

# We pledge to **DO MORE**



**SUSTAINABILITY REPORT**  
for the financial year ended  
31 December 2020

**AIB Group plc**



# WELCOME TO OUR 2020 SUSTAINABILITY REPORT

Through our ongoing engagement with our stakeholders, supported by a dedicated materiality exercise, we identify the issues and opportunities that matter most to our stakeholders. Our sustainability strategy and this report are structured around the material topics and provides information regarding our performance and response to these issues over the last 12 months.

Throughout this report, 'AIB Group', 'AIB', 'the Group', 'the bank' or 'we' refers to AIB Group plc and its subsidiaries. This is AIB's fifth Sustainability Report, reporting on non-financial activity, focusing specifically on the year ended 31 December 2020. Information on activity before and after these dates may be included by way of context, in particular for the first quarter of 2021.

## REPORTING STANDARDS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. It includes a GRI Content Index located on p.87-90, with all statements referenced back to the body of the report for context and for ease of reading. This is the first time we are reporting on our progress on commitments made against the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking.

Our sustainability site [www.aib.ie/sustainability](http://www.aib.ie/sustainability) contains links to all our related policies and codes which are referenced throughout this report. Throughout this report we also make reference

to information contained in our Annual Financial Report 2020 (AFR 2020). This is available at [www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results](http://www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results).

## ASSURANCE

Assurance has been provided by Deloitte on our preparation of our Sustainability Report in accordance with the GRI standards. Their independent assurance statement is on p.101 of this report.

The cover image, taken by Lisa McMahon of Kilkee-Bealaha Camogie Club, shows Erin (6) and Ava (2) McMahon who spent much of the first lockdown on the beach at Whitestrand in Doonbeg, Co. Clare practicing camogie.

The image was selected as the winner of 'The Toughest Season' photo competition, earning Kilkee-Bealaha Camogie Club a €1,000 O'Neills voucher, and was subsequently chosen as the front cover image for AIB's book of the same name.



# SUSTAINABILITY AT AIB

Sustainability has been, and continues to be, integral to AIB.

We recognise that our success depends on the success of our customers, employees, suppliers, and the economy & communities we serve. Given our scale and impact in the Irish economy, our role comes with significant responsibility to the people of Ireland.

Some see banking as a purely transactional service, providing capital to support day-to-day living in both consumer and corporate life; managing savings and deposits securely; and facilitating day-to-day banking transactions safely. However, the role of banking goes deeper – it enhances livelihoods, supports homemakers, enables jobs, and facilitates communities and society to flourish. Banking serves the ecosystem of our daily lives.

And it is to our future ecosystem that banking must be sustainable, adding value and creating a positive long-term impact. It makes real and meaningful support in addressing the many challenges and opportunities that face society.

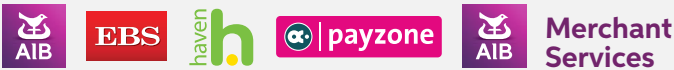
As a financial institution at the heart of the Irish economy, operating within a local and global context, the last 12 months have only served to reinforce how important it is to ensure AIB remains a sustainable business that works

for all. Despite the unprecedented challenges that COVID-19 has presented across all aspects of society and the economy, the recovery provides an opportunity to rebuild economies and communities in a more sustainable and inclusive manner. Ireland has an opportunity to close the gaps of social inequality that currently exist across the country.

Bold commitment and action are required on all fronts at this moment of change. AIB is inextricably linked to the success of the economy, society, and the communities where we work and live. We are committed to taking such bold action, making a positive, sustained impact through our business, guided throughout by our purpose: to back our customers to achieve their dreams and ambitions.

# AIB IS A FINANCIAL SERVICES GROUP

We operate the following brands:



We provide a range of services to retail, business and corporate customers, including banking, wealth management, mobile payment and card acquiring. The AIB Group operates predominantly in Ireland and the United Kingdom, with the exception of our card acquiring joint venture, AIB Merchant Services, which is based in Ireland and serves a global customer base.

We are committed to supporting the transition to a low-carbon economy and backing sustainable communities.



# OUR SUSTAINABILITY JOURNEY





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# AIB AT A GLANCE

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

OWNERSHIP	OPERATIONS	PURPOSE	VALUES	CUSTOMER-FACING SEGMENTS	LOCATION OF OPERATIONS	BRANDS	MAIN PRODUCTS & SERVICES	SCALE OF THE ORGANISATION <sup>2</sup>	STRATEGIC PRIORITIES
<p>AIB Group plc is a publicly quoted holding company on the main markets of the Euronext Dublin and London Stock Exchanges after undertaking an initial public offering in June 2017. Our current issued ordinary shareholding is 2,714,381,237<sup>1</sup> shares – the Irish State has a significant shareholding (71.1% – 1,930,436,543 Ordinary Shares) through the Ireland Strategic Investment Fund and the balance is held by other shareholders. A Relationship Framework document details our relationship with the Irish State.</p>	<p>Our most significant operations are in Ireland and the United Kingdom where we operate a retail, corporate and business banking offering. We also operate US Syndicated &amp; International Finance and branch activities in our New York office. We operate in Ireland predominantly, where we hold market-leading positions in key segments.</p>	<p>To back our customers to achieve their dreams and ambitions.</p>	 Drive progress	Retail Banking	Ireland	     <b>Merchant Services</b>	Mortgages, personal, SME and corporate lending, payment services, credit card services and deposits.	<p><b>9,356</b> Employees<sup>3</sup></p> <p><b>€103,264m</b> Total average assets</p> <p><b>€14,971m</b> Total capital resources</p> <p><b>€2,371m</b> Total operating income</p> <p><b>€1,527m</b> Total operating expenses</p> <p><b>€1.1bn</b> Operating Contribution<sup>4</sup> (by segment – Retail Banking 51%, CIB 40% and AIB UK 9%)</p>	<p>End-to-end credit</p> <p>Refocused branch network</p> <p>Future of work</p> <p>Product gaps</p> <p>AIB GB business model</p> <p>Simplification</p> <p>Sustainable Communities</p>
			 Show respect	Corporate, Institutional & Business Banking (CIB)	Ireland USA		Where we provide non-core banking products, for example general insurance, we typically partner with market leaders.		
			 Be one team						
			 Own the outcome						
			 Eliminate complexity	AIB UK	UK				

<sup>1</sup> AIB Group plc Annual Financial Report (AFR) 2020, p.361.  
<sup>2</sup> Refer to AFR 2020 p.350, 61, 316 (including debt and equity split), 60 and 267.  
<sup>3</sup> Average employees in 2020.  
<sup>4</sup> Before impairments and exceptional items, and excludes Group segment loss.  
You can find our AFR 2020 at [www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results](http://www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results).



# AN INTRODUCTION FROM OUR CHIEF EXECUTIVE OFFICER, COLIN HUNT

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



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

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

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

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

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

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

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

## BOLD COMMITMENT AND ACTION ARE REQUIRED

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

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

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

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

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

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





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



FTSE4Good

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



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

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

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

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

## WE'RE WORKING WITH PARTNERS

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

## IT'S ABOUT SUSTAINABILITY IN ITS BROADEST SENSE

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

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

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

## LOOKING AHEAD; WE PLEDGE TO DO MORE

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

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

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

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

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

**COLIN HUNT**  
AIB Chief Executive Officer

We pledge to **DO MORE.**





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

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

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

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

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

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

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

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



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

**HELEN NORMOYLE**  
Chair of Sustainable Business Advisory Committee

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



# THE VALUE WE CREATE

## OUR PURPOSE

To back our customers to achieve their dreams and ambitions.

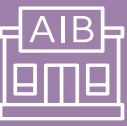
## OUR SCALE



**2.8M**  
CUSTOMERS



**4,000**  
SUPPLIERS



**324**  
LOCATIONS  
ACROSS IRELAND  
AND THE UK



**9,356**  
EMPLOYEES

## #1 IN IRELAND



NEW MORTGAGE  
LENDING<sup>1</sup>



PERSONAL  
LOANS<sup>2</sup>



PERSONAL  
CREDIT CARDS



PERSONAL MAIN  
CURRENT ACCOUNT

## BACKING DREAMS



**€2.4BN**  
MORTGAGE  
DRAWDOWNS



**€9.2BN**  
NEW LENDING



**€1.6BN**  
NEW SME LENDING



**€1.5BN**  
NEW GREEN LENDING

## DIGITALLY ADVANCED



**2.57M**  
DAILY  
INTERACTIONS



**1.72M**  
ACTIVE DIGITAL  
CUSTOMERS



**1.39M**  
ACTIVE MOBILE  
CUSTOMERS

## VALUE CREATION

**€801M**  
EMPLOYEE  
SALARIES  
AND BENEFITS

**€1BN**   
SPEND ON  
SUPPLIERS

**€14.1M**  
COMMUNITY  
INVESTMENT

**€476M**   
TAX PAID  
& COLLECTED

Information as at December 2020.

Sources: Company information and independent market research.


<sup>1</sup> New mortgage lending H1 2020.

<sup>2</sup> No. 1 among banks, personal lending excl. car finance.




