	Investor relations website	Community initiatives
AGM	Industrial relations discussions	Materiality exercise	Financial reporting	Financial reporting
AIB website	Six Employee Resource Groups		Materiality exercise	AIB website
Focus groups	Health and safety monitoring		Industry conferences	Surveys
Reputation tracking	Materiality exercise			Materiality exercise
Quantitative and qualitative research	Intranet (internal search engine) and online communities			Education and inclusiveness activities
Materiality exercise				

AIB SUSTAINABILITY REPORT – ENGAGING WITH OUR STAKEHOLDERS

Responding to our customers

Our Customer First agenda is critical to the successful delivery of our strategy. For us, this means having an unrelenting focus on our customers, driving positive outcomes and ensuring a Customer First culture across AIB. It also means that when things go wrong, we listen, learn and work to put things right for the customer.

Conduct

Central to our strategy is our Customer First agenda.

The Group Conduct – Customer Advocacy team plays a primary role, focusing on driving good customer outcomes and a customer first culture. The activities of our Customer Advocacy team are overseen by the Chief Customer Advocate who is the Chair of the Group Conduct Committee. This Leadership Team sub-committee informs the Sustainable Business Advisory Committee on Conduct-related matters. During 2017, we made progress on a number of Conduct-related activities, including:

- The establishment of Segment Conduct Committees for all front-line businesses;
- Enhanced governance including a mandatory Customer Advocacy approval of new products and propositions; and
- The initiation of a vulnerable customers programme, providing enhanced tools and supports for customers and staff.

Complaints

Notwithstanding our focus on customer outcomes things will go wrong from time to time resulting in customer complaints. When complaints arise our strategy is to ensure that they are easy to make, resolved as quickly as possible and that we learn from what has gone wrong.

Two years ago we made sure that in every branch and at every other customer contact point, our people have the means to resolve complaints at first contact.

Our complaints resolvers use a toolkit to close out complaints for customers, deciding when and where to use their discretion as they manage complaints. They follow procedure, but don't let it get in the way of what the customer has experienced.

The result is a quicker resolution for customers, improved outcomes, reduced levels of customer frustration, less time spent scrutinising scenarios and fewer letters sent.

Customer Care – complaints journey NPS



A central complaints team

Our next step was acknowledging that more complex customer complaints are best managed by being escalated to a central team. So, in 2017 we started to handle complaints that otherwise can't be resolved quickly through our central Customer Care team in Limerick.

Complex complaints that need time to investigate are handed over from a branch to people whose specific job it is to focus on resolving the issue.

The expert knowledge and concentrated focus on customers has resulted in:

- A reduction of 15 days (from 27 to 12) in the average time taken to resolve complex complaints; and
- An improved customer experience – the net promoter score (NPS) for the complaint journey is improving.

Getting to the Root Cause

Early in 2017, we established a central Root Cause Analysis team to identify trends and manage changes in our processes so that common complaints and errors no longer happen. Complaints and errors can be valuable insights into how customers experience our services.

When the team identifies a trend, it shares it with the relevant business areas so that they can fix the problem and improve the customer experience.

Recently the team identified a trend in customer complaints about limits to the amount that can be transferred online to another account. It became clear that customers liked being able to use the facility but felt the limit was too low, so we raised the limit and let our customers know what we'd done.

Responding to our customers continued

Financial Services and Pensions Ombudsman (FSPO)

If a customer is unhappy with our answer to their complaint they have the option to escalate it to the FSPO.

We have changed how we approach these cases. In the past we relied on policy, procedure, terms and conditions to support our position against a complaint. If we were within the bounds of our terms and conditions, we generally held our position.

Now, as advocates for the change in culture that puts customers first and backs their dreams and ambitions, the teams in Customer Care have a different approach. In investigating each complaint that has travelled as far as the FSPO, we try to find a better balance between our legal obligations and what is fair and reasonable for the customer.

In 2017, we had one fully upheld Ombudsman finding, a significant reduction on 2016 when we had only 10 findings upheld.

The Tracker Mortgage Examination

AIB has been conducting a comprehensive review of customer mortgage accounts with regard to tracker rates in accordance with the Central Bank of Ireland framework. This Tracker Mortgage Examination programme has involved an analysis of circa 650,000 accounts and a detailed manual review of over 50,000 individual AIB and EBS accounts. Our review is ongoing but is well progressed. It has found we fell short on our obligations to some customers resulting in some customers being charged too high a rate of interest on their mortgage accounts.

Issues identified include process weaknesses, manual errors and/or ambiguous marketing, legal and/or other communications which may have given customers the right or expectation that they could have an option of a tracker rate. The bank continues to progress its examination which is subject to final review by the Central Bank.

Tackling this issue for impacted customers is a priority for the bank and as impacted customer accounts are identified they are addressed. By the end of 2017 over 4,100 customers were redressed and compensated. By the end of May 2018, 99% of the 11,233 customer accounts that had been deemed impacted had been paid redress and compensation. A further c. 500 accounts identified as impacted during June 2018 will be paid redress and compensation during August and September 2018.

The review will not be complete until the Central Bank determines it to be so. However, we believe we have identified the significant majority of customers likely to be deemed impacted by the review.

AIB SUSTAINABILITY REPORT – ENGAGING WITH OUR STAKEHOLDERS

Active listening

We are actively listening to our stakeholders. We want to understand the issues that matter most. To help identify these issues in Q1 2018 we completed our second materiality exercise, following on from the initial exercise completed in late 2016.

We used expert, independent advisors KPMG to develop and undertake the consultation, and engaged with 1,376 stakeholders across five stakeholder groups.

Firstly, we asked stakeholders which **material topics** – such as transparency and culture – were the most important for us to address within our business.

Secondly, we wanted to determine what **macroeconomic issues** – such as Brexit or housing – are of most concern to our stakeholders, and which of these they believe should be a priority for us.

We also wanted to understand how we can continue to regain the trust of our stakeholders, in order to carry on the work detailed in our first Sustainability Report. We made this a key component of our materiality exercise by asking stakeholders how we could improve further.

The outcomes of our materiality exercise were then validated through a series of workshops. Participants included representatives from special interest groups and both AIB and non-AIB customers. We have used the outputs from our materiality exercise to inform, frame and focus this report.



Our 5 stakeholder groups



AIB SUSTAINABILITY REPORT – ENGAGING WITH OUR STAKEHOLDERS

Our materiality exercise

Material topics – continuing to rebuild trust

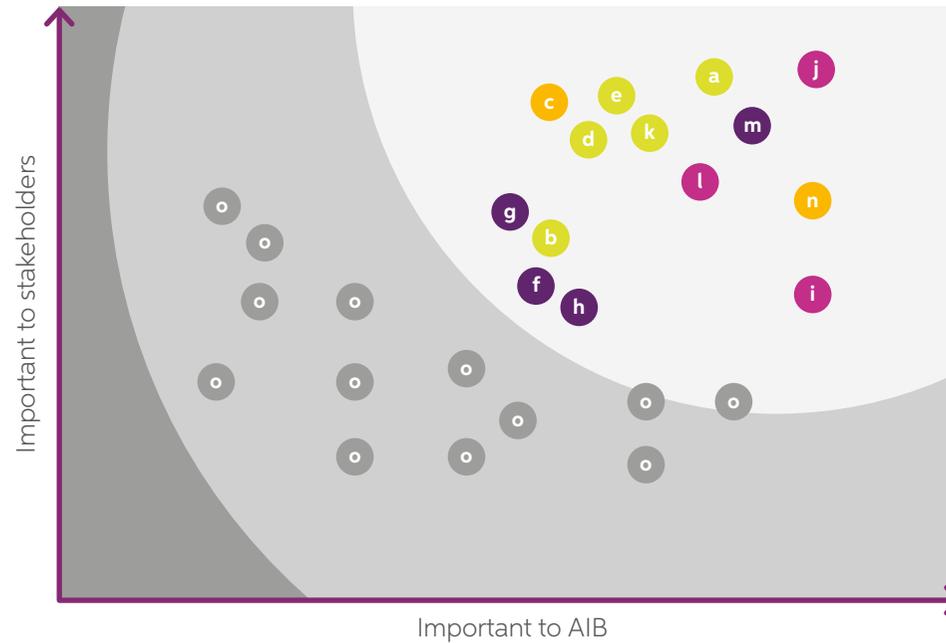
Our stakeholders were also asked to choose between a range of material topics that reflect how we operate and to rank these topics in terms of their importance in rebuilding trust in AIB.

We asked our stakeholders:

“In your opinion, what actions can be undertaken within the bank to continue to rebuild trust through responsible banking practices and operations?”



We compared responses from internal and external stakeholders, as illustrated in the image. We have made the material topics of greatest significance to both groups our priority focus. They are aligned to our four strategic pillars and also form the basis of our Global Reporting Initiative (GRI) report, as detailed in the GRI Index appendix.



- Customer First
- Simple & Efficient
- Risk & Capital
- Talent & Culture

Our material topics – top 14 out of 32

- a. Making our services and products transparent to consumers
- b. Engaging with all our stakeholders regularly
- c. Protecting our customers' privacy and data
- d. Pricing our products and services fairly
- e. Improving our customer experience and satisfaction levels
- f. Talent attraction, retention and development
- g. Employee engagement and satisfaction
- h. Providing business leadership and vision
- i. Maintaining a profitable and financially sustainable business
- j. Complying with laws, codes and regulations
- k. Providing responsible services and products
- l. Managing our business risks effectively
- m. Our business culture and ethical behaviour
- n. The stability, security and continuity of our business services
- o. Other items

AIB SUSTAINABILITY REPORT – ENGAGING WITH OUR STAKEHOLDERS

Our materiality exercise continued

Macroeconomic issues

We wanted to know which macroeconomic issues – taking in social, environmental and economic themes – were most important to our stakeholders.

So we asked them:

“What are the social, environmental and economic issues that you believe AIB is best placed to address?”



We conducted interviews with our CEO and members of the Leadership Team and held workshops with internal and external stakeholders to validate the outputs from this exercise. We have used the main body of this report to explore how we address these issues today. When presenting these issues we align them with our four pillar strategy.

Throughout this report, we will highlight how each of our material topics relate to our macroeconomic issues.

Macroeconomic issues

The list below shows the macroeconomic issues that were identified by our stakeholders.

1. Housing
2. Digitalisation
3. Business and personal lending
4. Entrepreneurship
5. Food production and sustainable agriculture
6. Brexit
7. Low carbon economy
8. Financial literacy
9. Skills and training
10. Managing debt
11. Ageing population

Throughout this report we have aligned these macroeconomic issues to our four pillar strategy:



Responding to macroeconomic issues

Our stakeholders highlighted the following
macroeconomic issues as being of material importance:

1. Housing
2. Digitalisation
3. Business and personal lending
4. Entrepreneurship
5. Food production and sustainable agriculture
6. Brexit
7. Low carbon economy
8. Financial literacy
9. Skills and training
10. Managing debt
11. Ageing population

Linking our approach

We have linked our stakeholder groups, our material topics and our macroeconomic issues with our four strategic pillars. These are indicated by icons at the top of each page. Please use the key below as a reference.

Our stakeholder groups	Our material topics	Macroeconomic issues	Our four strategic pillars
 <p>Customers</p>  <p>Employees</p>  <p>Regulator</p>  <p>Investors</p>  <p>Government/ Society</p>	<ul style="list-style-type: none"> a Making our services and products transparent to consumers b Engaging with all our stakeholders regularly c Protecting our customers' privacy and data d Pricing our products and services fairly e Improving our customer experience and satisfaction levels f Talent attraction, retention and development g Employee engagement and satisfaction h Providing business leadership and vision i Maintaining a profitable and financially sustainable business j Complying with laws, codes and regulations k Providing responsible services and products l Managing our business risks effectively m Our business culture and ethical behaviour n The stability, security and continuity of our business services 	<ol style="list-style-type: none"> 1. Housing 2. Digitalisation 3. Business and personal lending 4. Entrepreneurship 5. Food production and sustainable agriculture 6. Brexit 7. Low carbon economy 8. Financial literacy 9. Skills and training 10. Managing debt 11. Ageing population 	

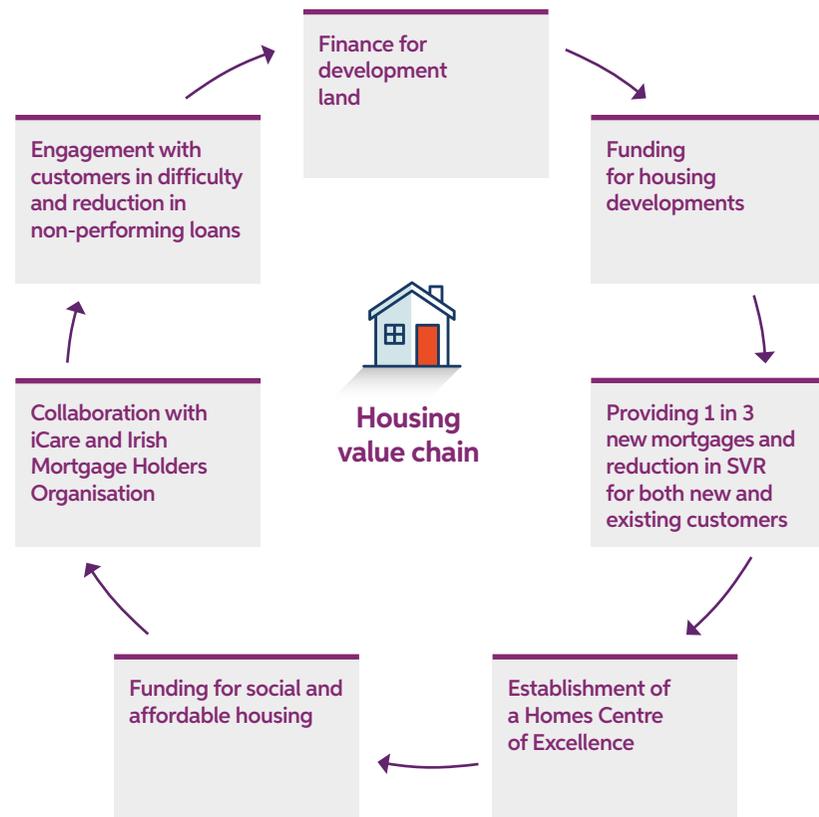


1. Housing

Housing is a key strategic priority for us and is one of the most important macroeconomic issues for our stakeholders. As a pillar bank in Ireland, we understand that we have a critical role to play in this area.

We are involved across the housing value chain, from the financing of development land, through to supplying funding and mortgages.

In 2017, we worked on a number of initiatives to help boost the housing supply in Ireland, not only with real estate and mortgage finance, but also our support for social and affordable housing.



Our offering

- Long-term value
- Lowest variable rates
- Choice
- Multi-brand



1. Housing continued

Helping customers purchase their homes

We are the leading mortgage provider in Ireland, with a 33% share of the market, extending circa €2.4bn drawdowns of new mortgage loans in 2017. We know that customers want choice and different propositions appeal to different customers. That is why we have a multi-brand mortgage strategy, which includes AIB, EBS and Haven.

Our mortgage expertise is spread across our AIB and EBS locations. Over 250 specialist advisors are available in branches and over the phone. In 2017, we enhanced our service with extended opening hours in branches, including Saturday mornings and evenings, as well as making teams available on the phone.

Our mortgage approvals stay valid for 12 months, so customers can find the right place to settle down. In 2017, we reduced the standard variable rate (SVR) by 0.25%, the fifth rate reduction in three years, resulting in a total reduction of 1.25% since 2014 for both new and existing customers.



The housing market

There are signs of improvement in the overall housing market in Ireland.

Construction continued to rebound in 2017, with housing completions up by 29% to 19,300 across Ireland. That is still well below the projected 30,000-35,000 units required to meet annual demand. This contributed to an increase of house prices 12.3% higher in the year to December and rents up by 6.1%.

As one of the leading suppliers of mortgages, we play a critical role in this sector and, in November 2017, we published a Housing Supply in Ireland report, with suggestions on how to tackle the shortage of homes.

Streamlining the mortgage journey – Homes Centre of Excellence

We established the Homes Centre of Excellence (HCoE) to create a streamlined home loan journey, guided by a highly-trained team of Homes Advisors.

Claire Byrne, from the HCoE team, said: "For me, the key changes so far have been the introduction of one point of contact, whereby the customer receives a consistent, end-to-end experience through their interaction with a single knowledgeable and professional Homes Advisor. From the advisor's point of view, we can build a relationship with the customer and make the best recommendation from a credit perspective."

Supporting social housing

We have a key role to play in boosting housing supply in Ireland. This involves providing appropriate funding structures for developers, investors and social housing. A key element of the government's Rebuilding Ireland plans is to help experienced developers deliver newly-built stock to the larger Approved Housing Bodies (AHBs). To support this, we launched a €100m Social Housing Development Fund in 2017. The fund was launched at the Resi Development conference, hosted by AIB and WK Nowlan, which was attended by more than 150 customers and industry experts.

Bernard Byrne, AIB's CEO, said: "We are an important stakeholder in the property industry, and with this new fund we are providing more attractive terms to developers to help accelerate the provision of much needed social housing and a sustainable property sector."

Túath Housing

Túath Housing has provided over 3,500 social homes, making it one of the largest voluntary housing bodies in Ireland. In 2017, we partnered with Túath to fund the acquisition of up to 190 social homes, spread across Ireland. As part of its mission to house people in need, Túath is buying homes from the state's Housing Agency and letting them to families on Local Authority waiting lists. These properties are all vacant and in need of repair. We have provided €15m of funding towards the cost of buying and repairing these properties.



2. Digitalisation

Our stakeholders expect AIB to invest in digitalisation as part of our delivery of digitally enabled banking services. This is in line with our Simple & Efficient approach. Across Ireland and the UK we have over 1.4m active digital customers and over 77% of personal loan applications made online.

Investing for a digital future

In 2017, we completed a three-year, €870m investment programme, to drive efficiencies, productivity enhancements, improved customer satisfaction and capacity for business growth.

Over the course of the programme, we have invested in our operating platform, customer engagement channels, as well as data and analytics, to create a digital offering that enables customers to bank with us how and when they wish.

We now have more than 1.4m active digital customers in Ireland and the UK, and circa 700,000 customers who access our services via mobile devices. Some 95% of customer transactions are now automated, with 77% of personal loan applications made online and 69% of AIB's transactional activity carried out via digital channels.

Apple Pay and Android Pay

We were one of the first banks to offer Android Pay in late 2016. We then introduced Apple Pay for our customers in July 2017, allowing them to pay for goods and services by thumbprint verification, from a choice of cards linked to their smartphone.

Alerts and fraud text alerts

We offer an alerts service to all our online customers, providing convenient and secure access to their account information. With free, customised alerts we can inform customers of their bank balance, when eStatements are available and payments due.

We also send fraud text alerts to customers' phones, if we detect suspicious activity on their AIB Debit and Credit Cards. This is quicker than a phone call or letter; we can contact customers at any time of day or night and it is easy for them to respond.

We look for suspicious transactions outside customers' normal purchasing patterns, unusual timeframes or locations and recognise transactions that fit previously identified fraud trends.

A new set of tools to enhance the banking experience

The investment in digital tools has vastly improved efficiency for AIB customers and employees dealing with applications for new products. Our branch employees can now use 'One View Engage', a platform that provides information for each customer, across all the products and services they use, allowing us to better understand their needs.



95%

Transactions automated



77%

Personal loan applications made online



1.4m

Active digital customers in Ireland and UK



2. Digitalisation continued

General Data Protection Regulation (GDPR)

The GDPR came into force on 25 May 2018, replacing the existing data protection framework under the EU Data Protection Directive.

The GDPR will provide us with the opportunity to further strengthen our relationships with our customers and employees based on enhanced transparency, security and accountability. These changes build on the data protection safeguards we already have in place. This is, however, the most important and biggest change to data privacy regulation in 20 years.

The implemented changes will further ensure that we conduct our business in a fair and transparent manner in line with our brand values and Purpose, and ensure that processes are in place to minimise the risk of unfair customer outcomes.

Our Data Protection Policy

Our Data Protection Policy aims to protect an individual's right to freedom from unnecessary intrusion into their financial and personal privacy, while at the same time complying with our legal and regulatory obligations.

Our eight Key Principles of Data Protection are:

1. Obtain and process information
2. Keep it only for specified lawful purposes
3. Process it only in ways compatible with the purpose for which it was obtained

4. Keep it safe and secure
5. Keep it accurate, complete and up-to-date
6. Ensure it is adequate, relevant and not excessive
7. Retain it for no longer than necessary
8. Give all personal information to a person on their request

A new era in banking

In 2017, we made preparations in advance of the Payment Services Directive II (PSD2) in Europe, and Open Banking in the UK – that will transform the way customers transact in 2018 and beyond.

PSD2, which came into effect on 13 January 2018, will facilitate access to the financial services market to new players from across Europe, while promoting greater transparency and security for our customers.

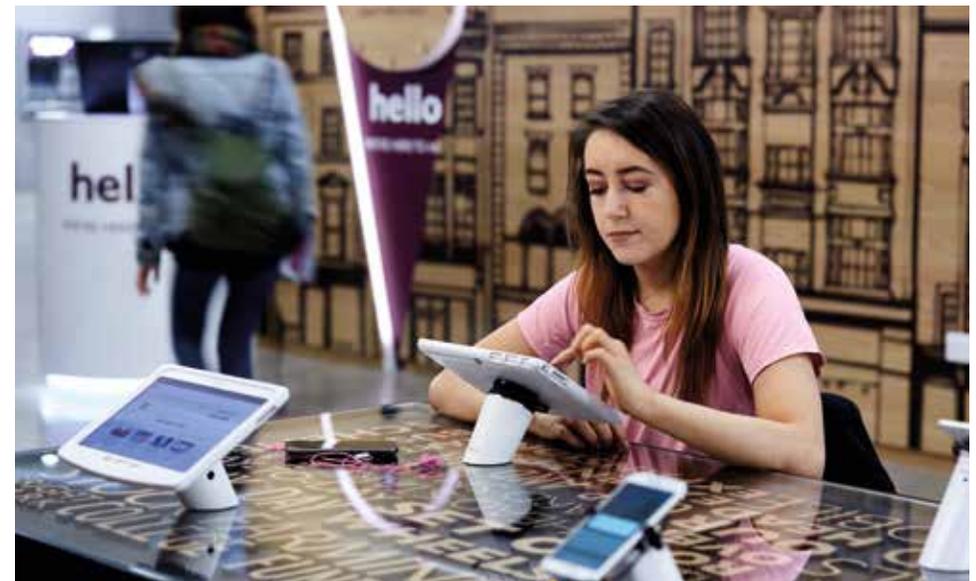
Open Banking is specific to our UK personal and business customers, who have a current account that they access online. Open Banking affects the entire UK banking industry, putting customers firmly in control by letting them share their financial data with companies other than their bank. It will also allow third parties to initiate payments directly from a person's account as a bank transfer, providing an alternative to credit or debit card payments.

Protecting our customers' data

As part of protecting our customers' data, we invest heavily in tools and services to counteract the increasing threat of cyber crime. We also partner with other institutions across the UK and Ireland to foster an open knowledge sharing and mutual protection culture.

We design and operate our systems to remain secure, while providing products and services that are fit for purpose. We actively manage cyber threats to ensure that no unauthorised party may access, manipulate or acquire private information.

While we recognise the many benefits of data analysis and data science in improving experiences, we also acknowledge the importance of maintaining high standards of confidentiality in safeguarding information about our customers and employees.





Strategic Pillars



Stakeholder Groups



Material Topics

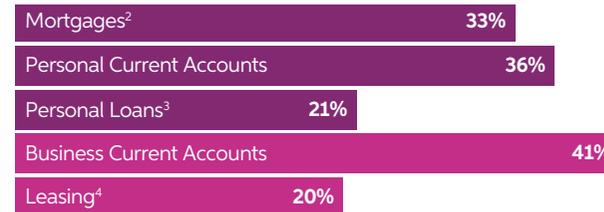
3. Business and personal lending

Business and personal lending is one of the most important issues for all our stakeholder groups. We have more customers in Ireland than any other provider in the marketplace, and in 2017 we saw growth in new lending in our core customer markets.

Business and personal lending

We are the market leader in Ireland for a wide range of products for personal and SME customers, including current accounts, deposits and loans, according to research by Ipsos MRBI in January 2018. We achieved this success with a sector-led strategy and expertise across all our distribution channels, over the phone, and across our local markets.

Strong market share in retail and business banking



- #1 Mortgages
- #1 Business Main Current Accounts¹
- #1 Personal Main Current Accounts
- #1 Business Main Loans
- #1 Personal Loans
- #1 Business Main Leasing¹
- #1 Personal Credit Cards
- #2 Business Credit Cards

Source: AFR 2017

2017 Highlights – SME

We are the bank of choice for SMEs, thanks to our wide range of products, our sector specialists, our digital offering and our excellent relationship management. In 2017 we experienced growth in new lending to SMEs of 15% and provided €1.4bn of new lending to SMEs.



AFR 2017

2017 Highlights – personal market

We offer the best-in-class mobile offering with 77% of all personal loans applied for online, via mobile, tablet or internet banking. Customers can now complete personal loan applications end-to-end on their mobile device and receive a decision within three hours.



AFR 2017



Strategic Pillars



Stakeholder Groups



Material Topics

3. Business and personal lending continued

Wholesale, Institutional and Corporate Banking (WIB)

WIB provides customer-focused solutions in private and public markets to our largest customers and customers requiring specific sector or product expertise.

With a diversified portfolio and an end-to-end relationship model, we are Ireland's leading corporate bank and number one for foreign direct investment.



€3.2bn
New lending
2017



Sinead Fitzmaurice and Terry Clune, co-founders of TransferMate.

AIB signs €30m investment and partnership proposal with TransferMate Limited

We have successfully signed a €30m investment and partnership proposal with TransferMate Limited – the world's leading cross-border B2B payments provider. We are supporting TransferMate with their global growth story and developing their Kilkenny operation with around 200 new roles, while enhancing AIB's FinTech and innovation capabilities. This direct equity investment was led by the bank's Specialised Finance team.

The collaboration aims to decrease international payments costs for business customers, improve cash flow for businesses with international supply chains and customers, and enhance payments transparency through a technology-enabled platform.

Sinead Fitzmaurice, co-founder and CFO of TransferMate, said: "Our partnership with AIB aims to combine the bank's forward-looking digital strategy with our technology and global reach to bring business customers of the bank a truly convenient and cost-effective solution when sending or collecting funds globally. We are immensely proud to announce our first banking collaboration in our home market."

The investment has received local and global recognition, showing us as a forward-looking, customer-focused and digitally-oriented bank with a collaborative outlook. The project team are looking forward to working with TransferMate across IT, product design, compliance and marketing.



Relationship-driven model

Well-established and diversified business with market-leading position in key sectors



Sector specialist teams

Primary focus on senior debt origination through Corporate Banking, Real Estate Finance, Energy, Climate Action & Infrastructure



Product specialist teams

Complementing traditional debt offering through Specialised Finance, Syndicated & International Finance and advisory services in Corporate Finance



4. Entrepreneurship

Small and medium-sized enterprises (SMEs) are the backbone of the Irish economy – with over 238,000 SMEs located across Ireland, employing over 900,000 people. We are supporting entrepreneurs with our dedicated approach and support, through the start-up phase, expansion and beyond.

We have helped develop vibrant clusters of entrepreneurs by backing SME hubs, and partnering with social enterprise ventures such as FoodCloud and SOAR.

SMEs – the backbone of the Irish economy

We helped SMEs expand their knowledge base in 2017, by providing specialist advisors, organising events to help customers prepare for Brexit, as well as producing several new sector reports.

A vibrant cluster of entrepreneurs

The Ludgate Hub officially opened in Skibbereen in 2016, kick-starting a new digital age for West Cork. With 10,000 square feet of shared workspace, it offers high-speed connectivity and mentoring to start-ups. It is the result of the efforts of a group of entrepreneurs, digital ambassadors and local business owners, backed by AIB. The aim is to create 500 jobs in five years in the West Cork region and provide a multi-million euro boost to the local economy.

PorterShed hub

The PorterShed digital workspace, sponsored by AIB, opened for business in Galway in 2016. PorterShed is the first phase of the Galway City Innovation District project, which aims to facilitate the emergence of a vibrant cluster of entrepreneurs, high-potential start-ups and SMEs. There are 26 companies based in the PorterShed, all with a strong Information and Communications Technology (ICT) and community focus, creating employment for over 70 people.

One year on from the official opening, the hub announced a partnership with the National Digital Research Centre and Enterprise Ireland to run an intensive start-up accelerator programme for early-stage technology ventures. Successful applicants will receive investment capital of €30,000, plus desk space for their team for 12 weeks. While there, the start-ups will be able to build and commercially validate their projects by working with existing entrepreneurial networks and mentors.

Ludgate Digital Hub

Ludgate is Ireland's first digital hub, located in Skibbereen Co Cork, providing 10,000 sq.ft. of shared workspace, with high-speed connectivity and mentorship, to start-ups and SMEs alike. The initiative has a long-term objective to create 500 direct jobs and 1,000 indirect jobs.



Ludgate: Ireland's first rural digital hub.



AIB CEO Bernard Byrne with Maurice O'Gorman, Chairman of Galway City Innovation District and a tenant of PorterShed.



4. Entrepreneurship continued

Networking for success

With 13 branches and just over 1,000 members, Network Ireland is the country's largest business networking organisation for women. We have been one of Network Ireland's strategic partners for the past three years, with a number of benefits for our female business customers, including three months' free membership to any Network Ireland branch. The ethos and values of Network Ireland are aligned to those of AIB, being community-based, seeking to assist their members to grow and invest in their businesses and their own skills base.

In November 2017, over 100 businesswomen attended the Network Ireland Event 'Backing your Network', hosted by AIB. Attendees included women from indigenous and multinational organisations, including non-profits, charities, arts and the public sector.

Catherine Moroney, Head of Business Banking, facilitated the panel discussion and took questions from the floor. She added her own insights from getting involved in community-based business and social endeavours, such as Network Ireland, providing examples of how they can benefit communities, businesses and individuals.



AIB is backing Women in Enterprise

In October 2017, we launched our Women in Enterprise programme to deliver training, mentoring and finance to female entrepreneurs.

This includes the AIB Women in Enterprise Masterclasses, run by trainers from the Entrepreneurs Academy, and the AIB Women in Enterprise Growth Academy, an intensive programme of six days spread over five months.

We have launched a €100m Women in Enterprise Loan Fund to provide financial support to female business owners. We will measure the level of uptake by female-led businesses and will ensure it is fully accessible to female entrepreneurs.



Rhona Hunt and Kevin Kelleher of Ostoform with their award.

Start-up Academy

We have teamed up with the Irish Times for the past two years to run the Start-up Academy, a high-profile competition, which offers quality training from industry experts, innovative content and course material, and attracts some of the best entrepreneurs across Ireland. A place in the Academy is hugely beneficial for all participants, while the winner receives a prize package worth over €200,000.

Rhona Hunt and Kevin Kellaher (pictured above) are co-founders of Ostoform which was the winner of the AIB Start-up Academy 2017.

This company created a medical device which manages skin complications for people with ileostomies (surgical openings).



Strategic Pillars



Stakeholder Groups



Material Topics

5. Food production and sustainable agriculture

Ireland is well placed to play its part in meeting the global demand for producing sustainable, safe and high-quality food. We support food production and sustainable agriculture with a dedicated team of Agri Advisors, who provide strong, objective, financial and technical analysis of individual farm cases.

We are backing farmers with a programme of initiatives specifically designed to help grow and develop businesses in a planned and sustainable manner.

2017 has been a more buoyant year for Irish farming and most sectors have experienced a welcome uplift. A strong weather pattern, a reduction in input prices, and a recovery in output prices in most sectors resulted in increased production on many farms in 2017.

In contrast, the spring of 2018 has been among the most challenging experienced by Irish farmers for a number of years, with depleted fodder reserves, limited grass growth, and delays in turning livestock out to grass increasing financial pressures on farms.

To support our customers, we have a range of measures in place, including: 48-hour decisions for loans; overdrafts of up to €60,000; flexible working capital finance by way of an AIB Farmer Credit Line at competitive rates and extended contact hours for farmers, via a dedicated phone line.

AIB sponsor Grass 10

To help promote sustainable grassland excellence AIB has partnered with Teagasc, the Department of Agriculture, Food and Marine, Grassland Agro and FBD on a new four-year campaign 'Grass 10'.

The Grass 10 programme aims to increase grass utilisation on Irish livestock farms (dairy, beef and sheep). It will play an important part in increasing grass growth and utilisation on Irish livestock farms, thereby improving profitability and helping to ensure the long-term sustainability of Irish farms. As part of the programme in 2017, 52 farm walks were held, attended by over 5,000 farmers, in addition to discussion group meetings, industry events and reseeding demonstrations. The programme also introduced a new Grassland Farmer of the Year competition to recognise farmers who are achieving high levels of grass utilisation in a sustainable manner.

Backing our young farmers

There can be a lot to take on when starting out in farming. With this in mind, AIB provides a Young Farmers' Package to support our customers in the early years, offering a special two-year fee offer on the AIB Young Farmer Current Account.

We also offer Young Farmers Bytes, a quarterly newsletter introduced in 2016 for young farmers, with insights and updates for farming, events and offers.

Farm finance offerings to back our customers

Our Farm Development loans support customers by funding the long-term development of their farms without placing burdens on short-term cash flow. We have loans to support land purchase, farm development and grant-aided investment; and offer flexible repayment options to match the cash-flow of the farm. We offer working capital solutions such as our Farmer Credit Line and Asset Finance options to support short, medium and long-term needs.



Shane Fitzgerald – winner of the 2016 AIB/Teagasc All Ireland Best Farm Business Plan Award with Vincent Gorman of Ballindrum farm.

“I see AIB as a trusted partner in my business, I think they are a very farm-friendly bank and they take a long-term approach to agri borrowing.”

Vincent Gorman – Ballindrum Farm



Strategic Pillars



Stakeholder Groups



Material Topics

5. Food production and sustainable agriculture continued

Irish Grassland Association Dairy Summer Tour

Over 600 farmers attended this year's Irish Grassland Association (IGA) Dairy Summer Tour sponsored by AIB. The aim of the IGA is to support the development of profitable farming systems from grassland in Ireland. The focus of the 2017 dairy summer tour was producing milk on part-leased or fully-leased milking platforms, while maximising the use of grazed grass in the cows' diet.

AIB Young Farmer seminars in Association with Macra na Feirme

In 2017, we collaborated with Macra na Feirme, a young farmers' organisation, to host a series of seminars specifically for young farmers. The events, which were held in Kilkenny, Navan, Cork and Tullamore, discussed the outlook for the agri sector and how young farmers can best position their farm businesses for the future. Over 800 young farmers and industry stakeholders attended the events. Some of the topics discussed at the events included sustainability, farm investment, Brexit, CAP Reform and volatility.

Supporting low-cost finance options for farmers

In January 2018, we launched a €60m fund under the Strategic Banking Cooperation of Ireland (SBCI's) €150m Agriculture Cashflow Support Loan Scheme, announced in the Government's 2017 Budget. The fund supports the cash flow and working capital needs of Irish farmers and SMEs engaged in primary agriculture at a discounted fixed interest rate of 2.95%. Loan terms are available from one to six years for a maximum of €150,000 per entity.

Helping Ireland's farmers modernise

We are supporting Ireland's farmers, helping to fund the Targeted Agricultural Modernisation Schemes or TAMS II Farm Investment projects.

TAMS II is a series of seven investment aid schemes open to farmers to support the sustainable development of Irish agriculture. It has a fund of €395m spread over the five years of the programme to 2020. Among others, it supports:

- Young Farmer Capital Investment Scheme (YFCIS)
- Animal Welfare Safety and Nutrient Storage Scheme (AWNSS)
- Dairy Equipment Scheme (DES)
- Pig and Poultry Investment Scheme (PPIS)
- Organic Capital Investment Scheme (OCIS)
- Low Emission Slurry Spreading Equipment Scheme (LESS)
- Tillage Capital Investment Scheme (TCIS)

AIB Agri Advisor Team

2017 was a busy year for farm finance requests, with the SBCI Agri Cashflow Support Loan Scheme and TAMS II driving new lending requests to AIB. There is a depth of knowledge and experience in dealing with farmers throughout AIB. We have a dedicated team of Agri Advisors who support our employees in delivering a service to our farming customers. Our Agri Advisors provide strong, objective financial and technical analysis of individual farm cases.

AIB/Agriland progressive farmer focus

We partnered with Agriland in 2017 to deliver the Progressive farmer focus series. This consisted of a series of articles and short videos, available on the Agriland website, which profiled progressive farmers around the country and how they are planning for the future. The series covered a number of topics including share farming, business planning, farm investment, increasing output, and starting up a new farm enterprise. The articles and videos provided insights into the farming journey of each of the farmers and their career to date, and offered some advice to young farmers starting out on their career in farming. www.agriland.ie/farming-news/tag/progressive-farmer-focus

Bringing together Ireland's agricultural community

Last year, the National Ploughing Championships attracted 300,000 people to the three-day event held in Scraggan, Tullamore, Co Offaly.

Once again, we brought our innovative AIB Shed Talks to the championships, featuring agricultural experts to discuss a wide range of topics, from the agrimarket outlook to work-life balance.

In a first for AIB, we engaged with our Agri audience across the AIB snapchat channel. We also livestreamed our Shed Talks, reaching a wider audience than ever before.



Cathal Moran, Dairy farmer, pictured at the Irish Grassland Association Dairy Summer Tour.



Strategic Pillars



Stakeholder Groups



Material Topics

6. Brexit

Brexit is a concern for all of our stakeholder groups. With our strong market position, we have an important role to play to help our customers plan for this transition. We are doing this by providing customers with a dedicated network of Brexit Advisors, as well as information and trends via our quarterly online Brexit Sentiment Index.

A team of Brexit advisors, operating across multiple areas of our business, has been put in place to support and advise our customers in this uncertain climate.

Ronan Foley, one of our Brexit Advisors, said: “I was appointed to a Brexit Advisor role to provide support and guidance to our teams as well as discussing potential implications of Brexit with our customers and trying to identify ways to support them through the Brexit journey.

“In many cases customers have started to plan based on conversations that they’ve had with either myself or their Business Advisor. As part of my engagement, I try to challenge the customer on their readiness for Brexit and ask them to think about a potential scenario that could arise – this shows our customers that we’re interested in them and helps identify opportunities and risks that may come with Brexit.”

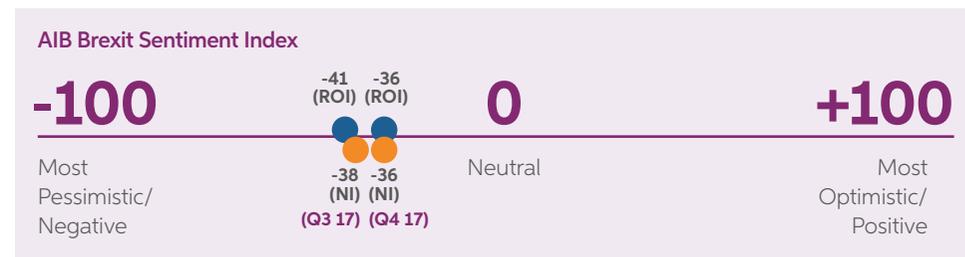
AIB’s Brexit Centre

Our Brexit Centre is available to all our customers at: <https://fxcentre.aib.ie/resource-centre/brexit>. It is updated regularly with our Brexit Sentiment Index, economic analysis and features articles on topical issues, such as impacts on the Food and Beverages industry and information for importers and exporters.