# AWARDS


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




**Chambers Ireland**  
Advancing business together




**Sustainable Business Impact Awards 2020**  
**WINNER**  
Outstanding Achievement in Sustainable Business Impact Award




**Sustainable Business Impact Awards 2020**  
**WINNER**  
Excellence in Environment




**Sustainable Business Impact Awards 2020**  
**SHORTLISTED**  
Excellence in Marketplace  
Community partnership with charity




**THE UK COMPLAINT HANDLING AWARDS '20**




**Irish HR Champion**  
Champion Use of Innovative Technology in HR  
**WINNER**  
AIB




**GREEN AWARDS 2020**  
Green Business & Sustainability  
**WINNER**  
Green Large Organisation of the Year (1000+ Employees)




**Global Capital**  
Derivatives Awards  
Tier Two Capital Deal of the Year




**gradireland**  
**MOST POPULAR**  
Graduate Recruiter in Banking, Investment and Financial Services



**BEST BRAND CAMPAIGN MEDIA AWARDS**  
Winners 2020 – Media Awards 2020




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




**USE OF SOCIAL MEDIA BY A FINANCIAL ORG SOCIAL MEDIA AWARDS**  
2020 Winners | Sockies 2020


# RATINGS




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




**MSCI ESG RATINGS**  
**AA**  
CCC B BB BBB A **AA** AAA  
As at: 22 January 2021.




**SAM** | ESG Data, Ratings & Benchmarking  
**61/100**  
AIB is in the 78th percentile for banks.  
As at: 12 November 2020.



**CDP A LIST 2020 CLIMATE**



**FTSE4Good**



**BUSINESS WORKING RESPONSIBLY**  
Collective Mark

For our up to date information on our ESG Ratings, visit [www.aib.ie/sustainability/esg-ratings.ie](http://www.aib.ie/sustainability/esg-ratings.ie).



# SUSTAINABLE COMMUNITIES STRATEGY & 2020 PROGRESS

Sustainable Communities is the 5th pillar of the AIB Group Strategy.  
For further detail on the AIB Group strategy, [click here to view our Annual Financial Report 2020](#).

Ensuring a Greener Tomorrow by Backing Those Building it Today			
OUR FOCUS	CLIMATE ACTION	ECONOMIC & SOCIAL INCLUSION	FUTURE-PROOF BANK
	<p>We're actively reducing our own carbon footprint and commit to being Net Zero by 2030. We're supporting our customers and communities in their transition to a low-carbon economy with an ambition that green products will account for 70% of all our new lending by 2030.</p>	<p>We aspire to a fairer society that is socially and economically inclusive. We do this by investing and raising awareness in access, education and innovation for our customers, our colleagues and our communities.</p>	<p>We want to give our customers the best possible banking experience – we're always learning and improving. In an increasingly digitalised world, we are focused on keeping our systems resilient and our data secure.</p>
2020 PROGRESS	<ul style="list-style-type: none"><li>▪ Announced Net Zero Commitment</li><li>▪ Launched Ireland's first Green Bond</li><li>▪ Achieved €1.46bn in Green Lending</li><li>▪ Green Mortgage – 14% of new mortgage lending</li><li>▪ Launched AIB Electric Vehicle proposition</li><li>▪ Provided Sustainability linked loans</li><li>▪ Published excluded activities list</li><li>▪ Achieved CDP Climate A rating</li><li>▪ Disclosures on TCFD and UNEP FI Principles for Responsible Banking.</li></ul>	<ul style="list-style-type: none"><li>▪ Supported customers through 66,000 COVID-19 payment breaks</li><li>▪ Maintained branch support through COVID-19</li><li>▪ Launched €5m COVID-19 community support programme</li><li>▪ Extended our partnership with FoodCloud by a further 3 years</li><li>▪ Supported SMEs with €1.6bn lending</li><li>▪ Established a Socially Responsible Investment Bond Framework and related Bond Portfolio</li><li>▪ Financial literacy focus – secondary schools, vulnerable customers, fraud prevention and alerts</li><li>▪ Supported five local innovation hubs.</li></ul>	<ul style="list-style-type: none"><li>▪ Cyber security training including eight phishing simulations</li><li>▪ Refreshed Code of Conduct launched</li><li>▪ Over 1,300 attendees for Risk Awareness Week</li><li>▪ Human Rights Commitment and signatory of UN Global Compact</li><li>▪ Launch of new Responsible Supplier Code</li><li>▪ ESG Regulatory Training provided at Board, Executive and employee level</li><li>▪ Hosted fourth AIB Sustainability Conference as part of Ireland's Climate Finance Week (over 5,100 participants)</li><li>▪ Delivered data migration programme.</li></ul>



# OUR SUSTAINABILITY TARGETS

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

CLIMATE ACTION	ECONOMIC & SOCIAL INCLUSION	FUTURE-PROOF BANK
<div>2023</div> <div>€5BN</div> <div>IN NEW CLIMATE ACTION LENDING</div>	<div>2023</div> <div>€300M</div> <div>FINANCE FOR SOCIAL HOUSING</div>	<div>2023</div> <div>TRANSACTIONAL NPS<sup>2</sup></div> <div>53+</div>
<div>2030</div> <div>NET ZERO<sup>1</sup></div> <div>IN OUR OWN OPERATIONS</div> <div>AMBITION FOR</div> <div>70% OF NEW LENDING TO BE GREEN</div>	<div>2023</div> <div>500,000</div> <div>CUSTOMERS SUPPORTED – FINANCIAL LITERACY</div>	<div>2023</div> <div>&gt;2.25M</div> <div>DIGITALLY ACTIVE CUSTOMERS</div>
<div>2040</div> <div>NET ZERO AMBITION</div> <div>CUSTOMER PORTFOLIO LENDING (AGRI 2050)</div>	<div>ONGOING</div> <div>FOCUS ON</div> <div>AIB TOGETHER</div> <div>PROGRAMME</div>	<div>ONGOING</div> <div>GENDER BALANCED</div> <div>BOARD &amp; EXCO</div>

<sup>1</sup> Includes Scope 1 & 2 emissions.

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

# OUR CORPORATE GOVERNANCE STRUCTURE

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

## THE SUSTAINABLE BUSINESS ADVISORY COMMITTEE (SBAC)

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

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

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

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

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

AIB GROUP BOARD					
BOARD AUDIT COMMITTEE	BOARD RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION & CORPORATE GOVERNANCE COMMITTEE	SUSTAINABLE BUSINESS ADVISORY COMMITTEE	TECHNOLOGY & DATA ADVISORY COMMITTEE
Independently oversees the quality and integrity of the Group’s accounting policies, financial reporting and disclosure, internal control framework and audit, as well as the mechanisms through which employees may raise concerns.	Fosters sound risk governance across the Group’s operations, overseeing risk management and compliance frameworks to include the risk appetite profile and the overall risk awareness across the Group.	Oversees the design and implementation of the Group’s Remuneration Policy and the operation of remuneration policies and practices with particular reference to certain senior management.	Oversees Board and Executive Committee succession planning and keeps the Board’s governance arrangements and corporate governance compliance under review.	Supports the Group’s sustainable business strategy which includes the development and safeguarding of the Group’s social license to operate.	Reviews and challenges the strategy, governance and execution of matters relating to technology and data.
BOARD COMMITTEE	BOARD COMMITTEE	BOARD COMMITTEE	BOARD COMMITTEE	ADVISORY COMMITTEE	ADVISORY COMMITTEE

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



# OUR CORPORATE GOVERNANCE STRUCTURE

## THE EXECUTIVE COMMITTEE (EXCO)

The ExCo is the most senior management committee of the Group and is accountable to the CEO. Subject to financial and risk limits set by the Board and excluding those matters which are reserved specifically for the Board, the ExCo, under the stewardship of the CEO, has responsibility for the day-to-day management of the Group’s operations. As at year end, the ExCo was gender balanced. Mary Whitelaw, Director of Corporate Affairs, Strategy & Sustainability is the bank’s ExCo sponsor for Sustainability.

## SUPPORTING OUR GOVERNANCE – THE SUSTAINABILITY IMPLEMENTATION GROUP (SIG)

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

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

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

## SUSTAINABILITY WORKING GROUPS

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





[CLICK HERE TO READ MORE](#) 



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





# ENGAGING



# 02

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# ONGOING STAKEHOLDER ENGAGEMENT

While the manner of engaging with many of our stakeholders may have changed during the year, our consideration of all stakeholders in decision making remained steadfast. As a bank with over 2.8m customers, 9,356 employees and 4,000 suppliers, we are part of the daily discourse of life in Ireland. We take our responsibility and position seriously, and therefore utilise both formal and informal, two-way communications channels to enquire, listen, understand and respond to the feedback we get from our many stakeholders. This is integral to our evolving sustainability strategy.

Through our ongoing stakeholder management process overseen through our Executive Committee (ExCo) and biennial materiality exercise we have identified five core groups as our focused stakeholder set.

In 2020, we continued to progress an active and vibrant programme of engagement – through virtual, online, and face-to-face activities with all our stakeholder set, adhering at all times to the COVID-19 relevant restrictions. This engagement comprised set pieces, formal engagement & feedback, membership & representation and informal channels. All of these inform and guide our activities and strategy.

Through 2020, not surprisingly, our response to COVID-19 was the most pressing issue for the bank and our stakeholders. Throughout this report, we demonstrate how we responded to this unprecedented issue while continuing to support our customers and employees and ensuring we contributed to the ongoing support of communities and the Irish economy. The report also responds to the other issues raised – across the relevant chapters and case studies highlighted.



**CUSTOMERS**



**EMPLOYEES**



**INVESTORS**



**SOCIETY**



**REGULATOR**





# MATERIALITY PROCESS

We continue to strive to adhere to global best practice across the development of our sustainability strategy. As part of this process, we have a rolling materiality research exercise that seeks to identify both the risks and opportunities facing AIB, and which is refreshed and completed on a biennial basis.

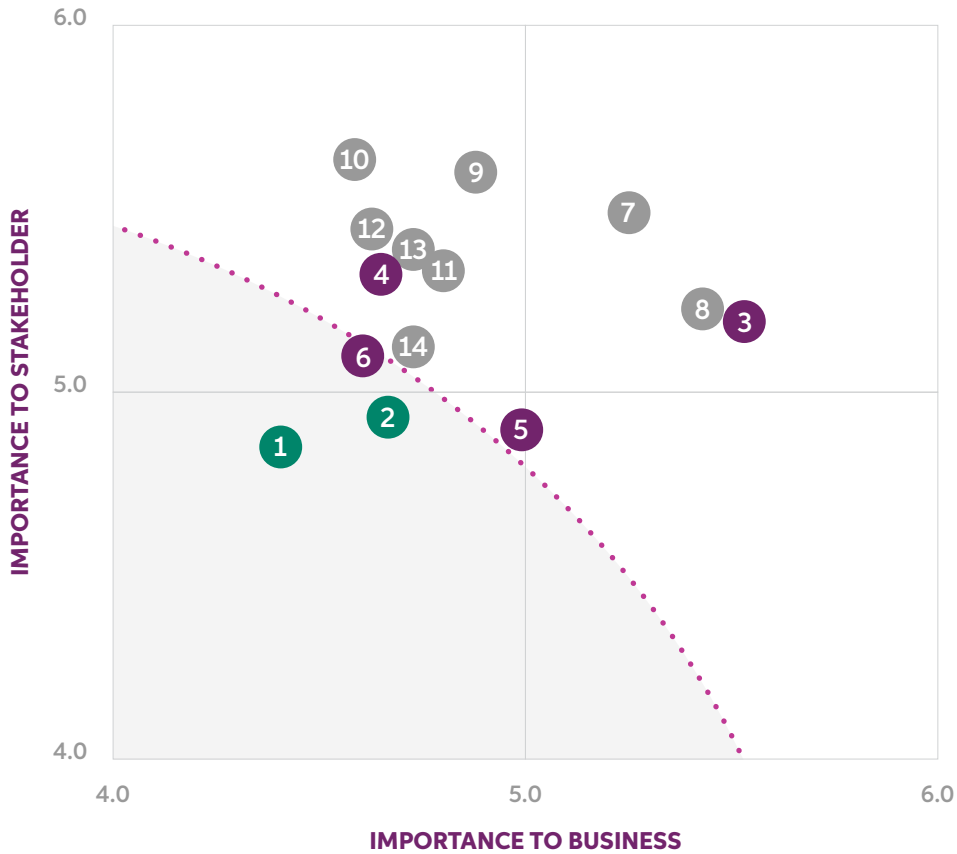
In Q4 2019, we completed our materiality exercise, across our five stakeholder groups and in partnership with KPMG who also guided us on the best practice approach in stakeholder selection. Key considerations included:

- Best practice among peer banks
- Management e.g., Board, senior executives and management
- Those impacted directly by our business e.g. customers, staff, suppliers
- Investors, e.g. shareholders, bondholders
- Those providing oversight of our business e.g. analysts, regulators and government
- Those impacted indirectly by our business e.g. communities, non-governmental organisations.

The output of this work was presented and ratified by the ExCo and Board and forms the basis of the framework of the sustainability strategy.

Considering the required response and focus resulting from COVID-19, the materiality exercise was not repeated later in the year. However, the global pandemic has served to highlight the interconnectivity between a healthy climate, society and economy, and has further confirmed why sustainability forms a central role of AIB’s Group strategy.

We fully recognise the need to raise awareness of the role that finance plays in the required transition to a Net Zero carbon economy. Climate action remains a top priority focus of our sustainability strategy, confirming our commitment to continue to play a central role in Ireland’s response to this issue.



## CLIMATE ACTION

- 1 Ensure a climate resilient and responsive business model
- 2 Products and services to address environmental and social issues

## ECONOMIC & SOCIAL INCLUSION

- 3 Usability of services and accessibility of products
- 4 Enable customers to make better informed financial decisions
- 5 Innovation and co-creation
- 6 Financial inclusion and literacy

## FUTURE-PROOF BANK

- 7 Customer experience
- 8 Digitalisation and interconnectivity
- 9 Cyber security and business system resilience
- 10 Protect our customers data and privacy
- 11 Corporate governance and accountability
- 12 Ethics and integrity
- 13 Comply with laws, codes and regulations
- 14 Talent attraction and retention

# 2020 STAKEHOLDER ENGAGEMENT

Throughout 2020, we continued to engage with our main stakeholder groups. As we developed and deepened our strategic approach, we identified our 4,000 strong supplier base as a real enabler for change, for mutual benefit. As a result, we worked with them to develop and launch our new ‘Responsible Supplier Code’ (p.80). For transparency, they are included in the 2020 stakeholder engagement groupings.

	 CUSTOMERS	 EMPLOYEES	 INVESTORS	 SOCIETY	 REGULATOR	 SUPPLIERS
ENGAGEMENT	<ul style="list-style-type: none"><li>▪ Face-to-face interactions</li><li>▪ Voice of the Customer surveys (NPS)</li><li>▪ Ask AIB (social media communications)</li><li>▪ Complaints monitoring</li><li>▪ AIB website (Help Centre; Financial planning tools)</li><li>▪ Internet and Phone Banking support</li><li>▪ Focus groups</li><li>▪ Reputation tracking</li><li>▪ Quantitative &amp; qualitative research</li></ul>	<ul style="list-style-type: none"><li>▪ Team meetings and townhall engagement</li><li>▪ Employee engagement surveys</li><li>▪ Performance review process</li><li>▪ Speak-Up and Grievance processes</li><li>▪ Intranet (Internal communications channel)</li><li>▪ Industrial Relations partner engagement</li><li>▪ Employee Resource Groups</li><li>▪ Culture Conversations</li><li>▪ Health and safety monitoring</li></ul>	<ul style="list-style-type: none"><li>▪ Ongoing structured engagement</li><li>▪ Financial &amp; Non-Financial reporting</li><li>▪ Comprehensive Investor Relations programme</li><li>▪ Investor Relations website</li><li>▪ Strategy update</li><li>▪ Industry conferences</li></ul>	<ul style="list-style-type: none"><li>▪ Direct partnerships and sponsorships</li><li>▪ AIB Together programme</li><li>▪ Community initiatives</li><li>▪ Financial &amp; Non-Financial reporting</li><li>▪ Regular and structured engagement</li><li>▪ Education support</li><li>▪ Industry collaboration &amp; partnerships</li><li>▪ Vulnerable customer programme enhancements</li></ul>	<ul style="list-style-type: none"><li>▪ Regular &amp; structured engagement</li><li>▪ Site visits</li><li>▪ Regulatory reporting</li></ul>	<ul style="list-style-type: none"><li>▪ Face-to-face interactions</li><li>▪ Site visits</li><li>▪ Third Party Management Process</li><li>▪ Annual Attestation (top tier suppliers)</li><li>▪ Supplier conference</li></ul>
2020 CORE THEMES	<ul style="list-style-type: none"><li>▪ COVID-19 support/payment breaks</li><li>▪ Access to banking/facilities</li><li>▪ Data and cyber security</li></ul>	<ul style="list-style-type: none"><li>▪ COVID-19 support</li><li>▪ Wellbeing</li><li>▪ Ways of working</li></ul>	<ul style="list-style-type: none"><li>▪ COVID-19 support</li><li>▪ ESG alignment</li><li>▪ Strategy refresh</li><li>▪ Balance sheet strength</li></ul>	<ul style="list-style-type: none"><li>▪ COVID-19 support</li><li>▪ Access to banking/facilities</li><li>▪ Financial literacy and inclusion</li></ul>	<ul style="list-style-type: none"><li>▪ COVID-19 support</li><li>▪ ESG alignment</li><li>▪ Balance sheet strength</li></ul>	<ul style="list-style-type: none"><li>▪ COVID-19 support</li><li>▪ Supply chain management and support</li><li>▪ Launch of Responsible Supplier Code</li></ul>



# STAKEHOLDER COLLABORATION SUMMARY

AIB is committed to investing and collaborating with key stakeholders to creative positive environmental, socially inclusive, and long-term outcomes. The below table is a representation of the main partnerships we hold to create tangible value and impact.