Keeping customers informed ahead of Brexit

In 2017, we issued quarterly online Brexit sentiments. The AIB Brexit Sentiment Index for Q4 2017 shows that 23% of export-focused SMEs in Ireland are considering expanding into new markets with Europe, particularly Germany and France, topping the list of target markets.

The index reveals that the vast majority of SMEs, both north and south of the border, have yet to devise a formal Brexit plan: only 6% of SMEs in Ireland, and 2% in Northern Ireland (NI) have plans in place.



Some 36% of SMEs in the ROI had plans to invest in their businesses prior to the Brexit vote. Of these, 10% are currently reviewing them, while 8% have cancelled or postponed them indefinitely. In NI, of the 44% of SMEs who had plans to invest, 23% have cancelled or postponed these plans, while 6% are reviewing them.

Overall, the index registered a score of -36 for both the ROI and NI in the fourth quarter (on a scale from -100 to +100). This is an improvement on the third quarter, but shows that SMEs are still broadly negative about the potential impact of Brexit.

“I was appointed to a Brexit Advisor role to provide support and guidance to our teams as well as discussing potential implications of Brexit with our customers and trying to identify ways to support them through the Brexit journey.”

Ronan Foley, Brexit Advisor



6. Brexit continued

The inside track on trading through Brexit

Last October, we hosted a breakfast event focused on Brexit, bringing insights from leading world experts on international trade. The aim was to inform Irish businesses of the potential tariffs and non-tariff barriers, as well as any trade opportunities that may arise.

Themed 'Trade Through Brexit – The Inside Track', the event welcomed Pascal Lamy, a former director general of the World Trade Organisation, as the keynote speaker. He was one of a number of experts sharing their views on the future trading relationship between Britain and the EU, and what it may mean for Irish businesses. This event was attended by around 250 people, including customers, business representative bodies, influencers and financial market analysts.



A panel discussion during the 'Trade Through Brexit – The Inside Track' event hosted by AIB.

Strategic Banking Corporation of Ireland (SCBI) Brexit loan scheme

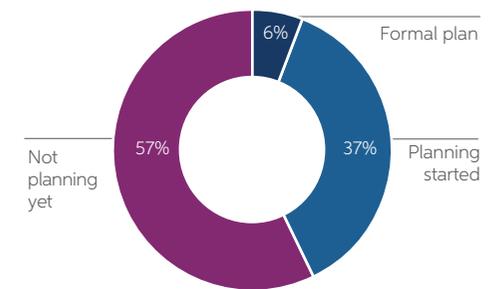
In 2018, we partnered with the SBCI on the new €300m SBCI Brexit Loan Scheme.

This scheme provides competitively-priced, flexible funding to businesses to address the challenges posed by Brexit.

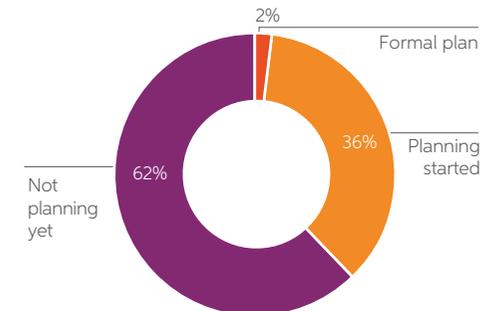
Loans can be used to fund working capital needs, innovation or business adaptations to mitigate the impact of Brexit. Key features of the loans include:

- Competitive rates, fixed for the term of the loan with no breakage costs
- Loans of €25,000 up to a maximum of €1.5m per business, for terms of one to three years
- No security required for loans of up to €500,000
- An interest-only repayment option may be available at the start of a loan, subject to normal lending criteria

SMEs not prepared for Brexit – ROI



SMEs not prepared for Brexit – NI





Strategic Pillars



Stakeholder Groups



Material Topics

7. Low carbon economy

The transition to a low carbon economy is of concern to our stakeholders. We can play a major role in addressing this issue, by how we run our bank and how we invest in our own business and in how we support our customers. In 2017, we established a specialist team and developed our customer offering to further support investment in renewable energy, infrastructure and climate finance.

Driving the winds of change

Last March, Greencoat Renewables purchased onshore wind farms in North Cork and Tipperary, with a combined operating capacity of 137MW, backed by AIB and the Ireland Strategic Investment Fund. In July, Greencoat Renewables became the first renewable energy company to list in Ireland, and the first euro-denominated renewable infrastructure company to list on the London Stock Exchange. These wind farms provide clean renewable electricity for over 60,000 homes.

Greencoat Renewables announced it was buying more windfarms in Ireland in December, and was putting in place a new €250m revolving credit facility (RCF) with a syndicate of five banks – AIB, BNP Paribas, Commerzbank, Royal Bank of Canada and Santander. Greencoat Renewables was advised by AIB Corporate Finance on the RCF, which was one of the largest debt advisory deals of 2017 in Ireland.

Tackling climate change from within AIB

In 2017, we proudly earned a place on Carbon Disclosure Project's climate change A List, which names the world's leading businesses in environmental performance. We are one of only two Irish companies to achieve this accolade.

We have worked hard to ensure all our offices attain the energy management standard, ISO 50001, and the environmental management standard, ISO 14001. In 2017, we also achieved this certification for AIB branches across Ireland and the UK.

For the first time, we purchased 100% renewable energy for all of our power requirements in 2017.



Stephen Nolan, Aideen O'Hora (Sustainable Nation) pictured with Colin Hunt (AIB) and Kirsten Dunlop (Climate KIC).

Sustainable Nation Ireland

We have joined forces with Sustainable Nation Ireland and EIT Climate-KIC, the EU's largest public-private partnership addressing climate change through innovation, to finance a key accelerator programme for Irish businesses.

Over €400,000 has been pledged to the EIT Climate-KIC Dublin Accelerator programme for 2018, allowing Irish entrepreneurs and start-ups to develop products and services that can help fight climate change and decarbonise the economy.

A total of €350,000 is being made available by EIT Climate-KIC with €50,000 from AIB to run the Dublin Accelerator programme, managed by Sustainable Nation Ireland on behalf of EIT Climate-KIC in Ireland.

We made the announcement, together with EIT Climate-KIC, as part of the Year of

Sustainable Business 2018, a year of climate-linked finance events and initiatives overseen by Sustainable Nation Ireland.

Sustainable Nation Ireland is the national platform for the promotion of Ireland as a world-leading hub for sustainable finance, business and innovation.

With a specific focus on supporting breakthrough innovations in climate innovation and finance, this 18-month programme provides world-class business coaches and mentors, and access to the EIT Climate-KIC European community network.

We are strongly focused on supporting businesses across the renewables, cleantech and SME sectors, and believes it has an obligation to support the decarbonisation of the Irish economy.



7. Low carbon economy continued

The issue – Building a business for a low carbon future

Our ongoing actions to reduce carbon emissions, develop a low carbon economy and mitigate climate change risks have resulted in AIB being recognised as a global leader for corporate action on climate change.

We have achieved carbon savings of 7,182 tCO₂e; (tonnes of carbon) equivalent to the electricity used by 1,061 homes over the course of a year, and we are on track to reach our Group target of cutting emissions by 33% before 2020.

Helping employees switch to greener transport

We encourage the use of sustainable transport where possible. In June 2017 we launched a pilot scheme offering AIB Bikes for employees to travel between our Dublin buildings, increasing wellbeing and preventing carbon emissions. Bike racks and showers were provided to encourage employee uptake. In addition, an average of 390 employees sign up each year to our Bike to Work scheme.

A shuttle bus service operates between our main Dublin head offices and there are two electric car charging points for those who have electric cars at our head office in Bankcentre.



“We are delighted to be supporting a customer who is committed to producing products which are 100% environmentally-friendly.”

Bill McIvor – relationship manager



L to R: Fearghal Carroll, CupPrint CFP; Bill McIvor, Relationship Manager, Corporate Banking; Terry Fox, CEO CupPrint; Pat Breen, TD Fine Gael; Jamie Nolan, Business Unit Head, Corporate Banking; and Michael Earley, Ennis Branch Manager.

Cup Print – a sustainable growth story

AIB customer Cup Print is one of Europe’s fastest growing 100% environmentally-friendly paper cup companies. Specialising in the design and production of paper cups for the takeaway coffee market, they offer customised orders with short lead times.

In November, the company announced the launch of new environmentally-friendly and sustainable products; the expansion of its manufacturing facility in Ennis, Co Clare and the creation of 15 new jobs at an event attended by the Minister for Business, Trade and Employment, Pat Breen.

We are funding the expansion of Cup Print’s manufacturing facility at Ballymaley Business Park in Ennis, Co Clare, which will facilitate the company’s rapid growth.

Cup Print, which also has operations in Germany and the US, has been a customer of AIB since 2016.

Michael Earley, Ennis Branch Manager, said: “It is fantastic to support a dynamic and progressive Clare business, which is expanding both its operation and its workforce to underpin the development of the local economy.”



Strategic Pillars



Stakeholder Groups



Material Topics

7. Low carbon economy continued

Boosting our energy efficiency

In 2013, we committed to the implementation of an energy management system and a detailed energy review of our key locations to identify opportunities to improve.

We have since cut energy consumption by 53% across our five head office buildings, which account for 60% of the Group's overall energy consumption. Current projects include optimising our heating, ventilation and air conditioning systems, and upgrading boilers, lighting and our building management.

Managing our energy use

We actively encourage our employees to get involved in energy saving and environmental management. Last year, we held an Energy Awareness Day, featuring AIB customers and suppliers offering architectural consultations, home energy improvement plans and energy-saving product demonstrations. We also hosted our first Waste Awareness Day.

We have developed an online energy awareness course in-house, which is available for all employees. The course has now been licensed to Skillnet, the government-funded training network, and Ireland's sustainability hub, to bring it to a wider corporate audience.

Managing our waste

We work hard to reduce waste, with all general, mixed recycling and food waste in Ireland diverted from landfill.

We have reduced the availability of plastic water cups in all AIB head office locations and carried out trials to eliminate single-use plastic items and coffee cups. These trials prevented the generation of 5,200kg of waste, cutting general waste volumes by 46%. Our goal for 2018 is to roll this out across AIB, by introducing compostable materials and reusable cups at all sites.

Reducing our water use

We have reduced water consumption by 16% through water optimisation projects. We have expanded our water sub-metering infrastructure across head offices and main branches.

We are now conducting trials of water-saving devices, such as tap aerators and cistern displacement bags. We are working with Irish Water to develop a new Water Efficiency Benchmarking Tool for office buildings in Ireland, with data from our office at Adelaide Road and the Baggot Street branch.

We are aiming to cut our emissions related to water supply by 15% by 2020, from a 2014 baseline. At the end of 2016, we had already reduced these emissions by more than 9.5%, helped by closer monitoring and detection of leaks.



Karen Coyle collecting the Large Green Organisation of the year award 2017.

Our Awards

Awards – 2017

- CDP Climate Change A list
- Large Green Organisation of the Year at the Green Awards
- Finalist of Professional Services Award at the Pakman Awards
- Finalist of Energy Team/Manager of the Year at the SEAI Awards
- Finalist of Social Impact Award at the Sandyford Business District Awards





8. Financial literacy

Financial literacy is an important issue for our stakeholders. In 2017, we continued to work on a number of initiatives to address this issue, from providing guidance to students through our Build a Bank challenge to offering easy-access basic bank accounts.

We understand that it is not just what we say that matters, but how we say it. Our tone of voice helps customers understand and act effectively. That is why we have designed a set of guidelines to help us communicate better with each other and our customers.

Rewriting our terms and conditions

We updated customer terms and conditions (T&Cs) for 33 card and account products in 2017, in line with our Customer First and Simple & Efficient agenda.

This involved rewriting T&Cs in plain English and combining them where possible, so that 33 products will now be covered by three sets of core T&Cs, with product-specific supplements.

The result is that our T&Cs will now be easier to understand, as customers will be able to refer to simplified sets of T&Cs for common clauses and can expect consistency across different products.

The development of core sets of T&Cs means that any future changes will be considerably easier to implement.

In addition, the new sets will allow for other documentation to be simplified in due course.

Over the year, we updated more than 300 pieces of customer communications to reflect this more transparent and accessible style.

Basic bank accounts

We opened over 31,000 basic bank accounts in 2017, as part of an EU-wide initiative to bring unbanked customers into the financial system. These accounts offer customers easy access to their money and easy international transfers with no maintenance or transaction fees.



300+

Pieces of customer communications updated



33 to 3

Core sets of T&Cs with supplements



A recent campaign featuring Bo Owens and his daughter.



8. Financial literacy continued



circa 1,000
Students



130
Schools



€5,000
Prize

From caterpillars to butterflies

Now in its 16th year, the Build a Bank challenge gives transition year students the opportunity to establish and run a bank throughout the academic year.

With direct links to the Business Curriculum, the challenge provides practical preparation for learning about running a business and a chance for students to showcase their creativity, innovation and entrepreneurship. Participating students are involved in all aspects of banking, such as business management, marketing, sourcing new customers, encouraging regular savings, providing ongoing customer service and keeping accurate financial records, all while engaging with the local community.

Students interested in being part of the school's bank team are interviewed for their position and receive feedback on their performance, which helps teach students CV writing skills and interview techniques. We support all registered schools with a dedicated Student Officer and a €100 marketing bursary.

This year 1,000 students from 130 schools took part in the competition, and 288 students from 48 schools made it to the final at the RDS.

There they were whittled down to the top six teams, who battled it out for the first prize of €5,000 for their school. Each team delivered a four-minute pitch about their bank and faced a two-minute Q&A session from an expert panel. The quality of the pitches was excellent, as the school teams displayed passion for their banks, knowledge of the industry and a flair for innovation and marketing.

Presentation Secondary School Tralee claimed the Build A Bank Challenge title with 'The Butterfly Bank'. This came from the idea of encouraging students to grow from caterpillars into butterflies, the best possible versions of themselves, by saving money and taking care of their health and wellbeing.

Having attended a digital masterclass at the Institute of Technology Tralee, The Butterfly Bank used the most up-to-date technology to keep customers interested, with its own website and accounts on Instagram, Snapchat, Facebook, YouTube and Twitter.





Strategic Pillars



Stakeholder Groups



Material Topics

9. Skills and training

We are working to help address the important issue of skills and training in our support and involvement in various partnerships and sponsorships. This include supporting children in education, entrepreneurs and third-level institutions.

Teaching young people the value of work – Junior Achievement

Junior Achievement Ireland (JAI) helps children of all ages understand the benefits of staying in education. We are proud to have supported this organisation since it was established in 1996. Over 1,000 of our colleagues have worked with JAI over the past 20 years, benefitting more than 27,000 students in Ireland.

Last year, 34 AIB volunteers delivered five week-long programmes in schools and another 28 took part in Junior Achievement events across Dublin, reaching more than 1,000 students in 33 local schools.

Last September, JAI came to our offices in Bankcentre to recognise our contribution over the academic year 2016/2017. JAI's CEO, Helen Rafferty, presented AIB volunteers with certificates and a booklet containing pictures and testimonials of their help and support throughout the year.

“A smart city is easy to navigate, efficient, sustainable and clean.”

Discovery programme

We also launched a €3m Discovery Programme focused on software businesses, as part of the Frontline Ventures II €60m Equity Fund. Frontline, the venture capital firm, are holding a series of events in AIB locations exclusively for female entrepreneurs, to encourage and help them assess whether they are ready to seek funding. These clinics provide the opportunity for female entrepreneurs to discuss their ideas, fundraising plans and product fit in one-to-one sessions with a seasoned investor in the early-stage tech ecosystem.



Engaging students to imagine a 'smart city'

In November 2017, we partnered with Sustainable Nation Ireland and Smart Dublin to run our Datathon and Hackathon challenges, with the theme of Smart Cities, which attracted 200 students.

A smart city is easy to navigate, efficient, sustainable and clean, an urban development vision that integrates Information and Communications Technology (ICT) with the Internet of Things (IoT) to best manage a city's assets.

The hackathon required students to build an app or tool to solve a problem. This could be anything from air quality

to smart lighting, sensor usage, waste management, transport or homelessness. Alongside this, we also held a Datathon, where teams had to build a predictive model based around a dataset they were given on bicycle usage in a particular city.

This year, for the first time ever, we also held our first Webathon competition for second level students (aged 16+). Students from across the island of Ireland took part in this five-hour competition to build a great website around the theme of Smart Cities, with guidance from our expert AIB UX designers and developers.



9. Skills and training continued

AIB and education in the community – building on existing relationships

We partner with a variety of third-level institutions. In Dublin City University, we sponsor a Chair in Data Analytics. We have partnered with University College Dublin (UCD) to establish the AIB Chair in Behavioural Economics, together with a PhD scholarship programme, an MSc programme, and a new UCD-AIB Behavioural Economics Lab. In Northern Ireland, First Trust Bank supports Graduate and Student of the Year awards in both the Ulster University and Queen's University Belfast.

Hiring the next generation of leaders

In 2017, over 80 graduates joined the bank through our Graduate Recruitment Programme. These graduates joined across Finance, Retail and Commercial Banking, Risk, Technology, Treasury and Wholesale, Institutional & Corporate Banking.

Our graduates experience a varied induction programme including modules on leadership development and monthly master classes on different topics.

Recruiting the next pool of top graduate talent has already begun, with 80 new graduates joining the bank in the summer months of 2018.



Hugh Massey receiving his award for Best Farm Business Plan College Award.

AIB/Teagasc All Ireland Best Farm Business Plan Awards

Both farm planning and financial planning are key skills necessary for effective management of a farm in today's environment. As part of the AIB and Teagasc Agricultural Colleges initiative, our AIB Agri Advisors delivered a presentation on farm finance, applying for finance, maintaining a good banking relationship and the outlook for the agri sector, to students on selected courses in the Teagasc Agri College.

Students with the top grades for their farm plans were invited to complete a formal interview with an AIB Agri Adviser and Teagasc representative. The student offering the best farm plan and interview then received the AIB/Teagasc Best Farm Business Plan College Award and was invited to participate in the National Awards. Seven students represented their respective Teagasc, Greenmount and Private Agricultural Colleges and competed for the All Ireland Award, which took place in June 2017; when Hugh Massey (pictured above) from Pallaskenry Agricultural College received the top award.



10. Managing debt

We are acutely aware of the difficult circumstances our customers can find themselves in and the need for a sensitive approach when they are coping with financial difficulty. Our approach is guided by the key objectives of keeping viable businesses operating, supporting jobs and enabling customers to stay in their family homes.

Financial Solutions Group (FSG)

FSG is a dedicated department to support businesses and personal customers who find themselves in financial difficulties.

FSG's core objective is to support our customers and get them back to financial health where feasible, all the while ensuring that these customers are treated with fairness and respect. We have the most extensive range of solutions for customers in the Irish marketplace, which can include writing off debts.

The FSG team, comprising over 1,500 people, work with customers to deliver bespoke long-term solutions, in 2017 agreeing on average 1,000 customer solutions each month. Agreeing on average 1,000 customer solutions each month. As well as supporting our customers in their time of need, FSG aims to optimise recovery rates for AIB. The team therefore plays a pivotal role in sustaining our recovery and re-establishing customers' trust in us. In 2017, our impaired loans fell by €2.8bn year- on-year to €6.3bn.

What we can do to help

With customer-engagement at the heart of our approach, we have devised and implemented restructuring solutions on a case-by-case basis for personal and business customers in difficulty, overseen by a robust consumer-protection framework.

We recognise the difficulty some customers have approaching us when in difficulty and, as a result, we have engaged with a number of external agencies and independent customer advocates: including the Irish Mortgage Holders Organisation (IMHO), Money Advice and Budgeting Service (MABS) and StepChange.



A close collaboration with iCare and the IMHO

In September 2017, we launched a market leading, enhanced Mortgage to Rent (MTR) scheme for our customers, together with iCare Housing and the IMHO. MTR is a government initiative to help homeowners who can no longer repay their mortgage and who qualify for Social Housing Support. The customer surrenders their home to the bank, to be sold to an Approved Housing Body. The customer then pays an affordable rent based on their income to remain living in their home. With our commitment to put our customers first, MTR provides a long-term solution to keep families in their homes, even when they find themselves in acute arrears.

The customer has the option to buy back their home, at any time, at the price that iCare Housing paid for the property, including any discounts negotiated between iCare Housing and AIB.



Strategic Pillars



Stakeholder Groups



Material Topics

10. Managing debt continued

How we are helping – customers in difficulty

It is important not to ignore the early signs of financial difficulty. We have expert Financial Advisors available in every branch who help customers understand their finances and explore options to ease the burden. These include:

- Consolidating AIB personal debts, such as personal loans, credit card debts and overdrafts, into one loan
- Extending the term of existing AIB loans to help cash flow
- Moving to interest-only payments for a period to help customers get back on their feet
- Deferring payments until a customer’s situation improves

We offer an online family finance budgeting tool and alerts for customers if their balance falls below a certain level. www.aib.ie/i-am/family-finance-budgetingtool

Some of our business customers may face cash flow pressures, as revenues decline and costs increase. They may also be exposed to customers or suppliers, who are experiencing their own difficulties.

We are committed to working with our customers to provide support and advice. Our process involves communication, assessment and ultimately, resolution. We encourage customers to communicate with us as early as possible.

We have an internal appeals process for SMEs in financial difficulties. The process is available for all loans, overdraft, asset finance and invoice discounting products, irrespective of size.

We have a number of tools and guides available on our business site, including an assets and liability template, information for SMEs in difficulty, and a business plan template: www.business.aib.ie/my-business-is/facing-challenges

Business debt

The bank’s resolution strategy for dealing with business debt begins with an individual assessment of the levels of sustainable and unsustainable debt involved. Solutions allow the customer to enter into a performance-based arrangement, typically over a five-year period, characterised by the disposal of non-core assets, contribution of unencumbered assets, and contribution towards residual debt from available cash flow. In 2017, over 5,100 solutions were provided to our customers in difficulty.

Mortgage debt

The bank has a process to deal with distressed mortgages, known as the Mortgage Arrears Resolution Process (MARP); this allows bespoke sustainable solutions for each customer in difficulty.

The process has been extremely effective, resulting in 93% of customers with these sustainable mortgage solutions continuing to work for customers as the resolution agreements are meeting their terms.



Strategic Pillars



Stakeholder Groups



Material Topics

11. Ageing population

We know the ageing population and access to and availability of healthcare are of concern to our stakeholder groups. At AIB, we are supporting the ageing population with specialised funding across the healthcare system; as well as taking care of how we engage with customers experiencing vulnerability or bereavement.

How we are helping – supporting healthcare

Across our business, healthcare continues to be an important area for us. This starts with our support for care providers in the local community, which includes homecare providers, GPs and other medical professionals and primary care centres.

We also play an important role in providing specialised funding for private hospitals, specialised centres and public hospitals. The nature of this support ranges from funding the replacement and purchase of medical equipment and technology, to refurbishing and adding new bed and theatre capacity to our acute healthcare system.

Currently the long-term residential care and transitional care sector are facing financial difficulties due to shortages of purpose-built, high-quality nursing homes. We are helping to address the concern surrounding this issue. We continue to finance an increase in bed capacity, along with funding projects to improve standards of care for our elderly population.

How we are helping – planning for the future

Planning for retirement or ensuring that a pension is on the right track should be a priority for all of our customers, no matter what age they are.

Our life and pensions products, which are provided by Irish Life Assurance, help ensure our customers can spend their retirement years doing the things they always wanted to. Pension calculators are available online for all different age ranges and we publish a range of pension guides for customers in their 30s, 40s, 50s and 60s.

Designing processes to reduce stress

We provide enhanced guidance for employees to be able to: recognise vulnerability; identify their boundaries and responsibilities; and understand where to get information and help. At times, a complex case worker may be required for issues that span a number of bank functions. We make all reasonable arrangements to support our customers in controlling their own financial affairs where possible.

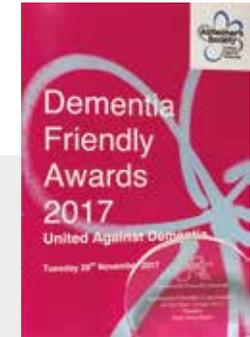
We cannot prevent our customers experiencing vulnerability, but we can design our processes and procedures to reduce stress, and we can intervene early before a situation escalates.

A team dedicated to helping bereaved customers

Our Bereavement Support Team is there to help people dealing with the loss of a partner, spouse or loved one. Bank accounts may not seem important at such a time, but it is a time when people may need access to money to cover unexpected costs.

The Bereavement Support Team is intended to provide general help and guidance on how best to engage with AIB when handling the financial affairs of someone who has died. Our aim is to make this difficult time a little easier for our customers, by outlining the processes involved, explaining some of the terminology and ensuring that our customers or their loved ones deal with as few people as possible, making this process as easy, efficient and non-intrusive as possible.

To this end, the team provides a single point of contact for the bank. It will inform any other departments in AIB that need to know and they will be in touch if needs be.



Becoming dementia friendly

In 2017, AIB UK committed to improve the customer experience of people living with dementia by working with The Alzheimer’s Society and applying the principles of their dementia friendly financial services charter. Our goal is to help colleagues recognise dementia, to understand how dementia can impact our customers, to treat our customers with respect and dignity, and help them to retain as much independence as possible. Across AIB UK, in collaboration with The Alzheimer’s Society, we have trained 10 Dementia Champions and 65 Dementia Friends. We will continue on our journey to become dementia friendly in 2018 and beyond.

In Northern Ireland, First Trust Bank made the final shortlist of three for the Dementia Friendly Large Organisation of the Year 2017.

An iLearn course has also been developed, which is accessible for all staff and provides an opportunity to develop knowledge and awareness of dementia.

Our people and our communities

We are becoming a purpose-led organisation and our people support the delivery of Our Purpose:

To back our customers to achieve their dreams and ambitions

We know that our future is inextricably linked to that of our customers and we want to help them to succeed.

We work to ensure we have the right talent, skills and capabilities within the organisation to support accountable, collaborative and trusted ways of working.

We promote a culture of diversity and inclusion, where people can be at their best to support customers and their local communities.



Our people

Developing the right culture is critical to our success. It sets a baseline for values of our people, which determines how we treat customers and colleagues, as well as those we engage with in our communities.

Culture has rightly been identified as being at the heart of many of the issues the banking industry faced in the recent past. Too often, banks focused on their own short-term priorities instead of their customers' needs. We are on a journey of cultural change at AIB. We have made good progress and we know that we still have more to do. A milestone for us on this journey was the launch of our Purpose in September 2017.

Boosting employee engagement

Last year, 88% of our employees took part in the iConnect survey, which helps us assess employee engagement levels. This high level of participation means we have clear insights we can take action on to help drive engagement, both at a Group level and locally.

There are two key measures we use for engagement. The first is the average score on questions that measure employee engagement and the second is the percentile ranking, which tells us how we compare with other organisations.

Last year, our average score rose to 4.22, up from 4.08 in 2016. This increase saw AIB move from the 52nd up to the 62nd percentile on the worldwide Gallup database. This shows significant progress from 2013, when we were in the lowest fifth percentile of organisations for employee engagement.

In 2013, we had just 0.3 engaged people to every one actively disengaged. Last year we had 8.4 engaged people to every one person that was disengaged. That is a significant turnaround and testament to all the work put in by our teams.

Our remuneration policy

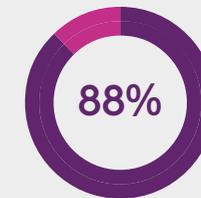
As an employer we aim to provide a comprehensive range of benefits to our people in addition to their basic salary. We currently operate under a number of constraints over remuneration, arising from state ownership, which preclude the payment of bonuses or other incentive arrangements, without prior written agreement of the State.

In the AIB Annual Financial Report 2017 (page 210), we reported our intention to introduce a new Deferred Annual Share Plan, as outlined on pages 214-219. However, the proposal did not gain the support of the Minister for Finance, representing the principal shareholder at the Company AGM in April 2018, who instead proposed a review of banking remuneration practices. We welcome the review, which is consistent with our objective to address the elevated risk associated with the current remuneration structure.

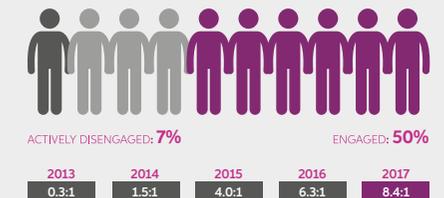
Notwithstanding the above, in the interests of good corporate governance, it was important that all shareholders had the opportunity to have their say on the remuneration policy. The Minister represented 76.09% of the total votes cast. Of the remaining 23.91% of shareholders who voted, 99.77% voted for the proposed remuneration policy, while 0.23% voted against it. This result reflects previous announcements from AIB on this matter where we have noted that institutional shareholders and proxy advisors recognise the need for a fit-for-purpose remuneration policy in the interests of everyone who has invested in our bank.

Our engagement journey

Strong participation



Engaged outnumber actively disengaged



Source: AFR 2017



Our people continued

Promoting diversity in the workforce

Being a diverse and inclusive employer is an important part of the culture that we want to develop. It helps create an environment where employees can perform at their best, while building an organisation that reflects and understands our customer base. With over 9,700 employees, we should be representative of the society we live in, based not just on gender, but also race, sexual orientation, life stage, ability and viewpoint.

We have a target for women to hold 25% of the director positions on the Board, which we have already met. We are working on our 2018 target of 40% female managers, with women currently holding 38% of all management roles.

Our progress in this area has been publicly recognised and AIB became the first Irish company to achieve the prestigious Investors

in Diversity standard in 2017. This year, we also won the Distinction in Inclusion and Diversity award at the HRD Awards, which celebrates innovatively designed and executed HR strategies.

Bernard Byrne, AIB's CEO, said: "Diversity and Inclusion are important aspects of our people agenda. By committing to a more diverse workforce at management level, we will lay the foundations for increased diversity at more senior levels."

We are also active supporters of the 30% Club, which is an organisation that works to promote gender balance on company boards around the world.

In AIB UK in 2017, we signed up to the HM Treasury Women in Finance Charter, which aims to build a more gender-balanced workplace.

Diversity & Inclusion Week

In March 2017, we held our first Diversity & Inclusion Week, aimed at raising awareness of our ambition to become a more diverse and inclusive place to work, with a series of events and focus groups on LGBT, Roots, Ability, Women, Men and Family matters:

- Raising awareness – We delivered Unconscious Bias training to more than 1,000 people leaders; carried out internal and external networking events to raise awareness; became signatories of Diversity Charter of Ireland and the UK Women in Finance Charter
- Improving our talent pipeline – We made a public commitment to gender targets at management levels; implemented improvements to all recruitment and selection processes; integrated diversity into senior succession; and took up active membership of 30% Club
- Encouraging a more flexible work environment – We introduced an agile working policy; extended parental leave; and other new ways of working through technology and work redesign
- Mind the Gap – We introduced a range of initiatives to integrate work and family leave; paid paternity leave; paid keep in touch days during maternity leave; emergency family leave and other support mechanisms

Unconscious bias training

We wanted to create a truly inclusive culture, where all voices can be heard and we can benefit from diverse views. Our unconscious bias training has been extended to over 1,000 of our team leaders to date.

Over the course of the training, the following types of unconscious bias were addressed:

- Intrinsic bias – where our background, personal experiences, stereotypes and cultural understanding can have an impact on our decisions and actions.
- In/Out groups – where we consciously or subconsciously exclude others who we feel aren't 'like us' or where the dominant group drowns out the voice of the less represented. The case study uses actors, but it is based on conversations and examples from our own teams. In/Out groups are not always about gender or race or sexuality – they can be about role, hierarchy or home address.



Our people continued



Helping our employees achieve a healthy work-life balance

The aim of our Agile Working Policy is to provide a modern and supportive work environment, where the leadership, physical spaces, technology and work practices ensure our employees can give their best at any time or place. Managing this in an agile way helps employees combine their lives and work in a rewarding way, which ensures they can collaborate with colleagues, provide service to our customers and deliver their best personal performance.

To further enhance this, we are in the process of establishing a digital centre of excellence in Leopardstown, Dublin. This will be home to our teams that design and deliver our digitally-enabled products and services.

Caring responsibilities

We do not want caring responsibilities to be seen as a break in our careers. Instead we see them as a temporary gap that can integrate seamlessly into our working lives. We have

chosen the best family-related policies from Ireland and the UK to create a single approach that goes beyond what is required by legislation. Moreover, we are introducing three paid, voluntary Keep in Touch days in Ireland – as offered in the UK – to help ease new mothers back into work. We have also gone beyond statutory requirements for fathers and offer two weeks’ fully-paid paternity leave.

Workplace Options

Workplace Options is a free counselling service supporting employees suffering from stress and anxiety. It may also be of help to those coping with a difficult period in their life, such as bereavement, the breakdown of a relationship, family or financial problems, work-related difficulties or addiction to alcohol, drugs or gambling.

The service is provided by two independent companies, which are external to AIB and bound by confidentiality ensuring non-disclosure.

Our ability to retain and attract the skills necessary to maximise the value of the Company for all shareholders, including the taxpayer, is in part dependent on our ability to compete with the remuneration practices of other employers. Accordingly, we look forward to the conclusion of the Minister’s review of banking remuneration practices and we will continue to engage with shareholders on this matter.

Working for us

We are a significant employer in Ireland. With 9,720 full-time equivalent employees at the end of 2017, we are committed to supporting and developing our people so that they can reach their full potential. In 2017, we hired 1,209 new employees, including 80 graduates, and made 873 internal promotions.

Aspire

In 2016, we launched our career and performance development programme, Aspire, across AIB. This enables recognition not just for what was achieved but also

how it was achieved, on the basis of each employee’s objectives. That means it encourages the development of behaviour in-line with our values.

iLearn

We know how important it is to offer genuine and effective career development. iLearn, our learning and development centre, was created in 2014 and provides world-class development opportunities through both online and Group development courses.

iLearn allows us to ensure employees are informed, offering globally-recognised career development courses, such as Lean Six Sigma and PRINCE2, as well as relevant banking qualifications and AIB-specific training. These development opportunities are complemented by our Aspire programme – providing a platform for career development conversations and ongoing performance feedback.



Our communities

In 2017, we made a decision to rebuild our community programme, with financial and volunteer support. In early 2018, we launched a Group-wide programme, focused on Youth & Education and Social Enterprise in local communities.

Our new community programme, AIB Together, takes a lead on two core themes, Social Entrepreneurship and Youth & Education, which already form a significant part of our community effort.

AIB Together – supporting our communities
Employee fundraising and volunteering is a big part of our culture and we want to capture the positive contribution that our employees are making. That is why we have launched AIB Together, a new three-year Community Investment Programme.

As part of the programme, all employees are entitled to two Volunteering Days per year, and there will be a focus on supporting two main social themes – Social Entrepreneurship and Youth & Education, with community partners FoodCloud and Soar.



AIB AID
AIB AID was founded in July 1985, after the acclaimed Live Aid Concert, to provide food hampers to the less fortunate. With St Vincent de Paul as our chosen partners it was then decided that this would be an AIB employees initiative and that all funds raised would be used to assist and support families in the areas surrounding Bankcentre, and as remains the case today.

The number of hampers delivered has risen each year since launch, with 300 delivered in 2017. Thanks to the support of our employees, these families get much-needed food which means they can buy other items that are often taken for granted, such as toys and new clothes for their children.



Aibheann O'Brien and Iseult Ward co-founders of FoodCloud.

“Working with AIB enables FoodCloud to grow our impact, reducing food waste and supporting charities that provide essential services in their communities.”

“With AIB’s strong presence in communities, they are a perfect partner to support FoodCloud’s work with over 600 charities all over Ireland.”

Iseult Ward – CEO FoodCloud

Social Entrepreneurship – AIB partner with FoodCloud

We have partnered with FoodCloud, a multi-award-winning social enterprise that enables the redistribution of surplus food from industry to the charity sector.

FoodCloud Hubs work with food businesses nationwide who have surplus food – such as farms, manufacturers and distributors – to manage ad-hoc and regular supplies of surplus food as efficiently as possible. FoodCloud’s technology connects charities across Ireland and the UK directly to supermarkets, enabling them to collect local surplus food donations.

Working towards a vision of a world where no good food goes to waste, FoodCloud has redistributed over 12,800 tonnes of food to over 7,500 charitable groups across Ireland and the UK. This is the equivalent of over 28 million meals, which helps charities manage how they spend their financial resources and enables them to focus their efforts on their core services instead.



Strategic Pillars



Stakeholder Groups



Material Topics

Our communities continued

A Time to Read

For the past two years, the Financial Solutions Group (FSG) in Cork has run a reading programme with St Marie's of the Isle Primary School.

'A Time to Read' was set up by Business in the Community to address the gap in literacy skills for primary-age children. Over the course of the school year, up to 18 volunteers from FSG Cork spend one hour per week reading with children at the school.

The programme is evaluated annually and is found to help the children in a number of ways, by increasing the child's enjoyment and confidence in reading. Our volunteers have told us that this programme increases their job satisfaction and interpersonal skills while also making a difference to a child's life.



Participants of the Time to Read programme

Soar

Soar is a collective movement that believes there is greatness within all young people and it is committed to creating environments where that potential can be released. It delivers early-intervention, preventative, wellness workshops for young people aged 12 to 18 from all backgrounds. Its workshops empower young people to thrive, believe in themselves and fulfil their potential. Within a safe and supportive environment, they are given the opportunity to be themselves and explore any challenges that hold them back. They have worked with over 26,000 young people since 2012.



A Soar workshop

We engage with 1,700 clubs and communities across Ireland.



Gaelic Athletic Association (GAA) – Backing club and county

Our support for the GAA dates back almost 30 years and is one of the most enduring partnerships in Irish sport. Since 1991, we have sponsored the All-Ireland Club Championships. In 2013, we became proud sponsors of the All Ireland Camogie Club Championships; and in 2015, we extended our relationship and became sponsors of the All Ireland Football Championship.

These partnerships allow us to engage at the grassroots level of the GAA, with 1,700 GAA clubs and communities right across Ireland.

During 2017, we launched a bespoke Home Insurance offer for GAA clubs, contributing €50 per new Home Insurance policy to a GAA club of our customer's choice. So far, over 800 GAA clubs have registered for this offer and over €100,000 is being distributed.

In the summer of 2017, we ran our most successful campaign to date. 'Jeff & Kammy's Journey to Croker' proved a massive success, achieving over 10m views through AIB's social channels, across YouTube, Facebook and Twitter, and capturing the imagination of GAA fans around the country.

This also showcased the impact that the GAA has on local communities in every part of the country and beyond, to a worldwide audience.

Risk

Following the recent financial crisis, ensuring we have an increasingly proactive approach to Risk and Regulatory engagement has been a focus for us, across our entire business.

As we are continuing to increase the value of the business we are focused on maintaining a strong risk management framework. We offer value to our customers while consistently delivering a strong financial performance that paves the way for future development and addresses legacy challenges.