THEME	TOPIC	STAKEHOLDER	DETAIL
CLIMATE ACTION			
THOUGHT LEADERSHIP & SKILLS	AIB Sustainability Conference	All	Partnership with leading figures in sustainability to help increase the awareness and importance of sustainability which is a flagship event in the domestic calendar.
	Climate Finance Week	All	Partnership with Sustainable Nation Ireland to sponsor Ireland’s Climate Finance Week, which is a government backed initiative.
	SME Sustainability Skills	Society	AIB funded a Chair in Sustainable Business UCC will have responsibility for research and teaching and will aid the development of critical thinking in students which will benefit the growth, competitiveness, innovation and expansion of their future employers.
COMMUNITY ACTION	Food Waste	All	AIB is the primary partner of FoodCloud. FoodCloud is a multi-award winning social enterprise which enables the redistribution of surplus food from the food industry to the charity sector through two solutions; the FoodCloud technology platform and FoodCloud Hubs.
	Community Strategic Planning	Society	AIB and TASC are collaborating in piloting and evaluation of People’s Transition Community Dialogues in two locations – rural and urban. TASC will implement a deliberation method that will involve stakeholders from the local community and generate a strategic action plan that helps overcome the challenges of climate change on the local community.
	Sustainable Farming	Society	Our partnership with Teagasc promotes the financial benefits of grassland management and utilisation. and we are one of the lead sponsors of the Grass10 initiative.
ECONOMIC AND SOCIAL INCLUSION			
INNOVATION	Innovation Hubs	Society	Partnered to support two Innovation Hubs – Ludgate in Cork and Portershed in Galway to support regional innovation and with two third level institutions (UCD & DCU) to support innovation three centres on campus: DCU Centre for Family Business, NovaUCD – Centre for new ventures & entrepreneurs & UCD AgTech Innovation Hub at the Lyons Estate
HEALTH & WELLBEING	Community Support	Society	AIB’s sponsorship of the GAA has run for the last 30 years. This partnership is important to promote participation and inclusion in our national games at community level. Partnered with the Irish Federation of Sport to recognise the contribution that volunteers make to the world of sport at a local and national level through awards.
	COVID Research	Society	AIB and Trinity College Dublin joined forces in the battle against COVID-19, by establishing a research hub at the university to urgently accelerate the college’s immunology project, to tackle the COVID-19 pandemic caused by SARS-coronavirus-2. AIB supported this initiative with €2.4m funding.
SOCIAL INCLUSION	Social Housing	Society	The Irish Mortgage Holders Organisation and AIB have partnered on a joint initiative which aims to save customers with mortgage difficulties from losing their home.
	Diversity & Inclusion	Society	AIB supports the Open Doors initiative which is an innovative new way to allow some of Ireland’s leading employers to come together and promote greater inclusion and diversity in their workplaces. AIB is official partner to Network Ireland which is an organisation supporting the professional and personal development of women.
	Support for Students	Society	In 2020, AIB partnered with TU Dublin and pledged €1m towards increasing participation in third-level education among students from areas and backgrounds of socio-economic disadvantage. Over five years, the partnership will see AIB support the establishment of three Equality, Diversity and Inclusion initiatives at TU Dublin.
YOUTH	Developing the potential of our Youth	Society	Our charity partner, Soar’s vision is to be Ireland’s leading organisation championing the potential of teenagers, and have worked with over 25,000 young people to date. Future Sparks Festival is our annual event seeing over 7,000 students participate to hear how they can maximise their potential.
	Financial Literacy	Society	The Build a Bank programme, which is now in its 18th year, sees us partner with secondary schools across the country to work with students to setup their own school banks, schools then compete at local and national level to become the national champion.

# COMMITMENTS

We have partnered with national and global movements such as BITC, UNEP FI and TCFD, and will continue to seek out other appropriate strategic opportunities to keep moving forward and have our voice heard on this issue of generational importance.



## UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE (UNEP FI) PRINCIPLES FOR RESPONSIBLE BANKING

This initiative is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development. 200+ banks have now joined the movement for change, leading the way towards a future in which the banking community makes the kind of positive contribution to people and the planet that society expects. These banks represent more than a third of the global banking industry.

The Principles for Responsible Banking (PRB) are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement. Signatories to the Principles for Responsible Banking commit to implementing the principles in their business, and reporting on their progress. Through the establishment of UNEP FI working groups, the signatories of the PRB are helping each other in their journey to implement the Principles. In 2020, AIB actively participated in a number of key working groups and currently co-leads the Reporting Working group.

**More info:** [www.unepfi.org/banking/bankingprinciples/](http://www.unepfi.org/banking/bankingprinciples/)  
**AIB committed:** September 2019



## UNITED NATIONS (UN) GLOBAL COMPACT

The aim of the UN Global Compact is to encourage businesses worldwide to adopt sustainable and socially responsible policies. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. With 12,254 companies in 158 countries engaged in the UN Global Compact, it is considered to be the world's largest corporate sustainability initiative.

Entities that engage in the UN Global Compact voluntarily commit to operate responsibly, in alignment with universal sustainability principles, take actions that support society and report annually on progress.

**More info:** [www.unglobalcompact.org](http://www.unglobalcompact.org)  
**AIB committed:** February 2021



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment,

credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. The TCFD has 1,700+ Supporters in 77 countries.

Supporters of the TCFD commit to making climate-related disclosures in relation to Strategy, Governance, Metrics and Targets and Risk Management. By publicly declaring support for the TCFD and its recommendations, companies demonstrate that they are taking action to build a more resilient financial system through climate-related disclosure.

**More info:** [www.fsb-tcf.org](http://www.fsb-tcf.org)  
**AIB committed:** September 2019



## THE VALUABLE 500

The Valuable 500 is a new global movement putting disability on the business leadership agenda. It is a global business to business initiative catalysing the influence of large private sector corporations in national and international markets.

Led by Irish social entrepreneur Caroline Casey and chaired by Paul Polman, The Valuable 500 is working towards securing the commitment of 500 national and multinational, private

sector corporations to help unlock the social and economic value of people living with disabilities across the world.

**More info:** [www.thevaluable500.com](http://www.thevaluable500.com)  
**AIB committed:** November 2020



## LOW CARBON PLEDGE

The Low Carbon Pledge aims to practically demonstrate meaningful business commitment to reducing carbon emissions and act as a catalyst for wider and more far reaching complementary initiatives and actions. The Pledge is coordinated by Business in the Community Ireland. It was the first dedicated pledge generated by Irish business to set industry standards on sustainability and reduce carbon usage. 58 companies in Ireland have signed the Pledge.

On joining the Pledge, signatory companies committed to reduce their Scope 1 & 2 greenhouse gas emission intensity by 50% by 2030. As the climate agenda progresses, so too does the Pledge. In 2020, we 'opted in' to include the business travel, waste generation and water consumption aspects of Scope 3 emissions in our Pledge reporting.

**More info:** [www.bitc.ie/the-leaders-group-on-sustainability/low-carbon-pledge/](http://www.bitc.ie/the-leaders-group-on-sustainability/low-carbon-pledge/)  
**AIB committed:** September 2018





# 03 RESPONDING



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# CLIMATE ACTION

2020 has proven beyond doubt the relationship between a healthy planet, society and economy. The central role that banks can play in supporting a fair and just transition to a carbon neutral society has also gained greater understanding. We have made ambitious commitments to play a central role in supporting our customers, colleagues and many other stakeholders on this journey.

## THIS CHAPTER COVERS OUR RESPONSE TO THE FOLLOWING MATERIAL TOPICS:

- ENSURE A CLIMATE  
RESILIENT AND RESPONSIVE  
BUSINESS MODEL
- PRODUCTS AND SERVICES TO  
ADDRESS ENVIRONMENTAL  
AND SOCIAL ISSUES



# OUR PROGRESS IN 2020

## MATERIAL TOPICS

ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

ANNOUNCED  
**NET ZERO**  
AMBITION

**16%**<sup>1</sup> REDUCTION  
IN GHG FROM  
OPERATIONS  
YEAR ON YEAR

**ESG**  
EXCLUSIONS  
LIST PUBLISHED

SUSTAINABILITY  
AWARDS  
EXCELLENCE IN  
ENVIRONMENT

**CDP**  
LEADERSHIP  
**A RATING**

PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES


€1.46<sup>BN</sup>  
**GREEN**  
LENDING

€1<sup>BN</sup>  
**GREEN BOND**  
ISSUANCE  
2ND BANK IN EUROPE  
TO ISSUE A TIER 2 BOND

**5,100**  
ATTEND CLIMATE  
FINANCE WEEK

705,500,000 <sup>KWH</sup><sup>2</sup>  
**GREEN ENERGY**  
FUNDED

**0%** FINANCE  
FOR NEW  
ELECTRIC  
VEHICLES

 **SUSTAINABLE  
DEVELOPMENT GOALS**


7 AFFORDABLE AND  
CLEAN ENERGY



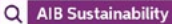
11 SUSTAINABLE CITIES  
AND COMMUNITIES



13 CLIMATE  
ACTION



We pledge to **DO MORE.**



<sup>1</sup> 16% reduction in 2019.