Managing risk

We adopt an enterprise risk management approach to identifying, assessing and managing risks. Risk is defined as any event that could damage our core earnings capacity, increase cash flow volatility, reduce capital, threaten business reputation or viability and/or breach regulatory or legal obligations.

Following the recent financial crisis, ensuring we have a proactive approach to Risk and Regulatory engagement has been a focus for us, across our entire business. We have adopted a ‘three lines of defence’ risk management model.

As the first line of defence, the relevant business area identifies, owns, manages and reports its risks, ensuring that the right controls and assessments are in place to mitigate them.

The second line of defence sets the frameworks and policies for managing specific risk areas, provides advice and guidance in relation to the risk, and provides independent reporting on our risk profile.

The third line of defence is the Internal Audit function, which provides independent and objective assurance of the adequacy of the design and operational effectiveness of the risk and control environment across AIB.

Our objective is to conduct our business in accordance with both the letter and the spirit

of the relevant laws, regulations and codes (both internal and external), which apply to our regulated activities, and to act with integrity, honesty and fairness when dealing with our customers.

Risk management framework

In support of the enterprise risk management approach, we perform an annual Material Risk Assessment (MRA) to ensure all material risks to which we are exposed are identified and appropriately managed. Underpinning this, a number of frameworks and policies approved by the Board (or Board delegation) are in place which set out the key principles, roles and responsibilities and governance arrangements through which we manage and mitigate these risks.

The Risk Management Framework & Policy Standards have been drawn up to direct the type and level of detail to be reflected in these documents and to ensure consistency of information. The Standards contains a specific requirement that all policies and frameworks are benchmarked against Environmental,



Three lines of defence

Social, Governance (ESG) guidance in the ISO26000 Social Responsibility Standard. The Sustainable Business Advisory Committee (SBAC) is advised by the Leadership Team, the Sustainable Business Executive Council (SBEC), and the Office of Sustainable Business (OSB) on the risk management of economic, environmental and social topics.

Risk appetite

The Material Risk Assessment (MRA) is a major input as the Board develops our Risk Appetite Statement (RAS), which sets out our tolerance of and rationale for risk-taking. The RAS is aligned with our strategy of managing risk while protecting capital and is shared throughout the organisation.

This is a key part of embedding a healthy risk culture and fostering responsible risk-taking and risk management throughout the organisation. Our compliance with to the limits set out in the RAS is reported to the Board on a monthly basis.

Our RAS is built on the following overarching qualitative statements:

1. We have low appetite for income volatility, and target steady, sustainable earnings to enable appropriate, regular dividend payments.
2. We do not have an appetite for large market risk positions.
3. We accept the concentration risk arising from our focus on markets in Ireland and the UK. Within these markets, we seek to avoid excessive concentrations to sectors or single names and test repayment capacity in stress conditions.
4. We seek to attract and retain skilled employees and reward behaviour consistent with our brand values and Code of Conduct.
5. We offer our customers transparent, consistent and fair products and services, and always seek to deliver fair customer outcomes.
6. We seek to maintain the highest level of availability of key services for our customers.
7. We seek to comply with all relevant laws and regulations; our business is underpinned by a strong control framework.
8. We hold capital in excess of the regulatory requirements, while achieving returns on capital in line with stakeholder and market expectations.
9. We seek resilient, diversified funding, relying significantly on retail deposits.



Managing risk continued

Capital Sustaining our profitability

Over the past three years, we have consistently delivered strong, organic capital generation. This strengthens our financial position, which allows us to focus on our customers.

It has enabled us to make repayments to the state and to shareholders, and pay an ordinary share dividend in 2017 and 2018. We are now working towards an annual pay-out ratio in line with normalised European banks, with the capacity for excess capital to be returned to shareholders.

Maintaining strong risk management and robust capital levels is a priority for AIB. We aim to offer value for our customers while consistently delivering a solid financial performance that not only paves the way for future development, but also addresses legacy issues.

We measure our return on capital via a mechanism, referred to as the Risk-Adjusted Return on Capital (RAROC). RAROC metrics show that we are generating appropriate returns and allocating capital in an efficient manner for our stakeholders.

A RAROC rate comprises the margin and fee income arising from a loan, adjusted for expected loan losses and expressed as a percentage of the capital we are required to hold against the loan.

We have a consistent RAROC measure across the Group, which helps us make meaningful comparisons of returns across different business units and product lines, by adjusting for risk costs. This means we can sustain our profitability for the long term, to better serve our customers into the future.

Governing risk

The Board has ultimate responsibility for the governance of all risk-taking activity at AIB. The Board has delegated a number of risk governance responsibilities to various committees, principally the:

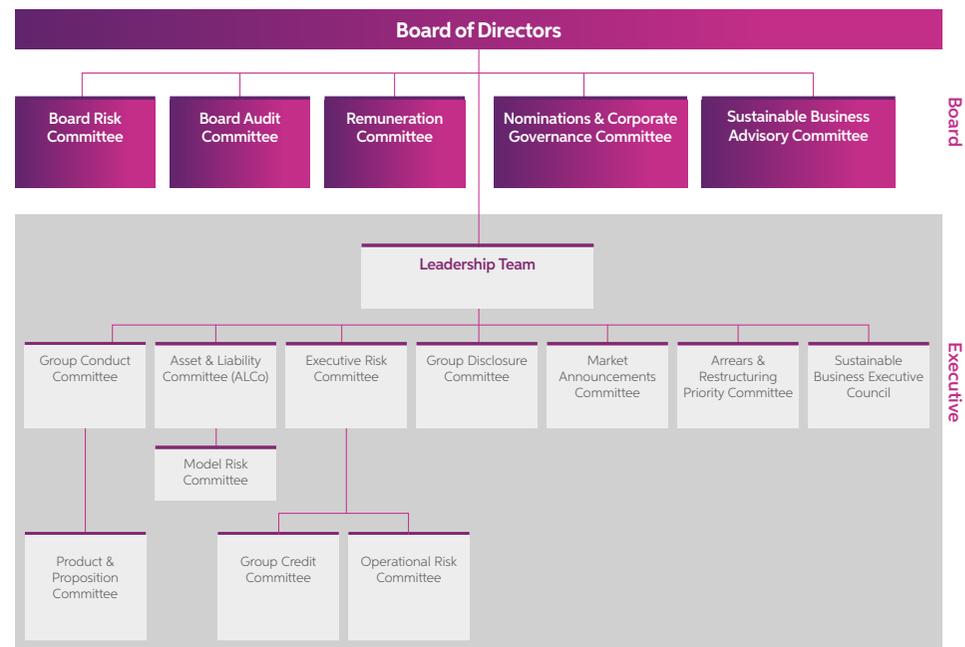
- Board Risk Committee
- Board Audit Committee
- Executive Risk Committee
- Asset & Liability Committee
- Operational Risk Committee
- Group Credit Committee
- Model Risk Committee

Risk governance structure Working with regulators

Throughout our business, AIB works with the following regulators in Europe and the US:

- European Central Bank (ECB)
- Single Supervisory Board (SSB)
- Single Resolution Board (SRB)
- Central Bank of Ireland (CBI)
- Prudential Regulation Authority (PRA)
- Financial Conduct Authority (FCA)
- New York State Department of Financial Services (NYDFS)
- Federal Reserve Bank of New York (New York Fed)

Risk governance structure



Tax compliance

Tax compliance

We are committed to maintaining the highest standards of compliance with applicable tax laws and regulations in all countries where we have operations; and to acting with professionalism and integrity in our dealings with tax authorities.

Due to losses which arose during the financial crisis, we paid no corporation tax on a large portion of our profits in 2017. Since the financial crisis, between 2010 and 2017, we contributed €4.3bn in taxes and levies in the Republic of Ireland; €1.7bn on our own behalf and €2.6bn collected from other parties.

Tax contribution

We make a significant tax contribution in our two main countries of activity, Ireland and the UK. Below is a summary of taxes and levies paid on our own behalf and taxes collected from other parties in both countries during the reporting period:

Tax 2017

	Republic of Ireland (€m)	UK (€m)
Paid on own behalf	190	48
Collected and paid on behalf of other parties	232	20
Total	422	68

Conclusion

We are agreeing and establishing clear targets for what we want to achieve as we build out our sustainability agenda, aligned with Our Purpose and our four strategic pillars.

We will report further on our progress in Q1 2019.

This is an ongoing journey and we recognise the shared value that doing it well can bring for our customers, our employees, our business and our communities; with both a financial and social impact.

If you have any comments or observations on what you have read in this report, we would like to hear from you. Please get in touch with us through any of the channels below:

-  sustainability@aib.ie
-  facebook.com/askaib
-  [@AskAIB](https://twitter.com/AskAIB)
-  Linkedin.com/company/aib

Independent assurance report by Deloitte to AIB Group plc ("AIB") on the preparation of the 2017 Sustainability Report in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option.

What we looked at: scope of our work

AIB has engaged Deloitte to perform limited assurance procedures on their self-declaration of preparing the 2017 Sustainability Report ("Report") in accordance with the Global Reporting Initiative's (GRI) Standards: Core Option, for the year ended 31 December 2017.

What standards we used: basis of our work, criteria used and level of assurance

We carried out limited assurance procedures on the selection of key performance indicators in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000 (Revised)). To achieve limited assurance, the ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the Report, on which we provide assurance. It does not include detailed testing for each of the indicators reported, or of the operating effectiveness of processes and internal controls. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

What we did: key limited assurance procedures

To form our conclusions, we undertook the following procedures:

- Interviewed management and those with operational responsibility for sustainable business performance to assess the application of the GRI Standards Reporting Principles in the preparation of the Report;
- Understood, analysed and assessed the key structures, processes, procedures and controls relating to the preparation of the Report;
- Evaluated whether the management approach for the material sustainability issues presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at AIB;
- Assessed the completeness and accuracy of the GRI Standards content index with respect to the GRI Standards: Core option; and
- Reviewed the content of the Report, the 2017 Annual Financial Report and AIB's Sustainability website content against the findings of the aforementioned procedures.

Limitations

The process an organisation adopts to define, gather and report information on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology, often with no consistent, accepted external standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop.

In relation to our work performed on the Report, we note the following specific limitation:

- Our testing did not include assurance of, or detailed testing of the underlying data for each of the indicators reported, or of published assertions. As such, our work does not involve procedures to verify the accuracy of the performance data or assertions published.

Our independence and competence in providing limited assurance to AIB Group plc

- We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to AIB that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.
- Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with many years' experience in providing corporate sustainability report assurance.
- In performing our work, we applied International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

What we found: our assurance conclusion

Based on the scope of our work and the assurance procedures we performed, nothing has come to our attention that causes us to believe that the AIB 2017 Sustainability Report has not been prepared, in all material respects, in accordance with the GRI Standards: Core Option.

Roles and responsibilities

AIB:

- The Office of Sustainable Business are responsible for the preparation of the Report and for the information and statements contained within. They are responsible for determining sustainability objectives, materiality, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte:

- Our responsibility is to independently express conclusions on the subject matters as defined within the scope of work above to AIB in accordance with our letter of engagement. Our work has been undertaken so that we might state to AIB those matters we are required to state to them in this assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than AIB for our work, for this report, or for the conclusions we have formed.



Eileen Healy,
Partner,

For and on behalf of Deloitte Ireland LLP.
26 June 2018

Global Reporting Initiative (GRI) Index

This section of the report details how we have progressed in our adherence to the GRI sustainability standards. These standards are designed to be used by organisations to report on their impact on the economy, the environment, and society.

Reporting is divided into two parts, the first of which is a general disclosures section (GRI 102) which provides an organisational context. Reporting organisations can then select from the set of topic-specific GRI Standards (GRI 200 – economic, GRI 300 – environmental or GRI 400 – social) for reporting on its material topics, which are identified through the materiality assessment exercise conducted with its key stakeholders. Our top materiality topics in the most recent exercise were:

- a. Making our services and products transparent to consumers
- b. Engaging with all our stakeholders regularly
- c. Protecting our customers' privacy and data
- d. Pricing our products and services fairly
- e. Improving our customer experience and satisfaction levels
- f. Talent attraction, retention and development
- g. Employee engagement and satisfaction
- h. Providing business leadership and vision
- i. Maintaining a profitable and financially sustainable business
- j. Complying with laws, codes and regulations
- k. Providing responsible services and products
- l. Managing our business risks effectively
- m. Our business culture and ethical behaviour
- n. The stability, security and continuity of our business services

The main body of the report addresses our management approach to each of the key macroeconomic issues also captured in the materiality exercise. The GRI disclosures below have been prepared in accordance with the Core option of the Standards Guidelines and have been independently assessed by Deloitte in accordance with the ISAE 3000 (Revised) Standard. The report covers the period January to December 2017, unless otherwise stated, and references material already published for that period such as the AIB Group plc 2017 AFR and the 2017 Carbon Disclosure Project (CDP) response, the latter addressing data for 2016.

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response	Disclosure Reference	Reporting Requirement	Response
a. Organisational profile					
102-1	Name of the organisation	AIB Group plc	102-4	Number of countries where the organisation operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	The bank's most significant operations are in the Republic of Ireland and the United Kingdom. The principal operating subsidiary, Allied Irish Banks, p.l.c., established branches, within the meaning of EU Council Directive 89/666/EEC (implemented in Ireland by the European Communities (Branch Disclosures) Regulations 1993), in the United Kingdom, the Grand Cayman Islands and the United States of America.
102-2	a. A description of the organisation's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	<p>a. AIB is a financial services group operating predominantly in the Republic of Ireland. We provide a comprehensive range of services to retail, business and corporate customers, and hold market-leading positions in key segments in the Republic of Ireland. AIB also operates in Great Britain, as Allied Irish Bank (GB), and in Northern Ireland, under the trading name of First Trust Bank. Our Purpose, as a financial institution, is to back our customers to achieve their dreams and ambitions.</p> <p>b. Our products and services cover personal, SME and corporate lending, mortgage provision and credit card services. When it comes to the provision of non-core banking products, for example, general insurance and bancassurance, we typically partner with market leaders.</p> <p>Our primary brands are "AIB", "EBS" and "Haven" in the Republic of Ireland, "First Trust Bank" and "Allied Irish Bank GB" in the United Kingdom, and we also operate US Syndicated & International Finance and branch activities in our New York office. See AFR 2017 pages 2 and 3 (www.aib.ie/investorrelations) and page 2 of the current report.</p>	102-5	Nature of ownership and legal form.	AIB Group plc is a publicly quoted holding company on the main London and Irish Stock Exchanges (the latter since 28th March 2018 is part of the Euronext federal model and operating under the trading name Euronext Dublin) after undertaking an initial public offering in June 2017. Its current issued ordinary shareholding of 2,714,381,237 shares is held 71.1% by the Irish State through the Ireland Strategic Investment Fund, with the balance held by other shareholders. A Relationship Framework document details the bank's relationship with the Irish State (www.aib.ie/content/dam/aib/investorrelations/docs/about-aib/relationship-framework-agreement.pdf).
102-3	Location of the organisation's headquarters.	The bank's headquarters are located at: AIB Group plc PO Box 452 Bankcentre Ballsbridge Dublin 4 Ireland	102-6	Markets served, including: i. Locations where products/ services are offered; ii. Sectors served; iii. Types of customers and beneficiaries	<p>The principal operating subsidiary, Allied Irish Banks, plc, established branches, within the meaning of EU Council Directive 89/666/EEC (implemented in Ireland by the European Communities (Branch Disclosures) Regulations 1993), in the United Kingdom, the Grand Cayman Islands and the United States of America.</p> <p>We operate a retail, corporate and business banking offering in the Republic of Ireland, a retail and business banking offering in the United Kingdom, and we also operate US Syndicated & International Finance and branch activities in our New York office.</p>

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response																																							
102-7	Scale of the organisation, including: <ul style="list-style-type: none"> i. total number of employees; ii. total number of operations; iii. net sales (for private sector organisations) or net revenues (for public sector organisations); iv. total capitalization (for private sector organisations) broken down in terms of debt and equity; v. quantity of products or services provided. 	<ul style="list-style-type: none"> • Total number of employees: <p>Average Number of Staff Full Time Equivalent (FTE)</p> <table border="1"> <thead> <tr> <th>Countries</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>8,840</td> <td>8,797</td> </tr> <tr> <td>United Kingdom</td> <td>1,244</td> <td>1,376</td> </tr> <tr> <td>United States of America</td> <td>53</td> <td>53</td> </tr> <tr> <td>Total</td> <td>10,137</td> <td>10,226</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Actual FTE numbers at 31 December 2017 were 9,720 compared to 10,376 at the end of 2016. <p>Source: AFR 2017, page 366</p> <ul style="list-style-type: none"> • Total average assets at 31st December 2017 were €91.619 billion. <p>Source: AFR 2017, page 38</p> <p>Significant shareholding – Ireland Strategic Investment Fund</p> <table border="1"> <thead> <tr> <th>Holder</th> <th>Number of Ordinary Shares</th> <th>% of Shares in Issue</th> </tr> </thead> <tbody> <tr> <td>Ireland Strategic Investment Fund</td> <td>1,930,436,543</td> <td>71.1%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Net revenues and costs: <p>Net Revenues and Costs (€ millions)</p> <table border="1"> <thead> <tr> <th>Segment</th> <th>Income</th> <th>Costs</th> </tr> </thead> <tbody> <tr> <td>Retail & Commercial Banking</td> <td>1,968</td> <td>769</td> </tr> <tr> <td>Wholesale, Institutional & Corporate Banking</td> <td>316</td> <td>91</td> </tr> <tr> <td>AIB UK</td> <td>308</td> <td>132</td> </tr> <tr> <td>Group</td> <td>375</td> <td>436</td> </tr> <tr> <td>Total</td> <td>2,967</td> <td>1,428</td> </tr> </tbody> </table>	Countries	2017	2016	Republic of Ireland	8,840	8,797	United Kingdom	1,244	1,376	United States of America	53	53	Total	10,137	10,226	Holder	Number of Ordinary Shares	% of Shares in Issue	Ireland Strategic Investment Fund	1,930,436,543	71.1%	Segment	Income	Costs	Retail & Commercial Banking	1,968	769	Wholesale, Institutional & Corporate Banking	316	91	AIB UK	308	132	Group	375	436	Total	2,967	1,428
Countries	2017	2016																																							
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		<ul style="list-style-type: none"> • Total capitalisation – see AFR 2017, page 53 • Sales: <p>Operating Contribution¹</p> <table border="1"> <thead> <tr> <th>Segment</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Retail & Commercial Banking</td> <td>75</td> </tr> <tr> <td>Wholesale, Institutional & Corporate Banking</td> <td>14</td> </tr> <tr> <td>AIB UK</td> <td>11</td> </tr> <tr> <td>Total</td> <td>100</td> </tr> <tr> <td>Total Sales Value (€ billion)</td> <td>1.6²</td> </tr> </tbody> </table> <p>1. Pre-provision operating contribution 2. Excludes the Group segment</p> <p>Source: AFR 2017, page 3</p>	Segment	%	Retail & Commercial Banking	75	Wholesale, Institutional & Corporate Banking	14	AIB UK	11	Total	100	Total Sales Value (€ billion)	1.6²
Segment	%													
Retail & Commercial Banking	75													
Wholesale, Institutional & Corporate Banking	14													
AIB UK	11													
Total	100													
Total Sales Value (€ billion)	1.6²													

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response	Disclosure Reference	Reporting Requirement	Response																				
102-8	a. Total number of employees by employment contract (permanent and temporary), by gender.	<p>As at 31 December 2017 in FTE</p> <p>a. Permanent and Temporary by gender:</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>Permanent</th> <th>Temporary</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>4,991</td> <td>526</td> <td>5,517</td> </tr> <tr> <td>Male</td> <td>3,589</td> <td>614</td> <td>4,203</td> </tr> <tr> <td>Total</td> <td>8,580</td> <td>1,140</td> <td>9,720</td> </tr> </tbody> </table>	Gender	Permanent	Temporary	Total	Female	4,991	526	5,517	Male	3,589	614	4,203	Total	8,580	1,140	9,720	102-9	A description of the organisation's supply chain, including its main elements as they relate to the organisation's activities, primary brands, products, and services.	<p>AIB contracted with 2,871 suppliers in 2017, and maintains a supplier database of over 3,500 entities. In 2017 we introduced a new Source-to-Pay system, which included an e-Sourcing solution to automate the tendering and award of sourcing events. This has yielded an ability to conduct some sourcing activities electronically, and has also resulted in a paperless invoice and payment environment for the majority of our supply base. Suppliers must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of our Environmental Policy.</p>				
Gender	Permanent	Temporary	Total																						
Female	4,991	526	5,517																						
Male	3,589	614	4,203																						
Total	8,580	1,140	9,720																						
	b. Total number of employees by employment contract (permanent and temporary), by region.	<p>b. Permanent and Temporary by region:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Permanent</th> <th>Temporary</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>7,485</td> <td>1,124</td> <td>8,609*</td> </tr> <tr> <td>Northern Ireland</td> <td>545</td> <td>1</td> <td>546</td> </tr> <tr> <td>Great Britain</td> <td>550</td> <td>15</td> <td>565</td> </tr> <tr> <td>Total</td> <td>8,580</td> <td>1,140</td> <td>9,720</td> </tr> </tbody> </table>	Location	Permanent	Temporary	Total	Republic of Ireland	7,485	1,124	8,609*	Northern Ireland	545	1	546	Great Britain	550	15	565	Total	8,580	1,140	9,720			<p>We conduct a due diligence process in regard to supplier selection, prioritised according to the value, complexity and criticality of the service being procured. In the case of high value or high risk services, specific diligence checks will be performed on the supplier and the proposed service model. Market intelligence provides us with information on the best in class service providers in a specific commodity and we construct specific selection criteria when deciding on the most appropriate supplier. We also use well refined and best in class supplier selection tools. Lower value/lower risk suppliers are subject to routine company financial and sanction scanning checks.</p>
Location	Permanent	Temporary	Total																						
Republic of Ireland	7,485	1,124	8,609*																						
Northern Ireland	545	1	546																						
Great Britain	550	15	565																						
Total	8,580	1,140	9,720																						
	c. Total number of employees by employment type (full-time and part-time), by gender.	<p>c. Gender Composition by Full Time versus Part Time:</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>Full Time</th> <th>Part Time</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>4,918</td> <td>599</td> <td>5,517</td> </tr> <tr> <td>Male</td> <td>4,186</td> <td>17</td> <td>4,203</td> </tr> <tr> <td>Total</td> <td>9,104</td> <td>616</td> <td>9,720</td> </tr> </tbody> </table>	Gender	Full Time	Part Time	Total	Female	4,918	599	5,517	Male	4,186	17	4,203	Total	9,104	616	9,720			<p>Our principal spending categories are for professional services, business services and information technology. We subdivide our suppliers into four segments:</p> <ol style="list-style-type: none"> Outsourcing: The use of a third party to perform activities that would normally be undertaken by AIB, now or in the future. This also includes the provision of a core customer related business activity by a third party instead of developing the capability in-house Tier 1: Supplier provides critical products or services where failure of this product or service could or will result in considerable impact to the business or customer impact Tier 2: Suppliers who provide low business impact products or services with whom AIB have selected, due to a number of favourable conditions. E.g. lower cost, speed of supply, location, extensive portfolio offering, niche expertise Tier 3: Routine low value commoditised purchases where disruption risk is low as alternatives are available. 				
Gender	Full Time	Part Time	Total																						
Female	4,918	599	5,517																						
Male	4,186	17	4,203																						
Total	9,104	616	9,720																						
	d. Whether a significant portion of the organisation's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	<p>* The 53 FTEs in our US operations are incorporated into the Republic of Ireland data*</p> <p>d) and e) Information not provided as it is commercially sensitive f) Company information</p>																							
	e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).																								
	f. An explanation of how the data have been compiled, including any assumptions made.																								

Source: Company information

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
102-10	Significant changes to the organisation's size, structure, ownership, or supply chain, including: <ol style="list-style-type: none"> Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations); Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination. 	<p>Two significant structural changes occurred in 2017. In June 2017, AIB successfully completed an Initial Public Offering (IPO), which saw AIB relist on the Irish and London stock exchanges and the Irish State commence the sell down of their investment in AIB and reduce its shareholding to 71.1%.</p> <p>Secondly in February 2017, AIB announced that it had been informed by the Single Resolution Board ("SRB") that the preferred strategy for the Group is a single point of entry bail-in strategy through a holding company.</p> <p>On 6 December 2017, the High Court of Ireland sanctioned the setup of the new Holding Company ("AIB Group plc"), which became effective on 8 December 2017 upon the registration of the Court Order with the Registrar of Companies.</p> <p>On 13 December 2017, AIB Group plc received High Court approval for a capital reduction of approximately €5 billion, involving a reduction in the nominal value of AIB Group plc's ordinary shares, in order to create distributable reserves at the level of the new holding company.</p> <p><i>Source: AFR 2017, page 55 (www.aib.ie/investorrelations)</i></p>
102-11	Whether and how the organisation applies the Precautionary Principle or approach	AIB recognises the need to take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effect. Our business lines, in collaboration with the Office of Sustainable Business (OSB), the Sustainable Business Executive Committee (SBEC), and the Board's Sustainable Business Advisory Committee (SBAC), together provide focused governance on this issue on an ongoing basis.

Disclosure Reference	Reporting Requirement	Response
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.	<ol style="list-style-type: none"> The Global Reporting Initiative (GRI) <ol style="list-style-type: none"> Voluntary First adopted 2017, for 2016 Sustainability Report Group wide The Disclosure of Non-Financial and Diversity Information for Certain Large Undertakings and Groups Regulations 2017 (S.I. 360/2017) <ol style="list-style-type: none"> Mandatory First adopted 2018 for 2018 AFR Report (Q1, 2019) Group wide Carbon Disclosures Project <ol style="list-style-type: none"> Voluntary First adopted 2012 Group wide ISO 5001 (gas/electrical) and ISO 14001 (environment) management <ol style="list-style-type: none"> Voluntary First adopted 2014 Group wide The National Energy Efficiency Action Plan (NEEAP) <ol style="list-style-type: none"> Mandatory First adopted 2010 Group wide The UK Equality Act (Gender Pay) Regulations 2017 <ol style="list-style-type: none"> Mandatory First adopted 2017 UK only ISO 26000 Social Responsibility Guidance Standard <ol style="list-style-type: none"> Voluntary First adopted 2018 Group wide <p><i>Source: Company information</i></p>

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
102-13	A list of the main memberships of industry or other associations, and national or international advocacy organisations.	<ul style="list-style-type: none"> Banking and Payments Federation of Ireland (BPFi) <ol style="list-style-type: none"> Holds a position on the governance body: Yes Participates in projects or committees: Yes Provides substantive funding beyond routine membership dues: No Views membership as strategic: Yes Irish Payments Council (IPC) <ol style="list-style-type: none"> Holds a position on the governance body: Yes Participates in projects or committees: Yes Provides substantive funding beyond routine membership dues: No Views membership as strategic: Yes Irish Paper Clearing Company (IPCC) <ol style="list-style-type: none"> Holds a position on the governance body: Yes Participates in projects or committees: Yes Provides substantive funding beyond routine membership dues: No Views membership as strategic: Yes British Bankers Association (BBA) <ol style="list-style-type: none"> Holds a position on the governance body: No Participates in projects or committees: Yes Provides substantive funding beyond routine membership dues: No Views membership as strategic: Yes European Banking Federation (through BPFi) <ol style="list-style-type: none"> Holds a position on the governance body: No Participates in projects or committees: Indirectly through BPFi Provides substantive funding beyond routine membership dues: No Views membership as strategic: Yes Irish Business and Employment Confederation <ol style="list-style-type: none"> Holds a position on the governance body: No Participates in projects or committees: Yes Provides substantive funding beyond routine membership dues: No Views membership as strategic: Yes 30% Club <ol style="list-style-type: none"> Holds a position on the governance body: No Participates in projects or committees: Yes Provides substantive funding beyond routine membership dues: No Views membership as strategic: Yes <p><i>Source: Company information</i></p>
b. Strategy		
102-14	A statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy for addressing sustainability.	See page 5 of the current report.

Disclosure Reference	Reporting Requirement	Response
102-15	A description of key impacts, risks, and opportunities.	<p>We have determined that our principal risks and uncertainties fall under the following categories:</p> <ul style="list-style-type: none"> Macroeconomic and geopolitical risk (e.g. Brexit, market risk, geopolitical development) Regulatory and legal risks e.g. impact of the Single Resolution Mechanism Risks relating to business operations, governance and internal control systems <p>Summary details of the composition of each risk are provided on page 19 of the AFR 2017, and further details on individual risks on pages 58-68.</p> <p>The bank:</p> <ul style="list-style-type: none"> Serves 2.4 million SME and personal customers in the RoI, from 297 locations, of which 1.3 million are active digital customers, with net loans of €51.7 billion Serves 322,000 retail, corporate and business customers in Great Britain and Northern Ireland from 30 locations, of which 119,000 are active digital customers, with net, with net loans of St£7.3 billion. The bank is a leading brand in the RoI and a challenger brand in the UK in its market segments. <p>The bank is centrally positioned to benefit from the recovery in the fast growing Irish economy, potentially beneficial side-effects of the Brexit process e.g. increased foreign direct investment, and investment to address the national objectives in climate change targets.</p> <p>Further detail on economic impact can be found in the AFR 2017 pages 2-3, available at www.aib.ie/investorrelations and page 4 of the 2017 AIB Sustainability Report</p>
c. Ethics and integrity		
102-16	A description of the organisation's values, principles, standards, and norms of behaviour.	<p>The core values, principles, standards and norms of behaviour of our bank and staff are contained in our Code of Conduct, available on our website (www.aib.ie/sustainability).</p> <ul style="list-style-type: none"> The Code has been developed and evolved over a number of years; it is approved by the Board, and subject to annual review and re-approval The Code is mandatory for all employees Annual training on the Code is mandatory for all employees, and training completion is recorded and tested Employees, individually and collectively, are required to adhere to the Code, and breaches are subject to disciplinary action, up to and including dismissal The CEO is the policy sponsor of the Code

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
102-17	A description of internal and external mechanisms for: i. Seeking advice about ethical and lawful behaviour, and organisational integrity; ii. Reporting concerns about unethical or unlawful behaviour, and organisational integrity.	<p>The Code of Conduct sets out our standards of behaviour and it is supported by a variety of more specific policies, including "Speak Up" policy.</p> <ul style="list-style-type: none"> The Chief People Officer is the policy sponsor We also operate an Executive Leadership Team sub group which has responsibility for reviewing all Speak Up cases and their follow up actions It provides for advice and confidential reporting of wrongdoing or suspected wrongdoing through a number of channels, without retaliation The channels include reporting issues to local management, to nominated senior management, or to an internal phone line or e-mail address Additionally there is an external phone and e-mail facility operated by an international specialist charity. The mechanism can be used anonymously, but this is not encouraged as it limits investigations and whistleblower protection In 2017 all advice requests and concerns raised were successfully concluded Investigations are conducted by the HR function, with technical support as necessary; in cases of potential fraud, a specialist unit undertakes the initial investigation, and regulatory and policing authorities are notified as appropriate if substantiated Staff surveys include a question on the ability to raise issues of concern; relevant training modules notify staff of the Speak Up channels and contact details <p><i>Source: Company information</i></p>

Disclosure Reference	Reporting Requirement	Response
d. Governance		
102-18	<p>a. Governance structure of the organisation, including committees of the highest governance body.</p> <p>b. Committees responsible for decision-making on economic, environmental, and social topics.</p>	<p>The AFR 2017 provides details on the governance of AIB on pages 26 – 34 commencing in the Section "Governance at a Glance". The AFR 2017 is available on the investor relations website at www.aib.ie/investorrelations. The AFR describes:</p> <ul style="list-style-type: none"> The governance structure The Board and Committee members and their biographies Our diversity levels The Leadership Team members and their biographies Governance in action The Sustainable Business Advisory Committee (SBAC) and Sustainable Business Executive Council (SBEC) and their roles <p>The SBAC and SBEC governance roles are also described on page 7 of this report.</p>

General disclosures 102-19 to 102-39 are not required under the Core option of the Global Reporting Initiative.

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
e. Stakeholder engagement		
102-40	Provide a list of stakeholder groups engaged by the organisation.	<p>In 2018, a refresh of our 2016 materiality exercise was undertaken to validate the continuing relevance and accuracy of the material topics and to provide a more focused set on which to base key performance indicators to measure our sustainability progress. It was conducted with independent advice and oversight. The exercise focused on the following stakeholder groups:</p> <ul style="list-style-type: none"> • Customers • Employees • Regulator • Investors • Government & Society <p>A total sample of 1,376 respondents participated in the exercise in Q1, 2018 across the different stakeholder groups. The underlying survey was complemented by in-depth interviews with Leadership Team members, and two validation and development workshops with internal and external stakeholders. Details of the materiality exercise outcome are provided in this Sustainability Report commencing on page 17.</p>
102-41	Percentage of total employees covered by collective bargaining agreements.	Approximately 80% of employees are covered by collective bargaining agreements.
102-42	The basis for identifying and selecting stakeholders with whom to engage.	<p>The selection process was guided by independent consultants on the best practice approach to stakeholder selection. Key considerations in selecting the stakeholder selection were:</p> <ul style="list-style-type: none"> • Best practice among peer banks • Those charged with management of our business e.g. Board, senior executives and management • Those impacted directly by our business e.g. customers, staff, suppliers • Those who invest in our business e.g. shareholders, bondholders • Those providing oversight of our business e.g. analysts, regulators, government • Those impacted indirectly by our business e.g. communities, non-governmental organisations

Disclosure Reference	Reporting Requirement	Response
102-43	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<p>In 2016 we conducted our first materiality exercise to canvass the views of key stakeholder groups on material issues of significance to each group in terms of the bank's operations. It was conducted for the purpose of supporting the scope, content and focus of the publication of our initial Sustainability Report "Backing a Sustainable Future" in October 2017.</p> <p>The materiality analysis is being reviewed and updated on a limited basis annually, and completely every two years, through a specific exercise. Details of the 2018 refresh are contained on pages 17-18.</p> <p>In addition we have specified a range of feedback channels on page 13 of the current report which provides a broad based and continuous feedback on the accuracy and validity of our materiality assessment.</p>

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
102-44	Key topics and concerns that have been raised through stakeholder engagement, including: <ul style="list-style-type: none"> i. how the organisation has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns. 	<p>The most material topics emerging from the stakeholder engagement exercise were:</p> <ul style="list-style-type: none"> a. Making our services and products transparent to consumers b. Engaging with all our stakeholders regularly c. Protecting our customers' privacy and data d. Pricing our products and services fairly e. Improving our customer experience and satisfaction levels f. Talent attraction, retention and development g. Employee engagement and satisfaction h. Providing business leadership and vision i. Maintaining a profitable and financially sustainable business j. Complying with laws, codes and regulations k. Providing responsible services and products l. Managing our business risks effectively m. Our business culture and ethical behaviour n. The stability, security and continuity of our business services <p>The GRI index provides a Disclosure of Management Approach (DMA) and disclosure on each of these in keeping with the Core reporting option.</p> <p>The key macroeconomic issues that have been raised through stakeholder engagement are listed below. They are the focus of the main body of current report and are detailed in the sections of the main report listed below.</p> <ol style="list-style-type: none"> 1. Housing 2. Digitalisation 3. Business and personal lending 4. Entrepreneurship 5. Food production and sustainable agriculture 6. Brexit 7. Low carbon economy 8. Financial literacy 9. Skills and training 10. Managing debt 11. Ageing population <p>See pages 19-20 of the 2017 AIB Sustainability Report.</p> <ul style="list-style-type: none"> i. The next phase of our sustainability strategy, which commences in the second half of 2018, will be used to prepare a single dashboard that will be used by the Board and senior management to monitor our progress in each topic. ii. Stakeholder groups are identified on page 20 of the current report. While there was some variations among stakeholder groups on key topics, there was a very high consistency among all stakeholder groups on priority areas.

Disclosure Reference	Reporting Requirement	Response
f. Reporting practice		
102-45	<ul style="list-style-type: none"> a. A list of all entities included in the organisation's consolidated financial statements or equivalent documents. b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report. 	<ul style="list-style-type: none"> a. A listing of the principal businesses and their locations that are included in the consolidated financial statement is provided in the AFR 2017 on page 385. www.aib.ie/investorrelations. b. No.
102-46	<ul style="list-style-type: none"> a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organisation has implemented the Reporting Principles for defining report content. 	<p>The report covers AIB Group plc and its constituent operations in the Republic of Ireland, the United Kingdom and the United States of America. While the report refers to 2017, information is provided on material developments in 2018 considered relevant to an understanding of our business.</p> <p>The message from Bernard Byrne, AIB Chief Executive Officer on page 4 and Helen Normoyle, Chair of the SBAC, on page 8 of the Sustainability Report provides an explanation of what sustainability means for AIB. See our stakeholder groups listed on page 16. Stakeholder consultation was complemented by reputation tracking and media coverage review.</p> <p>To devise and implement a successful sustainability strategy, we must have an understanding and an awareness of the environmental, social and governmental issues of most concern to our stakeholders. We need to identify and define these issues so that we can begin to report on them effectively.</p> <p>The Global Reporting Initiative (GRI) is an international independent organisation that provides sustainability reporting guidance. We conducted our materiality exercise and subsequent reporting in accordance with the core approach of the GRI.</p> <p>In early 2018, we consulted for a second time with our internal and external stakeholders to identify and rank the most material concerns facing AIB using the GRI recommended approach of identification, prioritisation and validation.</p> <p>1,376 separate contacts were undertaken with stakeholders through which we identified those issues that were of most concern to our stakeholders from a master list prepared with independent advice and based on international best practice among peer banks. Additionally, in preparing the 2017 AIB Detailed Sustainability Report, the local and international context – economic, geographic and social – for our business was considered and, where information was available, the impacts both within and outside the bank were reviewed in preparing our initial report.</p> <p>In all instances we have striven to adhere to the GRI Content Principles in preparing our Sustainability Report– stakeholder inclusiveness, sustainability context, materiality and completeness, within the limitations and scope of the information currently available.</p>

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
102-47	A list of the material topics identified in the process for defining report content.	<p>The most material topics identified by stakeholder groups in the course of the 2018 exercise were:</p> <ul style="list-style-type: none"> a. Making our services and products transparent to consumers b. Engaging with all our stakeholders regularly c. Protecting our customers' privacy and data d. Pricing our products and services fairly e. Improving our customer experience and satisfaction levels f. Talent attraction, retention and development g. Employee engagement and satisfaction h. Providing business leadership and vision i. Maintaining a profitable and financially sustainable business j. Complying with laws, codes and regulations k. Providing responsible services and products l. Managing our business risks effectively m. Our business culture and ethical behaviour n. The stability, security and continuity of our business services <p>The core of this priority grouping has remained unchanged since the 2016 exercise, with a strong emphasis on compliance, ethical behaviour, leadership and vision, product transparency and fair pricing, data protection, responsible products and services, risk management, financial and systems stability, employee engagement and talent attraction. Areas that have dropped in significance have been lending to SMEs and customer led innovation. The prominence of compliance, trust, ethical behaviour and culture have been emphasised in the latest exercise.</p> <p>These material issues shaped the reporting focus this year, and will form basis of our sustainability efforts from next year.</p>
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	There have been no restatements of information provided in previous reports.
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries.	<p>Pages 17-18 of the 2017 AIB Sustainability Report detail the outcome of the materiality refresh. We have chosen to focus on a smaller set of material topics within our topic boundaries to more realistically reflect the scale and ambitions of our business within the Group.</p> <p>The primary drivers for change in the reporting period have been:</p> <ul style="list-style-type: none"> • The growing pace of the recovery in the Irish economy and its effects on employment, housing and skill availability • The Brexit process and the economic uncertainty attached to it • The rise of automation, robotics and artificial intelligence applications in the economy and their impact on employment opportunities • The continuing impact on trust and reputation of redress issues in banking <p>It is our intention to continue to conduct a limited review of our materiality assessment annually, and a complete reassessment biannually.</p>
102-50	Reporting period for the information provided.	1/1/2017-31/12/2017, other than where specified.
102-51	The date of the most recent previous report.	<i>"Backing a Sustainable Future"</i> , published on 18th October 2017.
102-52	The reporting cycle.	Annual.
102-53	The contact point for questions regarding the report's contents.	Sarah Dempsey, Head of the Office of Sustainable Business Sarah.M.Dempsey@aib.ie
102-54	The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards, either:	This report has been prepared in accordance with GRI Standards: Core Option.
	i. <i>"This report has been prepared in accordance with the GRI Standards: Core option;"</i>	
	ii. <i>"This report has been prepared in accordance with the GRI Standards: Comprehensive option;"</i>	
102-55	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.	The Disclosures section of the report, which incorporate the GRI Index, runs from page 56 onwards in the 2017 AIB Sustainability Report. Page numbers and URLs are provided within the index for individual disclosures. Omissions have been explained where relevant.
	b. For each disclosure, the content index shall include:	
	i. the number of the disclosure (for disclosures covered by the GRI Standards);	
	ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;	
	iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
102-56	<p>The reporting organisation shall report the following information:</p> <ul style="list-style-type: none"> a. A description of the organisation's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: <ul style="list-style-type: none"> i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organisation and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report. 	<ul style="list-style-type: none"> a. This report has been compiled in accordance with the Global Reporting Initiative's Standards for sustainability reporting to a core level. Assurance has been provided by Deloitte on our preparation of the report in accordance with these guidelines. b. <ul style="list-style-type: none"> i. The Deloitte assurance report can be found on page 54 of this report. ii. The external assurer is currently our financial auditor. iii. The Board's Sustainable Business Advisory Committee has commissioned an independent assurance process aligned to ISAE 3000 through Deloitte.