<sup>2</sup> KWH in ROI.

# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## OUR APPROACH

**The climate challenge is unlike anything any of us have encountered in our lifetime, therefore AIB's ambition remains steadfast to its continued sustainability leadership. We don't see this as the right thing to do, it is the only thing to do. The importance that we ascribe to the environmental agenda, and also our commitment to be embedded in the communities that we serve, was acknowledged with the addition of Sustainable Communities to our strategic pillars at the end of 2019.**

Climate has the potential to impact our business, through transition and physical risks, and we have the ability to negatively impact climate through our behaviour. We recognise the need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects. As the defining issue of our time, we consider all our stakeholders as impacted by climate change. This is why we have undertaken an extensive body of work to understand the risks and opportunities that climate change presents and set out a clear roadmap of steps we need to take to quantify the risks and integrate ESG considerations into our processes.

We are fundamentally committed to supporting the transition to a low-carbon economy, reducing our own carbon footprint and helping our customers to do the same. We have set some very ambitious goals for the future of our own operations and to provide our customers with access to the finance they need to support their own ambitions.

A climate resilient and responsive business must consider the double materiality aspect of climate risk – financial materiality (how climate change impacts on AIB) and economic and social materiality (what impact AIB has on climate) and provide appropriate products and services to direct the flow of finance to sustainable activities. We have made significant progress in building a climate resilient business and expanding our range of products to address environmental issues. Our 2020 ESG independent ratings reflect the progress we have made, and we are working to sustain and where possible improve our performance further in 2021.

### PROGRESS MADE OVER LAST 12 MONTHS:

- We have continued to grow our green lending, totalling €1.46bn in 2020 accounting for 16% of all new lending in 2020
- In September 2020, we raised €1bn from our first green bond issuance, the first Irish bank to do so. The amount raised represented a major vote of confidence from investors in our commitment to a green transition
- We have launched a number of retail propositions to support customers to retrofit their homes and buy electric vehicles
- We set out a defined list of Excluded Business Activities for which we do not provide term finance and/or corporate finance advisory services as we believe these activities can cause irreversible environmental and/or social harm to society and our communities
- In November 2020, we hosted our fourth annual Sustainability Conference as part of Ireland's Climate Finance Week 2020, hosting 18 events with over 5,100 attendees over five days.

### NET ZERO AMBITION

We're committing to achieving Carbon Neutrality across our operations by 2030, using a Net Zero approach. We must also look beyond our own operations. The greatest impact we can have on Ireland's carbon footprint is by supporting our customers and helping them transition to a low-carbon economy. Considering this we have also announced our ambition that green and transition lending will account for 70% of new lending to customers by 2030. By 2040, our ambition is to align our customer lending portfolio across all sectors to Net Zero carbon emissions (with the exception of agriculture which will likely need greater support and so we are aligned to the Government of Ireland's Climate Action plan). These commitments mean that we will be financing more of the activities that are better for the environment and fewer of the things that do harm supporting our customers every step of the way on this journey.

However, the climate emergency will not be solved by organisations acting on their own independently, it requires collaboration, engagement, and urgency from all sides to make the necessary difference. This is why we have partnered with national and global movements such as BITCI, UNEP FI and TCFD, and will continue to seek out other appropriate strategic opportunities to keep moving forward and have our voice heard on this matter of generational importance.



# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## CLIMATE STRATEGY

### LENDING PORTFOLIO ASSESSMENT

As part of our Net Zero ambition, we completed a baseline analysis of our customer lending portfolio (Scope 3 Category 15 emissions) to analyse the emissions by sector as categorised by the NACE activity code.

The analysis demonstrated that AIB has limited exposure to the fossil fuel industry and that as such, compared to a number of peer banks our back book is relatively clean. This sector level analysis focused on Agriculture, Energy, Manufacturing, Property and Construction and Residential Mortgages using Sector level methodologies, based on AIB’s exposure to those sectors. It formed the basis of our Net Zero ambition and subsequent Science Based Targets commitment work that is ongoing.

We used this breakdown of our lending at 31.12.2019 to inform our sector strategy work:

SECTOR	GROSS CARRYING AMOUNT €BN
Agriculture	1.7
Energy	1.5
Manufacturing	3.1
Property & construction	7.3
Distribution	5.3
Transport	1.9
Financial	0.8
Other services	6.0
Personal: Residential mortgage	31.4
Other	3.0
Total	62.0

Source: AIB Annual Financial Report 2019, p.120.

### SECTOR ANALYSIS – RISKS & OPPORTUNITIES

In 2020, we took the important step of significantly increasing our understanding of the climate-related risks and opportunities we face as a business, recognising that these need to be identified, assessed and managed to minimise any negative impacts, while taking advantage of the positive impacts.

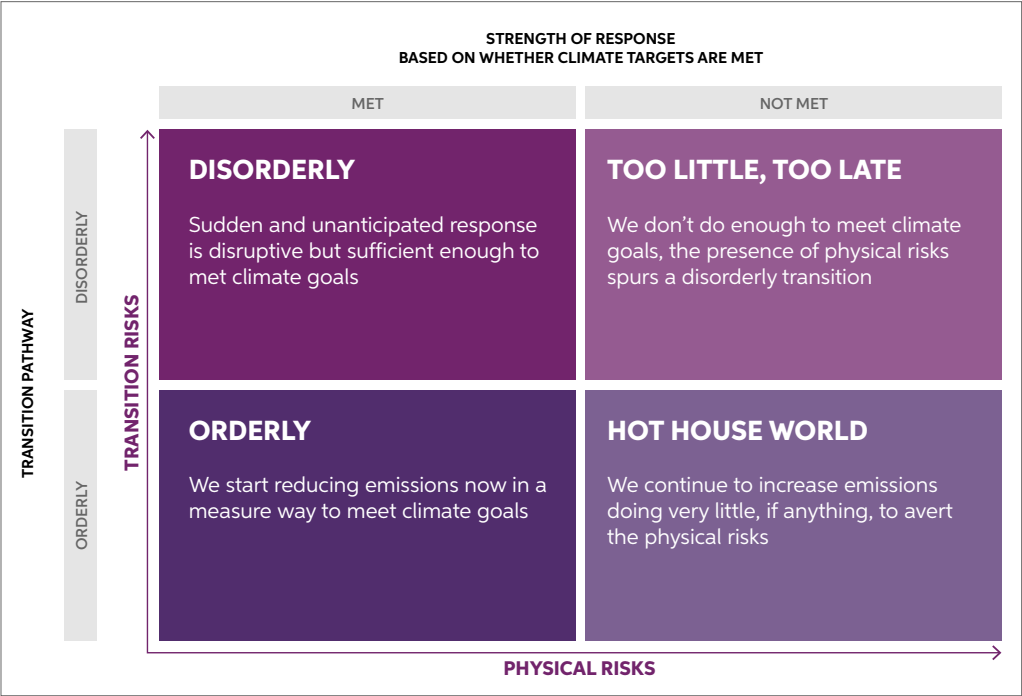
As one of Ireland’s largest financial services providers, the biggest impact we can have on climate change is through the finance we provide to our customers. For this reason, our analysis centred on our lending portfolio and we focused on the most carbon intensive sectors – Agriculture, Commercial/Residential Property, Transportation and Energy Industries. We adopted this sector-based approach in recognition of the fact that all sectors have their own carbon transition pathway and will require a focussed response from us. However, we included both transition and physical risk considerations in this analysis, and also covered the most significant parts of our lending portfolio in terms of exposure.

### APPROACH

In developing our approach, we considered the ECB’s Guide on Climate-related and Environmental risks, the TCFD Recommendations and the PRA’s Supervisory Statement in relation to financial risks from climate change (SS3/19).

To assess the climate-related risks and opportunities that may impact us, we used the TCFD’s transition and physical risk categorizations. We also used qualitative scenario analysis to help inform our understanding of the potential impacts of climate change on our business over the medium (10 year) and longer term (30 year). In doing so, sector specialists considered the impacts on their 3-year strategies.

We used three qualitative scenarios which are aligned with the scenarios recommended by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) – Orderly, Disorderly and Hot House World scenarios.



NGFS Climate Scenarios for central banks and supervisors (June 2020).

The detail of the physical scenarios used was based on the Intergovernmental Panel on Climate Change’s (IPCC) Representative Concentration Pathways, a greenhouse gas concentration trajectory used for climate modelling and research for the IPCC’s fifth Assessment Report (AR5) in 2014. We made these trajectories as specific as possible for Ireland’s climate outlook, in relation to both transition and physical risk.

### OUTPUTS

The key summary outputs of this exercise were reviewed by our Board Risk Committee and are summarised on the next page. This exercise also allowed us to plan for the years ahead and develop a programme of work to fully integrate climate change into our climate strategy, risk management and decision-making processes (see 'Looking Forward', p.43).

# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## CLIMATE STRATEGY

### CLIMATE-RELATED RISKS

Climate-related risks include physical and transition risks. Transition risks arise from the transition to a low-carbon economy and include policy, legal, technology, market, and reputational risks. The severity of transition risk depends on the nature, focus and speed of the required transition for each given sector. Examples of transition risk include emissions caps or pricing, carbon taxes, changes in consumer behaviour and substitution of higher emitting technologies for lower carbon options.

Physical risks arise from the physical effects of climate change on a customer’s operations, assets, infrastructure, and workforce. These risks can result from acute physical risks, which are event-driven (e.g. increased severity of extreme weather events) or from chronic physical risks, which are longer-term shifts in climate patterns (e.g., sea level rise or chronic heatwaves).

### CLIMATE-RELATED OPPORTUNITIES

We also recognise the significant opportunities that climate change presents for our business and the importance of leveraging these opportunities to prepare our business for a low-carbon future. Climate change opportunities arise through the potential to finance the climate change mitigation and adaptation strategies of our customers, for example through resource efficiency, the adoption of low-emission energy sources, the development of new products and services, access to new markets and building climate change resilience.

	TRANSITION RISKS	PHYSICAL RISKS	FINANCIAL RISKS	OPPORTUNITIES
1. RESIDENTIAL & COMMERCIAL PROPERTY	Carbon tax increases on owners of properties with low energy efficiency ratings  Low energy efficiency ratings negatively impact property values  Rising price of raw materials, high retrofitting costs and increased building compliance standards makes property ownership prohibitive	Increase in flood risk due to extreme weather events, rising sea levels and changes in precipitation patterns: <ul style="list-style-type: none"><li>negatively impacts vulnerable property values</li><li>leads to increased insurance costs; and/or</li><li>leads to inability to insure highest risk properties and resulting stranded assets.</li></ul>	Reduced repayment capacity causing increased rates of default as a result of: <ul style="list-style-type: none"><li>Increased carbon taxes</li><li>Increased insurance costs; and</li><li>Loss of income/cash flow shortages.</li></ul>	<ul style="list-style-type: none"><li>Retrofit market and suppliers</li><li>Support eco-innovation start-ups</li><li>Adaptation strategies (flood barriers)</li><li>Evolution of insurance products to meet emerging needs.</li></ul>
2. AGRICULTURE	Emissions caps and/or carbon tax increases makes certain farming activities prohibitive  Government funding becomes limited to low emission activities  Market shift to vegan/reduced meat diets  Policy on fertiliser use limits leads to reduced output	Changes in precipitation patterns leads to fodder shortages, crop damages and new diseases  Periods of drought impacts growing season and leads to volatility in agriculture and commodity prices	Increased rates of default as a result of: <ul style="list-style-type: none"><li>New/unanticipated capital expenditure</li><li>Stranded assets.</li></ul>  Collateral depreciation leading to negative impacts on Loan To Value  Uninsured/stranded assets held as collateral  Reduction in demand for finance for impacted sectors (e.g. car finance and mortgages)	<ul style="list-style-type: none"><li>Diversification and new farming practices</li><li>Eco-innovation in farming practices</li><li>Resilience strategies (e.g. stock reserves).</li></ul>  <ul style="list-style-type: none"><li>Electric Vehicle infrastructure (garages, petrol stations)</li><li>Public transport transformation</li><li>Modal shift in freight industry</li><li>Resilience/adaptation</li><li>Viable alternative business models.</li></ul>
3. ROAD TRANSPORT	Carbon tax increases on fuel and internal combustion engine cars (ICEs) make ownership prohibitive but electric vehicle production/ infrastructure fails to keep up with demand  Carbon tax increases on ICEs but no viable alternative for Heavy Duty Vehicles (high degree of uncertainty)	Increased severity of extreme weather leads to disruption to public transport and freight routes  Increased severity of extreme weather leads to damage to transport, property and infrastructure and increased insurance costs		
4. ENERGY & INFRASTRUCTURE	Risk of obsolescence as current green technologies get replaced by better, more reliable ones  Electrification impacted by national grid infrastructure	Seasonal changes and wind variability reduce wind generation capacity and lead to increases in downtime  Increased exposure to storm damage leading to increased insurance and repair costs	Internal credit ratings, RAROC and required levels of capital negatively impacted as a result of: <ul style="list-style-type: none"><li>New capital expenditure</li><li>Reduced repayment capacity.</li></ul>	<ul style="list-style-type: none"><li>Onshore/Offshore wind and solar projects</li><li>Infrastructure to store energy (batteries)</li><li>Infrastructure for offshore wind (harbours/boats)</li><li>Invest in R&amp;D for hydrogen and other alternatives.</li></ul>



# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## CLIMATE STRATEGY



### UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING

The UNEP FI's Principles for Responsible Banking ("the Principles") are a framework for ensuring that signatory banks' strategy and practices align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement and helping the banking industry to demonstrate how it makes a positive contribution to society.

AIB was one of 130 founding signatories who, in September 2019, committed to implement the six principles. Today over 200 banks have signed up. All signatories are required to report on their progress in implementing the Principles within 18 months of becoming a signatory. In line with the reporting requirements of the Principles, we are reporting on our progress in our UNEP FI PRB Self-Assessment & Reporting template on p.92-97 and below where we provide insights into our impact analysis assessment.

### IMPACT ANALYSIS SUMMARY

In beginning our journey to implement the Principles, one of our key areas of focus was the Impact Analysis process. To complete our analysis, we used the UNEP FI Portfolio Impact Analysis Tool – an iterative input-output workflow to help banks determine their most significant impact areas through examining four aspects – scope, scale of exposure, context & relevance, and scale & intensity/salience. We followed the recommended approach, which starts with a scoping exercise to ensure the scope of the analysis is meaningful, i.e., reflective of core business lines and geographies, as well as mindful of any areas where the bank may be systemically important.

The next step was the impact identification phase, where we input data to describe our portfolio (e.g. % of gross income per business line, concentration of credit by industry sector), enabling the tool to produce 'impact profiles' per business line and country, drawing from the sector/impact map and country needs assessment framework built into the tool. We then assessed our

performance vis a vis the significant impact areas identified by the tool, relevant thresholds and goals per topic and geography. Following this process, we determined our most significant impact areas.

Along with this tool, we have also used the PWC Sustainable Development Goals (SDG) Prioritisation matrix for Ireland and an initial analysis of our lending portfolio for each sector's role in decarbonisation and carbon intensity. In the sections below, we set out further details on how we carried out our impact analysis.

### SCOPE

The tool takes into consideration our Retail Banking and Corporate, Institutional & Business Banking (CIB) activities, so the impact analysis focused on our activities in these segments of our business, referencing data as at 31.12.2020. Retail Banking constitutes 60% of net loans and CIB 26%.

Our impact analysis did not cover the following, which we may consider including in future analysis: our investment and private banking activities (not currently included in the tool); our activities in the United Kingdom and New York in the USA (as our most significant operations are in Ireland), and the activities of our Financial Solutions Group – a standalone dedicated workout unit that manages the majority of our non-performing exposures for all the segments of our business.

### SCALE OF EXPOSURE

The concentration of credit by industry for AIB is set out on p.30. To identify the social, environmental, and economic impacts associated with the sectors our bank finances, and to which we provide products and services, we used the Sector Impact Map in the Tool. It systematically maps the associations for each of the sectors, industry activities and technologies and highlights sectors that are key to different impact areas.

In our Energy portfolio, the main technologies financed are wind turbines and biomass, with very limited exposure to natural gas, coal and oil-fired power stations.

### CONTEXT AND RELEVANCE

To determine our most significant impact areas, we also had to consider national contexts. To assess the priorities and challenges in different countries The Country Needs resource in the Tool uses international resources and provides guidelines on leveraging additional resources. AIB operates mainly in Ireland and using the Tool we determined that the most relevant challenges and priorities in Ireland include climate change, resource efficiency, inclusive, healthy economies, access to housing and decent employment.

Once we had identified the priorities and challenges, we cross-referenced them with our most recent materiality exercise where we asked our stakeholders to tell us what ESG matters they considered to be most material. The topics identified by our stakeholders, and on which we structure our sustainability reporting, are set out in our Materiality process on p.19, and are broadly aligned with the challenges and priorities in Ireland. When we completed our materiality exercise in Q4 2019, climate change did not rank in our top 12 material topics. It was clear that greater progress was needed to raise awareness of the role finance plays in climate action. Given that banks have a fundamental role in supporting the transition to a low-carbon economy, we incorporated this into our material topics.

We reviewed international and national resources (including the EU Action Plan on Sustainable Finance, the Irish National Climate Action Plan and the Programme for Government in Ireland). The Climate Action Plan, published in 2019, sets out a course of action over the coming years to address climate transition in Ireland. The Climate Action and Low Carbon Development (Amendment) Bill, which is awaiting enactment, introduces a requirement to annually revise the Climate Action Plan, and prepare a National Long Term Climate Action Strategy at least every decade.

# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## CLIMATE STRATEGY



Details of key engagements in 2020 are set out on p.18-22. In 2021, we will look to engage further with stakeholders to further build on our work in assessing the priorities and challenges for Ireland. This year, the COVID-19 pandemic is reinforcing how important a healthy society is to a healthy economy.

### SCALE & INTENSITY/SALIENCE OF IMPACT

The outcome of our assessment of the challenges and priorities in Ireland and the PWC SDG Prioritisation matrix for Ireland, led us to look more closely at climate change and housing because these were identified as key priorities in our countries of operation and due to our exposures in the related sectors. For our first report on implementing the Principles for Responsible Banking, we are focusing on one of our areas of significant impact – climate change. We will report on our second area of significant impact in our next sustainability report.

The Environmental Protection Agency (EPA) is an independent public body in Ireland that regulates Ireland’s greenhouse gases, compiles the inventories of greenhouse gas (GHG) emissions for Ireland and reports the data to the relevant European and international institutions. Referencing the EPA’s GHG research, we have completed some initial work on sector strategies (see p.27).

In 2020, we completed a heat map of our customer lending portfolio to understand which sectors had the highest impact (see illustrative table on the right). We carried out a high-level baselining exercise of our loan book GHG footprint referencing our loan book at 31.12.2019 and utilizing the Partnership for Carbon Accounting Financials' (PCAF) Global Carbon Accounting Standard. PCAF is an industry-led initiative launched in September 2019. The Standard serves

as an extension of the GHG Protocol, intended to provide further guidance for measuring GHG emissions from investment and lending portfolios ('financed emissions'). The work is aligned with available guidance, on a best endeavours basis. The heatmap will be reviewed annually to reflect any changes in sector exposure from year to year.

We are following a sector approach, where we focus on the sectors in our loan book that generate the most climate impact. Taking a sector-based approach means that each sector must be assessed and managed separately, having its own methodology, portfolio targets and metrics, because each sector’s transition pathway differs in terms of Paris climate alignment. We have set out the potential risks and opportunities relating to these on p.28 During 2021, we will be commencing more detailed sector analysis to support our Net Zero ambitions and our impact analysis and will report further on this in our next report.

The outcomes of the impact analysis support our climate strategy. Our Climate Action Fund and our suite of green financing options for personal customers help enable us to maximize on the opportunities to increase the positive impacts associated with our retail and corporate portfolios. For our real estate portfolio, customers with high energy efficiency ratings can avail of better 5-year fixed interest rates. Our Excluded Business Activities list, which we initially implemented within our Corporate, Institutional & Business Banking segment and is now in effect across our business (see p.32), together with our focus on finance for renewable energy is helping us to reduce negative impacts. Our well-established specialised Energy, Climate Action & Infrastructure team are actively supporting renewable energy finance projects in both Ireland and the UK.

	AIB GROSS LOANS €BN	% OF AIB LOAN BOOK <sup>1</sup>	ROLE IN NATIONAL DECARBONISATION <sup>2</sup>	SECTOR CARBON INTENSITY <sup>3</sup>
Personal – Mortgages	31.4	51%		
Agriculture	1.7	3%		
Energy	1.5	2%		
Manufacturing	3.1	5%		
Property & Construction	7.3	12%		
Transport	1.9	3%		
Distribution	5.3	9%		
Financial	0.8	1%		
Other services	6.0	10%		
Other	3.0	5%		
TOTAL	62.0			

LEGEND	GREEN	AMBER	RED
<sup>1</sup> AIB lending exposure @ 31.12.2019	<10%	10-20%	20%+
<sup>2</sup> Based on the EPA's Irish Final GHG Emissions report 2018	<10%	10-20%	20%+
<sup>3</sup> Based on SBTi guidance for FIs	N	N/A	Y

Source: Company information.



# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## CLIMATE GOVERNANCE

The Sustainability Governance structure includes our Sustainable Business Advisory Committee which is a Board committee comprising of four non-executive directors. See Our Corporate Governance Structure on p.15-16 for more information.

### BOARD OVERSIGHT

The Sustainable Business Advisory Committee (SBAC) is an advisory committee that provided direction and guidance on the sustainability strategy and implementation throughout the year. Topics presented to ExCo and Board for decision or review included:

- The Board Risk Committee was updated on the summary of Climate-related Risks & Opportunities from the Sector strategy qualitative exercise (reference Risks & Opportunities Table on p.28)
- The Board Risk Committee approved the revised Group Credit Risk Policy which included the Excluded Business Activities for which we will no longer provide finance or corporate finance advisory services.
- The Board reviewed and approved the Net Zero ambition and targets
- Board and ExCo Training – Two training sessions held – Building Board Sustainability Leadership (SBAC) and ESG Regulatory Training (ROI & UK Boards)
- The SBAC was updated on climate opportunities with quarterly updates on sustainability propositions development status and forward plan.

### STRATEGIC PLANNING & INVESTMENT PLAN

As we continue to implement our sustainability strategy, we completed an extensive body of work in 2020 to assist us in setting out our medium and longer-term ambition which included our Net Zero targets. We also focussed on understanding the breadth of ESG regulatory requirements and defined the approach for implementing the change required across our governance, risk framework, disclosures, metrics, reporting and systems and processes and data capture.

Work is progressing on defining science based targets which is the ground work to create a pathway with annual targets to deliver on our Net Zero ambition.

The outputs fed into our Group strategic planning process which was reviewed at ExCo and Board, with approval for an implementation plan that includes delivering against upcoming regulatory requirements, as well as delivering new products and propositions to help our customer's transition to a lower carbon footprint.

### REVIEWING PROGRESS

There are a number of climate-related metrics on the Group Balanced Scorecard that is reviewed quarterly by ExCo and at scheduled Board meetings. These include New Green Lending, ESG Ratings and the Reptrak Environmental score. See 'An Overview of Metrics and Targets' on p.42.

As we develop our Science Based Targets aligned to our Net Zero ambition and integrate them into our financial planning process, these will be tracked in our Business Unit Performance measures and reviewed for inclusion on the Group Balanced Scorecard.

### PERFORMANCE INCENTIVES

AIB does not provide variable pay or long-term incentives to senior management and therefore climate related incentives are not factored into pay and reward. However, a number of Sustainability targets and measurements appear on the Group Balanced Scorecard which is regularly reviewed and challenged quarterly by ExCo and at scheduled Board meetings. In addition, senior executives have ESG performance objectives in their scorecards and sustainability objectives will be in all employee performance reviews and plans from 2021.

### CLIMATE-RELATED RESPONSIBILITIES

The Director of Corporate Affairs, Strategy & Sustainability is the Executive Sponsor for Sustainability and is responsible for the implementation of the Sustainability programme including delivery of the requirements under TCFD, ECB Guidelines on Climate Risk, UNEP FI Principles of Responsible Banking, and other sustainability-related regulatory requirements.

The ExCo is responsible for strategic risk management which includes long term scenario analysis, identifying green opportunities and integration of climate risk into strategic decisions.

The accountability for the identification and assessment of climate risk, and risk measurement and monitoring lies with the Managing Directors of each of our Business divisions – Retail, Corporate, Institutional & Business Banking (CIB) and the UK.

The Chief Risk Officer is responsible for risk monitoring and reporting and our Chief Financial Officer is responsible for the integration of climate risk into our capital management processes.

The Board will have ongoing visibility of risks and opportunities through the Board Risk Committee.

# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## CLIMATE RISK MANAGEMENT

**This year we took the important step of significantly increasing our understanding of the climate-related risks we face as a business, recognising that these need to be identified and managed to minimise negative impacts on the environment.**

To assess the climate-related risks that may impact AIB, we used the TCFD's transition and physical risk categorizations. We also used qualitative scenario analysis to help inform our understanding of the potential impacts of climate change on our business over the short, medium, and longer term. For more information on our approach to identifying climate-related risks, please see p.28.

While we recognise the need to further develop this understanding, this first step in climate risk identification has allowed us to plan for the years ahead and develop a programme of work to fully integrate climate change into our climate strategy, risk management and decision-making processes. Please see the 'Looking Forward Section' on p.43 for further details on our plans for 2021.

### POLICIES

Our group-wide Energy, Environmental, Group Credit Risk and Project Finance policies are the key policies we rely on in relation to supporting climate action throughout AIB. Our energy and environment policies, which are sponsored by

our Chief Operating Officer, guide the decisions we make in relation to our internal operations. Our Group Credit Risk Policy incorporates the list of excluded business activities for which we will no longer provide finance or Corporate Finance advisory services.

### EXCLUDED ACTIVITIES IN GROUP CREDIT RISK POLICY

In July 2020, we published our list of Excluded Activities meaning Corporate, Institutional & Business Banking (CIB) Wholesale<sup>1</sup> will not provide term loan products or Corporate Finance advisory services to any entities or their subsidiaries involved in our list of excluded activities in the following sectors:

- Energy and climate action
- Animal welfare
- Ecosystem protection
- Healthcare/genetic engineering
- Surveillance/arms-related/military
- Adult entertainment.