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 201– Economic Performance 2017

Disclosure Reference	Reporting Requirement	Response
Economic performance	<i>Material Topic: Maintaining a profitable and financially stable business</i>	

Disclosure of Management Approach (DMA). Financial stability and ongoing profitability are key precursors to attaining our sustainability goals. The materiality exercise has demonstrated that all stakeholder groups realise this and rank its importance accordingly.

We continue to gain momentum on our journey to become a bank that is all about efficiently and effectively anticipating and meeting our customers' financial needs over the course of their lives.

The AFR 2017 summarises (see page 7) the ambitions in the figure below:

Focused on delivering sustainable performance
Medium-term targets

Based on strong customer franchise, capital accretion, growth and shareholder returns



1. ROTE based on (PAT – AT1 coupon + DTA utilisation)/(CET1 @13% plus DTA)

Disclosure Reference	Reporting Requirement	Response
Direct economic value	<i>Material Topic: Maintaining a profitable and financially stable business.</i>	

201-1 The reporting organisation shall report the following information:

a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organisation's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

i. Direct economic value generated: revenues;

ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;

iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.

b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance

a. Economic Value Added (€ millions)

Factor	2017	2016	2015	2014
Economic value generated	3,020	2,954	2,656	2,595
Gross income	3,001	2,919	2,628	2,532
Associated undertakings	19	35	25	23
Profit on disposal of property	–	–	3	6
Profit from discontinued operations	–	–	–	34
Economic value distributed	1,912	1,722	2,145	1,605
Total operating expenses	1,835	1,571	1,678	1,638
Taxation – corporation tax	40	114	21	(33)
Dividend paid on 2009 preference shares	–	–	446	–
Distribution paid on other equity interests	37	37	–	–
Economic value retained	1,108	1,232	511	990
Dividend	250	–	–	–
Economic value retained post dividend	858	1,232	511	990

Source: AFR 2014-2017. Dividend is recorded in the year in which it is paid e.g. 2016 dividend paid in 2017.

ii. Economic Value Distributed

Total Operating Expenses (€ millions)

Expenses Type	2017	2016
Salaries and benefits	790	742
Bank levies and regulatory fees	105	112
Impairments, amortisation and depreciation	141	109
Other administrative expenses	799	608
Total	1,835	1,571

Source: AFR 2017

b. Not significant

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
Risks and opportunities of climate change <i>Materiality topic: Managing our business risks effectively</i>		
201-2	The reporting organisation shall report the following information: a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	i. We recognise the potential negative impacts and opportunities present by climate change risks. No systematic assessment of these risks across our lending portfolio to determine their potential financial impact has been undertaken. A preliminary assessment undertaken within the Office of Sustainable Business has focused on events which are likely to impact our business lines directly. These have included events such as: <ul style="list-style-type: none">• Drought or flooding• Crop pollination or agricultural production issues• Supply chain disruption• Energy or water supply issues• Impacts on economic output ii. The principal lending related activities likely to be affected, either positively or negatively, by climate change are: 1. Agricultural production, in terms of potential regulatory or economic restrictions on output in production areas with significant greenhouse gas emissions; this could curtail lending to these sectors, which could be counterbalanced by new lending to low emission intensity alternatives. 2. Energy production, particularly of renewable energy such as wind energy, where Climate Accord goals at national level are likely to create new opportunities for lending. 3. Conservation investments in the residential, commercial and public sectors, where conservation targets at national level designed to address Climate Accord goals will give new momentum to such lending. 4. New technology investment e.g. energy production, control, storage, transport and conservation applications, again where climate goals are likely to drive new lending opportunities in specific sectors e.g. electric vehicles.

Disclosure Reference	Reporting Requirement	Response
		iii. Our ongoing actions to reduce carbon emissions within our own operations, develop the low-carbon economy and mitigate our climate change risks, have resulted in AIB being recognised as a global leader for corporate action on climate change and entering the CDP's Climate A List in 2017. iv. Our risk management approach – the Risk Management Framework – has been adjusted to ensure that environmental and climate risks are considered in the development of our risk policies; a centre of excellence for Energy, Climate Action and Infrastructure with particular focus on supporting Ireland's decarbonisation forms part of our Wholesale, Institutional & Corporate Banking offering. v. Costs would be incurred across the bank and business lines and would include the operation of the Office of Sustainable Business and its monitoring role; such costs are not separately identified in our reporting and would not be released for reasons of commercial sensitivity.
<i>Source: Company information</i>		

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 204– Procurement Practices

Disclosure Reference	Reporting Requirement	Response
Procurement practices	<i>Materiality Topic: Providing responsible products and services</i>	
	Description of Management Approach	<p>As a bank, AIB recognises our role in the economy and society. Our aim is to create long-term shared value with the economies and communities in which we operate. Using local suppliers is one of the ways where we can realise this shared value and regain our social licence to operate whilst providing responsible products and services.</p> <p>Responsible product and service delivery relies on an effective, efficient and compliant supply chain.</p> <p>AIB has a supply chain database containing more than 3,500 suppliers. In 2017, we introduced a new Source-to-Pay system, which included an e-Sourcing solution to automate the tendering and award of sourcing events. This has yielded an ability to conduct some sourcing activities electronically, and has also resulted in a paperless invoice and payment environment for the majority of our supply base. Suppliers must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of our Environmental Policy.</p> <p>We conduct a due diligence process in regard to supplier selection, prioritised according to the value, complexity and criticality of the service being procured. In the case of high value or high risk services, specific diligence checks will be performed on the supplier and the proposed service model. Market intelligence provides us with information on the best in class service providers in a specific commodity and we construct specific selection criteria when deciding on the most appropriate supplier. We also use well refined and best in class supplier selection tools. Lower value/lower risk suppliers are subject to routine company financial and sanction scanning checks.</p> <p>Our principal spending categories are for professional services, business services and information technology. We subdivide our suppliers into four segments:</p> <ol style="list-style-type: none"> Outsourcing: The use of a third party to perform activities that would normally be undertaken by AIB, now or in the future. This also includes the provision of a core customer related business activity by a third party instead of developing the capability in-house. Tier 1: Supplier provides critical products or services where failure of this product or service could or will result in considerable impact to the business or customer impact. Tier 2: Suppliers who provide low business impact products or services with whom AIB have selected, due to a number of favourable conditions. E.g. lower cost, speed of supply, location, extensive portfolio offering, niche expertise. Tier 3: Routine low value commoditised purchases where disruption risk is low as alternatives are available.
		<i>Source: Company information</i>

Disclosure Reference	Reporting Requirement	Response																																																																	
Proportion of spending on local supplier	<i>Materiality Topic: Providing responsible products and services</i>																																																																		
204-1	The reporting organisation shall report the following information: <ol style="list-style-type: none"> Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally). The organisation's geographical definition of 'local'. The definition used for 'significant locations of operation'. 	<p>Suppliers by Region and Value in 2017</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Number</th> <th>Value € million</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>1,895</td> <td>872</td> </tr> <tr> <td>United Kingdom</td> <td>718</td> <td>150</td> </tr> <tr> <td>Rest of World</td> <td>258</td> <td>48</td> </tr> <tr> <td>Total</td> <td>2,871</td> <td>1,070</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Local refers to a) Republic of Ireland (RoI), and b) the United Kingdom Significant locations refers to a) RoI and b) UK <p>Suppliers by Region and Number (2014 – 2017)</p> <table border="1"> <thead> <tr> <th>Region</th> <th>2017</th> <th>2016</th> <th>2015</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>1,895</td> <td>1,484</td> <td>1,629</td> <td>1,689</td> </tr> <tr> <td>United Kingdom</td> <td>718</td> <td>749</td> <td>782</td> <td>778</td> </tr> <tr> <td>Rest of World</td> <td>258</td> <td>222</td> <td>252</td> <td>252</td> </tr> <tr> <td>Total</td> <td>2,871</td> <td>2,455</td> <td>2,663</td> <td>2,719</td> </tr> </tbody> </table> <p>Suppliers by Region and Value in € Million (2014 – 2017)</p> <table border="1"> <thead> <tr> <th>Region</th> <th>2017</th> <th>2016</th> <th>2015</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>872</td> <td>628</td> <td>565</td> <td>459</td> </tr> <tr> <td>United Kingdom</td> <td>150</td> <td>175</td> <td>177</td> <td>130</td> </tr> <tr> <td>Rest of World</td> <td>48</td> <td>80</td> <td>47</td> <td>36</td> </tr> <tr> <td>Total</td> <td>1,070</td> <td>883</td> <td>789</td> <td>625</td> </tr> </tbody> </table> <p><i>Source: Company information</i></p>	Region	Number	Value € million	Republic of Ireland	1,895	872	United Kingdom	718	150	Rest of World	258	48	Total	2,871	1,070	Region	2017	2016	2015	2014	Republic of Ireland	1,895	1,484	1,629	1,689	United Kingdom	718	749	782	778	Rest of World	258	222	252	252	Total	2,871	2,455	2,663	2,719	Region	2017	2016	2015	2014	Republic of Ireland	872	628	565	459	United Kingdom	150	175	177	130	Rest of World	48	80	47	36	Total	1,070	883	789	625
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AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 205– Anti-Corruption 2017

Disclosure Reference	Reporting Requirement	Response
Anti-corruption	<i>Material topic: Our business culture and ethical behaviour</i>	
	Disclosure of Management Approach	<p>Operating an ethical culture is fundamental to the success and sustainability of our business. This manifests itself most clearly in how we treat our customers, in our compliance with laws, and in preventing fraud and corrupt practices in our business and among our employees.</p> <p>Our objective is to conduct our business in accordance with both the letter and the spirit of the relevant laws, regulations and codes (both internal and external) which apply to our regulated activities, and to act with integrity, honesty and fairness when dealing with our customers.</p> <p>We rely on the following to protect our customers from corrupt practices:</p> <ul style="list-style-type: none"> • Leadership • Training and awareness • Policies on speak up, conduct, anti-money laundering and terrorist financing • Disciplinary procedures, and • Proactive audit, monitoring, control and risk management environments <p>Each business area is responsible for completing an annual risk assessment of activities and processes to identify those which might give rise to potential conflict situations, and where additional management oversight is required; to monitor all registered conflicts of interests, and to ensure that staff members are regularly informed of the potential risks and mitigants required.</p> <p>To support effective implementation of the Conflicts of Interests policy, each business area must maintain and operate effective organisational and administrative arrangements and procedures designed to prevent conflicts of interests from adversely affecting the interests of our customers.</p> <p>Those working for the bank on an insourced/outsourced basis need to comply with the principles set out in the Conflicts of Interests policy and are required to refer to their line manager if they have any queries.</p> <p>The Bank does not make political donations, and charitable donations made through our Community Investment programme are fully transparent and focused on youth and education, community, entrepreneurship and social entrepreneurship.</p> <p>We do not at this point participate in any collective action to combat corruption with any external entities.</p> <p>We believe our approach to date has been successful. We recognise that this is a continuously evolving challenge and we will take all due measures to ensure that we have the capacity to meet it.</p>

Disclosure Reference	Reporting Requirement	Response
	Operations assessed for risks related to corruption	<i>Material topic: Our business culture and ethical behaviour</i>
205-1	The reporting organisation shall report the following information: <ol style="list-style-type: none"> Total number and percentage of operations assessed for risks related to corruption. Significant risks related to corruption identified through the risk assessment. 	<ol style="list-style-type: none"> All business areas are responsible for completing an annual risk assessment of activities and processes to identify those which might give rise to potential conflict situations or corruption, and where additional management oversight is required; to monitor all registered conflicts of interests, bribery or corruption of any sort, and to ensure that staff members are regularly apprised of the potential risks and mitigants required. AIB is also registered and adheres to the requirements of the Lobbying Act. The most significant corruption risks faced relate to money laundering and terrorist financing, corruption in the supply of goods and services to the bank, internal and external fraud, conflicts of interest in business transactions, market manipulation in share dealing, data protection breaches and theft.

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 401 – Employment 2017

Disclosure Reference	Reporting Requirement	Response
Employment	<i>Materiality topic: Talent attraction, retention and development</i>	
	Disclosure of Management Approach	<p>a. The competing demands on financial and technical skills in a fast expanding economy and the potential impact of Brexit on financial service providers, means that attracting, retaining and developing our employees is materially critical to the sustainability of our business model.</p> <p>b. We are an equal opportunity recruiter and employer, adhering to all local laws and regulations on employment rights, pay, employment representation, diversity and gender balance, and adhere to established industrial relations mechanisms in each jurisdiction in which we operate. We seek to ensure transparency, fairness and collaboration in all our dealings with employees.</p> <p>c. We believe our approach has been successful in attracting, retaining and developing our employees despite significant competitive demand and during periods of significant restructuring. Nonetheless this is a dynamic process where such pressures are unlikely to ease in the foreseeable future, and consequently our approach will be to remain adaptable to such circumstances.</p>

Disclosure Reference	Reporting Requirement	Response
	<i>Materiality topic: Talent attraction, retention and development</i>	

Disclosure Reference	Reporting Requirement	Response																																																			
401-1	The reporting organisation shall report the following information:	<p>A. Total Hires (2016-2017) by Age, Gender, Region</p> <table border="1"> <thead> <tr> <th>Measure</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Age Group</td> <td></td> <td></td> </tr> <tr> <td>• <20</td> <td>48</td> <td>69</td> </tr> <tr> <td>• 20-29</td> <td>804</td> <td>1,011</td> </tr> <tr> <td>• 30-39</td> <td>241</td> <td>299</td> </tr> <tr> <td>• 40-49</td> <td>90</td> <td>117</td> </tr> <tr> <td>• 50-59</td> <td>24</td> <td>44</td> </tr> <tr> <td>• 60+</td> <td>2</td> <td>5</td> </tr> <tr> <td>Gender</td> <td></td> <td></td> </tr> <tr> <td>• Male</td> <td>660</td> <td>846</td> </tr> <tr> <td>• Female</td> <td>549</td> <td>699</td> </tr> <tr> <td>Region</td> <td></td> <td></td> </tr> <tr> <td>• Republic of Ireland</td> <td>1,118</td> <td>1,482</td> </tr> <tr> <td>• Northern Ireland</td> <td>39</td> <td>16</td> </tr> <tr> <td>• Great Britain</td> <td>52</td> <td>47</td> </tr> <tr> <td>Total Hires</td> <td>1,209</td> <td>1,545</td> </tr> <tr> <td>Total Annual Hire Rate*</td> <td>11.7%</td> <td>15.1%</td> </tr> </tbody> </table>	Measure	2017	2016	Age Group			• <20	48	69	• 20-29	804	1,011	• 30-39	241	299	• 40-49	90	117	• 50-59	24	44	• 60+	2	5	Gender			• Male	660	846	• Female	549	699	Region			• Republic of Ireland	1,118	1,482	• Northern Ireland	39	16	• Great Britain	52	47	Total Hires	1,209	1,545	Total Annual Hire Rate*	11.7%	15.1%
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Disclosure Reference	Reporting Requirement	Response
401-1	The reporting organisation shall report the following information:	<p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>

* Based on the total number of hires divided by the number of FTE staff at the start of the year.

Measure	2017	2016
Age Group		
• <20	30	44
• 20-29	656	636
• 30-39	419	411
• 40-49	329	154
• 50-59	357	101
• 60+	83	41
Gender		
• Male	792	696
• Female	1,082	691
Region		
• Republic of Ireland	1,556	1,254
• Northern Ireland	221	42
• Great Britain	97	91
Total Leavers	1,874	1,387
Turnover Rate*	18.1%	13.8%

* Based on the total number of leavers divided by the number of FTE staff at the start of the year.

Leavers include voluntary attrition/severance, contract expirations, & retirement

Source: Company information

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 405 – Diversity and Equal Opportunity 2017

Disclosure Reference	Reporting Requirement	Response													
Diversity and equal opportunity <i>Materiality topic: Employee engagement and satisfaction</i>															
	Disclosure of Management Approach	<p>a. AIB is an equal opportunity employer. We continue to make targeted efforts to ensure minimum gender representation at all management and Board levels and reached our target minimum level of 25% at Board and Leadership Team levels in 2017.</p> <p>b. We have a global target of 40% for gender diversity at senior management to be reached by the end of 2018 and had reached a level of 38.7% by the end of 2017, suggesting this target is likely to be achieved and that the underlying approach is effective. We undertake regular employee engagement surveys to validate the underlying approach.</p> <p>c. Ensuring equal opportunity in all key areas such as selection, promotion, training and development are critical to retaining employee engagement and satisfaction across our workforce. This is demonstrated by our iConnect inclusive and diverse workforce measure, which has increased in line with our movement toward achieving our diversity targets – see below.</p>													
Diversity of governance bodies and employees <i>Materiality topic: Employee engagement and satisfaction</i>															
405-1	The reporting organisation shall report the following information:	<p>iConnect Engagement Scoring by Employees (max score 5)</p> <table border="1"> <thead> <tr> <th>Issue</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Inclusive and diverse workforce measure</td> <td>4.17</td> <td>3.87</td> </tr> <tr> <td>Comfortable to raise issues</td> <td>4.18</td> <td>3.96</td> </tr> </tbody> </table> <p>a. Governing Body</p> <table border="1"> <thead> <tr> <th>Role</th> <th>% Female</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>27%</td> </tr> </tbody> </table>	Issue	2017	2016	Inclusive and diverse workforce measure	4.17	3.87	Comfortable to raise issues	4.18	3.96	Role	% Female	Board	27%
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Disclosure Reference	Reporting Requirement	Response																																		
405-1	<p>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</p> <p>b. Percentage of employees per employee category in each of the following diversity categories:</p> <p>i. Gender;</p> <p>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</p> <p>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</p>	<p>Governing Body Age Profile</p> <table border="1"> <thead> <tr> <th>Gender</th> <th><30</th> <th>>30 and <50</th> <th>>50</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>0</td> <td>9%</td> <td>91%</td> </tr> <tr> <td>Female</td> <td>0</td> <td>0</td> <td>100%</td> </tr> </tbody> </table> <p>b. Employees</p> <table border="1"> <thead> <tr> <th>Role</th> <th>% Female</th> </tr> </thead> <tbody> <tr> <td>C-Suite Leadership Team</td> <td>25%</td> </tr> <tr> <td>Senior Management</td> <td>39%</td> </tr> <tr> <td>Other Employee Grades</td> <td>62%</td> </tr> <tr> <td>Total</td> <td>57%</td> </tr> </tbody> </table> <p>Employee Age Profile</p> <table border="1"> <thead> <tr> <th>Gender</th> <th><30</th> <th>>30 and <50</th> <th>>50</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>21%</td> <td>62%</td> <td>17%</td> </tr> <tr> <td>Female</td> <td>16%</td> <td>64%</td> <td>20%</td> </tr> </tbody> </table> <p><i>Source: Company information</i></p>	Gender	<30	>30 and <50	>50	Male	0	9%	91%	Female	0	0	100%	Role	% Female	C-Suite Leadership Team	25%	Senior Management	39%	Other Employee Grades	62%	Total	57%	Gender	<30	>30 and <50	>50	Male	21%	62%	17%	Female	16%	64%	20%
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AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 413 – Local Communities 2017

Disclosure Reference	Reporting Requirement	Response
Local communities	<i>Materiality topic: Pricing our products and services fairly</i>	
	Disclosure of Management Approach	<p>a. Our key product areas currently are in mortgage provision, personal, SME and corporate lending areas, with a significant proportion of our lending in the housing and construction market. As such, our business model relies on an understanding of our customer and community needs, and a desire to act fairly and provide shared value in our interactions with each by providing these products and services. Our relationship with our customers and in turn with our local communities that use these products and services consequently underpins our sustainability approach.</p> <p>b. Currently we do not collect or classify data at a granular level on the percentage of our operations which have implemented local community engagement, impact assessments, and/or development programs. We operate through 19 local markets and 327 locations across the UK and Ireland ensuring our services are relevant and available at a local community level.</p> <p>c. To date there has not been any measurements or performance indicators for a Group-wide community programme. However we will be launching our new programme which will include measurement and an impact reporting process. We hope to publish more granular impact data in our 2018 Sustainability Report.</p>

Disclosure Reference	Reporting Requirement	Response
Operations with significant actual and potential negative impacts on communities		
<i>Materiality topic: Pricing our products and services fairly</i>		
413-2	The reporting organisation shall report the following information: a. Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.	<p>i. AIB has been conducting a comprehensive review of customer mortgage accounts with regard to tracker rates in accordance with the Central Bank of Ireland framework. This Tracker Mortgage Examination programme has involved an analysis of circa 650,000 accounts and a detailed manual review of over 50,000 individual AIB and EBS accounts. Our review, which is still progressing, has found we fell short on our obligations to some customers resulting in some customers being charged too high a rate of interest on their mortgage accounts.</p> <p>ii. Issues identified include process weaknesses, manual errors and or ambiguous marketing, legal and/or other communications which may have given customers the right or expectation that they could have an option of a tracker rate. The Bank continues to progress its examination which is subject to final review by the Central bank.</p> <p>Tackling this issue for impacted customers is a priority for the Bank and as impacted customer accounts are identified they are addressed. By the end of 2017 over 4,100 customers were redressed and compensated. By the end of May 2018, 99% of the 11,233 customer accounts that had been deemed impacted had been paid redress and compensation. A further c. 500 accounts identified as impacted during June 2018 will be paid redress and compensation during August and September 2018.</p> <p>The review will not be complete until the Central Bank determines it to be so. However we believe we have identified the significant majority of customers likely to be deemed impacted by the review. See also page 15 of this report.</p>

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 417 – Marketing and Labelling 2017

Disclosure Reference	Reporting Requirement	Response
Marketing and labelling	<i>Materiality topic: Making our services and products transparent to consumers</i>	
	Disclosure of Management Approach	<p>a. Transparent and compliant marketing, terms and conditions and promotions are essential to the fair treatment of our customers. It is in both the Bank's and the customer's interests that uncertainty and ambiguity play no role in the delivery of services and products. Consequently making our products and services transparent to consumers is unsurprisingly a priority materiality topic for our stakeholders, a key control for which is how we market and promote them.</p> <p>b. We make every effort at all times to ensure that all relevant information, warnings and regulatory notices are incorporated in our financial product and service documentation. These efforts are underpinned by our product and service governance process and support policies, by reviewing and simplifying the language of our Terms and Conditions, by adherence to our Code of Conduct and by the oversight of our Compliance and Risk functions..</p> <p>c. As such products and services can be complex by their nature, and terms and conditions are frequently lengthy due to both regulatory requirements and for the protection of both parties involved from fraud or deception, there can be circumstances where we fail to meet the high standards of transparency, fairness and equitable treatment that we set ourselves in dealing with our customers. In such circumstances we will make effort to ensure speedy remediation of the situation and appropriate redress, where deemed necessary.</p>

Disclosure Reference	Reporting Requirement	Response
	Incidents of non-compliance concerning product and service labelling	
	<i>Materiality topic: Making our services and products transparent to consumers</i>	
417-2	The reporting organisation shall report the following information:	
	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, by:	
	i. incidents of non-compliance with regulations resulting in a fine or penalty;	
	ii. incidents of non-compliance with regulations resulting in a warning;	
	iii. incidents of non-compliance with voluntary codes.	
	b. If the organisation has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	
		<p>a.</p> <p>i. In 2017, 10 error issues were notified to the regulator, the Central Bank of Ireland (CBI) as per the reporting obligations under the Consumer Protection Code. No errors recorded in 2017 have resulted in a regulatory warning or fine/penalty to date.</p> <p>ii. In April 2017, AIB was fined €2.3 million for technical breaches of money laundering regulations, since remediated. The Central Bank of Ireland found that AIB failed to apply adequate resources to ensure that alerts of potentially suspicious activity were promptly investigated and reported to the Gardaí and Revenue Commissioners.</p> <p>iii. Individual employee breaches of the Code of Conduct are managed through a strict disciplinary process where sanctions up to and including dismissal are applied. Details of the volume of non-compliance with our internal staff Code of Conduct are presented to the Board each year, but are not published externally.</p>
		<i>Source: Company information</i>

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI 418 – Customer Privacy 2017

Disclosure Reference	Reporting Requirement	Response
Customer privacy <i>Materiality topic: Protecting our customers' privacy and data</i>		
	Disclosure of Management Approach	<p>a. The latest materiality exercise reinforced the stakeholder view that the privacy and protection of our customer data is paramount to our stakeholders. This reflects the broader concern with the acquisition and potential mis-use of personal data across society. As a financial institution we have always striven to ensure that customer data is gathered only for the purposes for which it is required by the customer's stated need, controlled and operated on only for that purpose, and disposed of when there is no further legal or service requirement to retain it.</p> <p>b. We operate a Data Protection approach (www.aib.ie/sustainability) and provide training to all our staff on data protection law and policies, and reporting and escalation of issues. Notification to regulators and impacted parties where breaches occur are undertaken immediately. Redress and remediation are undertaken as necessary and regulatory incident reviews are facilitated fully.</p> <p>c. Our controls, training, reporting and remediation approach has to date prevented any significant breaches or misuse of our customer data. We recognise that this is a continuously evolving challenge and we will take all due measures to ensure that we have the capacity to meet it.</p>
Substantiated complaints concerning breaches of customer privacy and losses of customer data <i>Materiality topic: Protecting our customers' privacy and data</i>		
418-1	<p>The reporting organisation shall report the following information:</p> <p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <p>i. complaints received from outside parties and substantiated by the organisation;</p> <p>ii. complaints from regulatory bodies.</p> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organisation has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	<p>In 2017 there were 14 regulatory notifications of investigations issued during the year, 8 of which were closed by the Regulator following responses from AIB.</p> <p>AIB received one formal regulatory decision in March 2017 which followed a 2016 Office of the Data Protection Commissioner investigation into a customer complaint regarding the disclosure of their personal data to an unauthorised third party. The investigation involved the release of financial data from a deceased customer. The regulator found that AIB contravened Section 2A (1) of the DP Acts (1988 & 2003) in this case and this finding concluded the matter from the Regulator's perspective.</p> <p><i>Source: Company information</i></p>

GRI 419 – Socioeconomic Compliance

Disclosure Reference	Reporting Requirement	Response
Socioeconomic Compliance <i>Materiality Topic: Complying with laws, codes and regulations</i>		
	Disclosure of Management Approach	<p>a. Acting in an ethical, trustworthy and compliant manner is at the forefront of our stakeholder expectations of us and how we operate our business. This was clearly reflected in the latest materiality exercise. Consequently we make every effort to ensure we operate fairly and transparently in our business practices, and that we adhere to all relevant laws and regulations, and we require our suppliers to do likewise in relation to any contracts.</p> <p>b. We do so through the operation of our governance, oversight and control processes. Risk management procedures are used to identify and quantify risks, establish controls, conduct regular reviews and audits of their effectiveness, and escalate and remediate where issues and breaches occur. These are complemented by supporting policies on conduct, conflicts of interest and our "speak up" process.</p> <p>c. This approach has proven effective in addressing risks within the immediate control of the bank. There remain challenges due to the extent of our knowledge of an individual customer's or supplier's operations, particularly where these are not germane to the financial relationship between ourselves and the customer. Nonetheless, we will strive at all times to ensure that we neither operate our own business nor facilitate others in their operation of their business in a manner that would breach laws, codes or regulations.</p>
Non-compliance with laws and regulations in the social and economic area <i>Materiality Topic: Complying with laws, codes and regulations</i>		
419-1	<p>The reporting organization shall report the following information:</p> <p>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:</p> <p>i. total monetary value of significant fines;</p> <p>ii. total number of non-monetary sanctions;</p> <p>iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were incurred.</p>	<p>In April 2017, AIB was fined €2.3m for technical breaches of money laundering regulations, since remediated. The Central Bank of Ireland found that AIB failed to apply adequate resources to ensure that alerts of potentially suspicious activity were promptly investigated and reported to the Gardaí and Revenue Commissioners.</p>

AIB SUSTAINABILITY REPORT – TOPIC SPECIFIC DISCLOSURES

GRI Financial Sector Specific Disclosures

Disclosure Reference	Reporting Requirement	Response
Disclosure of Management Approach	<i>Materiality topic: The stability, security and continuity of our business services</i>	<p>When it comes to Personal, Business and Corporate markets in Ireland, AIB is the number one bank. We consider a number of factors when we think about our market position and the stability, security and continuity of our business services, including our current lending to each sector in the market and our share of the flow of new business.</p> <p>Our business model is based on developing a stable, sustainable business within our core markets based on our four pillar approach to customer first, simple & efficient, risk & capital and finally talent & culture. This approach allows us to identify, control and manage our key business risks, including sustainability risk. As a pillar bank it is essential that we demonstrate a capacity for sustainable profitability and continuity to ensure the ongoing support of our stakeholders.</p> <p>We believe our approach to date has been successful in its aim to achieve sustainable profitability, partially evidenced by the new lending detailed below. We recognise that this is a continuously evolving challenge and we will take all due measures to ensure that we have the capacity to meet it.</p>

Disclosure Reference	Reporting Requirement	Response																																																
FS6	% of the portfolio for business lines by specific region, size (micro/SME/large) and by sector.	<p>Operating Contributions</p> <table border="1"> <thead> <tr> <th>Segment</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Retail & Commercial Banking</td> <td>75</td> </tr> <tr> <td>Wholesale, Institutional & Corporate Banking</td> <td>14</td> </tr> <tr> <td>AIB UK</td> <td>11</td> </tr> <tr> <td>Total</td> <td>100</td> </tr> <tr> <td>Total Sales Value (€ billion)</td> <td>1.6</td> </tr> </tbody> </table> <p><i>Source: AFR 2017, page 3. Excludes the Group Segment.</i></p> <p>Total new lending in 2017 was €9.4 billion. A summary of movement in loan composition in 2017 is provided in the AFR 2017 on page 42.</p> <table border="1"> <thead> <tr> <th>New Lending 2017</th> <th>€ billion</th> </tr> </thead> <tbody> <tr> <td>Retail & Commercial Banking</td> <td></td> </tr> <tr> <td>• Mortgages</td> <td>2.4</td> </tr> <tr> <td>• Personal</td> <td>0.8</td> </tr> <tr> <td>• Business</td> <td>1.4</td> </tr> <tr> <td>Sub-total</td> <td>4.6</td> </tr> <tr> <td>Wholesale, Institutional & Corporate Banking</td> <td></td> </tr> <tr> <td>• Corporate</td> <td>1.0</td> </tr> <tr> <td>• Syndicated & International</td> <td>1.6</td> </tr> <tr> <td>• Real Estate Finance</td> <td>0.5</td> </tr> <tr> <td>• Specialised finance</td> <td>0.1</td> </tr> <tr> <td>• Energy, Climate Action & Infrastructure</td> <td>0.0</td> </tr> <tr> <td>Sub-total</td> <td>3.2</td> </tr> <tr> <td>AIB UK</td> <td></td> </tr> <tr> <td>• AIB GB</td> <td>1.3</td> </tr> <tr> <td>• First Trust Bank</td> <td>0.3</td> </tr> <tr> <td>Sub-total</td> <td>1.6</td> </tr> <tr> <td>Total</td> <td>9.4</td> </tr> </tbody> </table> <p><i>Source: AFR 2017 pages 47-49</i></p>	Segment	%	Retail & Commercial Banking	75	Wholesale, Institutional & Corporate Banking	14	AIB UK	11	Total	100	Total Sales Value (€ billion)	1.6	New Lending 2017	€ billion	Retail & Commercial Banking		• Mortgages	2.4	• Personal	0.8	• Business	1.4	Sub-total	4.6	Wholesale, Institutional & Corporate Banking		• Corporate	1.0	• Syndicated & International	1.6	• Real Estate Finance	0.5	• Specialised finance	0.1	• Energy, Climate Action & Infrastructure	0.0	Sub-total	3.2	AIB UK		• AIB GB	1.3	• First Trust Bank	0.3	Sub-total	1.6	Total	9.4
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AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Other Material Disclosures

Disclosure Reference	Reporting Requirement	Response
Disclosure of Management Approach <i>Materiality topic: Providing business leadership and vision</i>		
		<p>Throughout our sustainability journey we have recognised the need to make sustainability a business as usual facet of our operations. We also recognise that this requires vision and leadership by our Board and Executive to realise the significance of these developments to our overall business, to the relationships we have with our stakeholders, and to our positive impact on the societies and communities we operate within.</p> <p>We will continue this journey, expanding the nature of our interaction with stakeholders, and developing a better understanding and model of our societal impacts, both positive and negative, in order to align more closely with the expectations of our stakeholders for the bank and its employees.</p>
Bespoke disclosure	Leadership statements	<p>See Sustainability Report CEO (Bernard Byrne) statement page 4, statement of the Chairman of the Sustainable Business Advisory Committee, page 8 (Helen Normoyle), and our sustainability vision and governance approach on pages 6-7.</p> <p>The regular rhythm of CEO communications in AIB keeps our sustainability agenda in the spotlight as part of a key deliverable for the bank. As well as this, our central channels are used to raise awareness of the agenda with employees across AIB.</p>
Disclosure of Management Approach <i>Materiality topic: Engaging with all our stakeholders regularly</i>		
		<p>AIB's key stakeholder groups are:</p> <ul style="list-style-type: none"> • Customers • Employees • Regulator • Investors • Government & Society <p>We are actively listening to our stakeholders. We want to understand the issues that matter most to them. A key initiative in enhancing our regular stakeholder engagement is our materiality exercise. To help identify the issues that matter most to our stakeholders, in Q1 2018 we completed our second materiality exercise, following on from the initial exercise completed in late 2016. 1,376 stakeholders across the different stakeholder groups participated in this exercise. From it, we recognise how important it is to listen to and to engage with our stakeholder groups. Their feedback and experiences inform and guide us and helps us to focus our actions so that we can improve our service.</p> <p>We believe our management approach to date has been successful in its aim to engage with our stakeholders regularly, evidenced by the engagement approaches set out on page 13. We will continue to take all due measures to support regularly engaging with our stakeholders.</p>

Disclosure Reference	Reporting Requirement	Response
Bespoke disclosure	Regular stakeholder engagement	<p>As reported in our initial Sustainability Report "Backing a Sustainable Future" in October 2017, we have structured our retail model around a Local Markets concept. Over time this will enhance our levels of community engagement and facilitate more readily impact assessments of the bank's activities and provide a focus for development.</p> <p>Our stakeholder engagement process is described in this Sustainability Report 2017 (pages 13-18), and it reflects a broader mix of stakeholder inputs from community and local organisations than the previous exercise in 2016. We have also highlighted our approach in the current report to vulnerable customers groups (see page 42), our industrial relations discussions and the wider ongoing stakeholder engagement process (see page 13).</p>
Disclosure of Management Approach <i>Materiality topic: Improving our customer experience and satisfaction levels</i>		
		<p>Our customer experience and satisfaction relates to a broad range of factors from the quality of the business interaction to pricing, to product/service quality, to our complaints handling approach, to the culture and ethical approach we adopt. We have reported on a range of these issues in this Sustainability Report, and believe that further disclosure of our approach in key areas through our website will help in communicating our approach to customers and gaining their feedback.</p>
	Policies with specific environmental and social components applied to business lines	<p>Our policies guide the way we conduct our business and operations. We recognise that certain policies, notices and approaches that apply across our business improve customer experience and satisfaction and ensure we provide a responsible and sustainable service.</p> <p>We will focus on reviewing these as a priority in this regard. They include, but are not limited to:</p> <ul style="list-style-type: none"> • Our Data Protection Notice • The Code of Conduct • Our Diversity and inclusion code • Our Anti-bullying and harassment policy • Our Conflicts of Interests policy • Our Speak-up (whistleblowing) policy • Our Selection Policy • Our Environment and Energy Policies <p>We believe that sharing these will help in communicating our approach to customers and gaining their feedback on their experience. In 2018 we have decided to make as many as possible of these policies publicly available in full or in suitably abridged form through our sustainability website at www.aib.ie/sustainability.</p> <p><i>Source: Company information</i></p>

AIB SUSTAINABILITY REPORT – GRI GENERAL DISCLOSURES

Disclosure Reference	Reporting Requirement	Response
Disclosure of Management Approach <i>Topic: Labour practices</i>		
		<ul style="list-style-type: none"> a. AIB adheres to all relevant laws, regulations and codes in each jurisdiction in which we operate, and requires all our suppliers to adhere to these legal and regulatory requirements b. Our risk management and control environment facilitate the monitoring, review and escalation of any potential breaches c. Where an issue or incident arises that provides evidence of an actual or potential breach of our policies and procedures, an investigation is undertaken to determine the scale and scope of any such breach, and the remediation, escalation and regulatory reporting requirements necessary to address it.
	Labour practices	<ul style="list-style-type: none"> a. We have no evidence in the reporting period to indicate that AIB has been a party to unfair labour practices.