In relation to energy and climate action specifically, the focus here includes the following activities:

- Exploration, extraction and upgrading of oil sands projects
- Nuclear power generation
- Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste

- Coal or oil-fired power generation (other than emergency or stand by oil generation) except where less than 25% of revenues are generated from this activity and only where there is a plan to move to sustainable fuels by 2025
- On/offshore exploration, extraction or refining of coal or oil
- Natural gas fracking.

This list has since been incorporated into our Group Credit Risk Policy, which supports the management of credit risk across the Group. The policy rules now prohibit providing new money for term lending to businesses, or any of their subsidiaries, involved in the excluded business activities.

The updated policy was approved by our Board in October 2020 and, since 29 January 2021, this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship managed. The list of excluded activities is publicly available on our website.

While responsibility for implementing these rules sits with our Managing Directors of CIB, Retail & UK, lending teams can also seek advice from our Sustainability team about certain ESG and policy areas when screening credit opportunities. In particular, the team has provided the corporate bank with advice and expertise about potential transactions in the climate action area, a number of which did not proceed on ESG grounds.

### PROJECT FINANCE POLICY

Our Project Finance Policy, approved by our Group Credit Committee, guides our climate-related lending assessments and decisions for long-term infrastructure, industrial projects, and public services. Within credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location must undergo an environmental impact assessment (EIA) which will have to be submitted to competent authorities when applying for project development. AIB may rely on analysis provided by external parties to support our assessment.

### ENERGY AND ENVIRONMENTAL POLICIES

Our Energy and Environmental Policies, which are sponsored by our Chief Operating Officer, set out our commitment to energy efficiency and environmental protection, and guide the decisions we make in relation to our internal operations.

<sup>1</sup> All CIB business units apart from Business Banking and Private Banking.

# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## CLIMATE RISK MANAGEMENT

### INTEGRATING ESG INTO PROCESSES

- **Employee training:** In 2020, we developed sustainability training which is mandatory for all employees and is focused on ensuring an understanding of sustainability and its importance for business and for AIB. It outlines the role of banks and the financial sector in enabling the environmental and social objectives through sustainable finance. The course also covers AIB's sustainability strategy, our journey to date and areas of focus to integrate sustainability across the organisation. There is a specific module on climate change and climate risks, covering the urgency with which all stakeholders need to act, an overview of relevant climate policies, an outline of business risks as a result of climate change and prompting relevant ESG questions for consideration for customers in different sectors. It is the first step in climate risk training which will be followed up with more in-depth training in the upcoming period for the various employee groups aligned to their role.
- **Product governance:** ESG considerations have been integrated into our Group Product & Proposition Approval Process governance lifecycle and the templates for new product approval and post implementation reviews will be updated in March 2021.
- **Due diligence:** Our published Excluded Activities list has been incorporated into due diligence conducted at all loan originations.

- **Credit:** In CIB, an ESG section has been incorporated into their credit applications.
- **Supplier decision-making:** We launched our Responsible Supplier Code in October 2020 which sets out our expectations of suppliers across a range of responsible business areas, and we have begun to integrate these principles into our supplier decision making processes.

### CONSIDERING EXISTING & EMERGING REGULATORY REQUIREMENTS

Our Regulatory Compliance team is responsible for independently identifying and assessing current and forward-looking compliance obligations, including regulation and guidelines in relation to climate change.

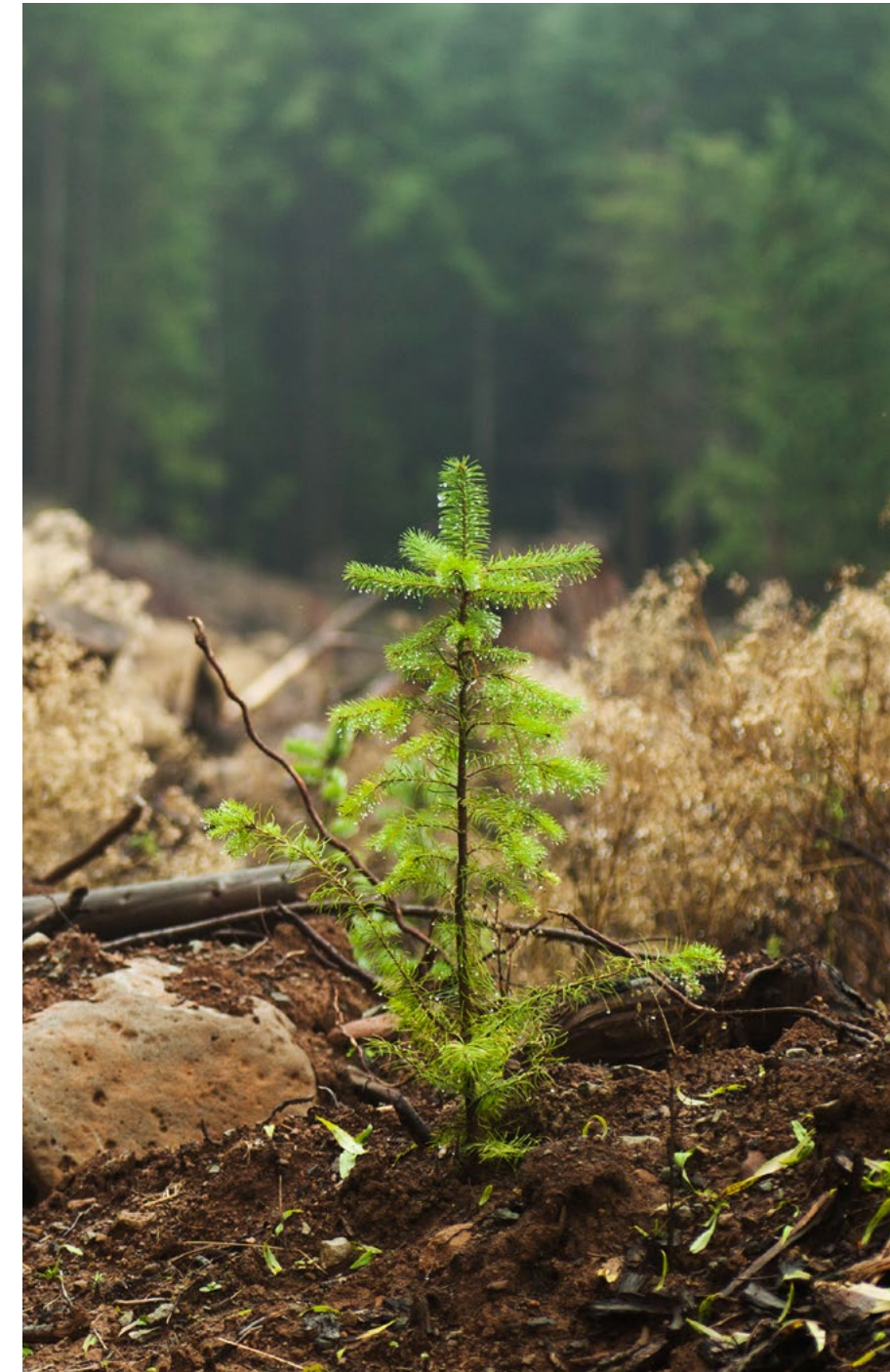
Our Sustainability and Energy and Environment teams monitor regulatory and market sustainability updates to ensure that we are keeping pace with the rapidly evolving ESG landscape.

In addition, in terms of our lending portfolio, our sector, corporate and ECAI teams monitor the landscape at sectoral level, ensuring that we understand the environment in which our customers are operating, enabling us to engage with them in relation to the transition to a lower carbon economy.

### MANAGING CLIMATE-RELATED RISK

Our Material Risk Assessment process, which is completed at least annually, considers the impact of climate change for AIB, our customers and the societies in which we operate, helping us to identify the material risks to the Bank and then determine a suitable risk appetite for them. In our most recent process, we continued to identify climate risk as a key driver of each of AIB's material risks.

Our Risk Appetite Statement, where we set out the Bank's appetite for taking risk, now has a qualitative statement for credit risk in relation to the excluded business activities.

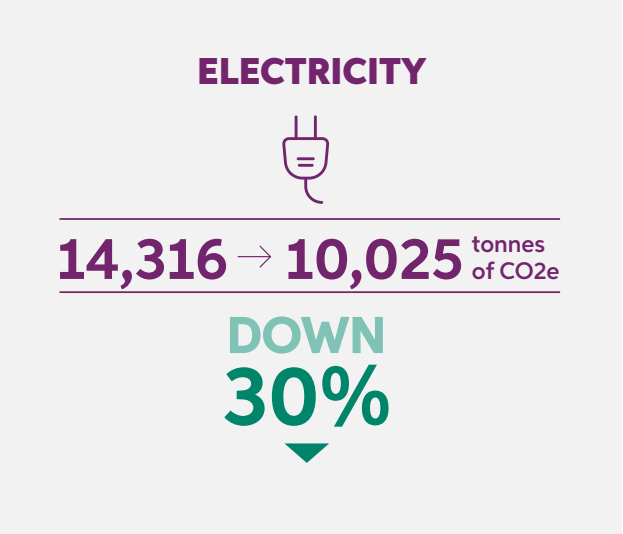
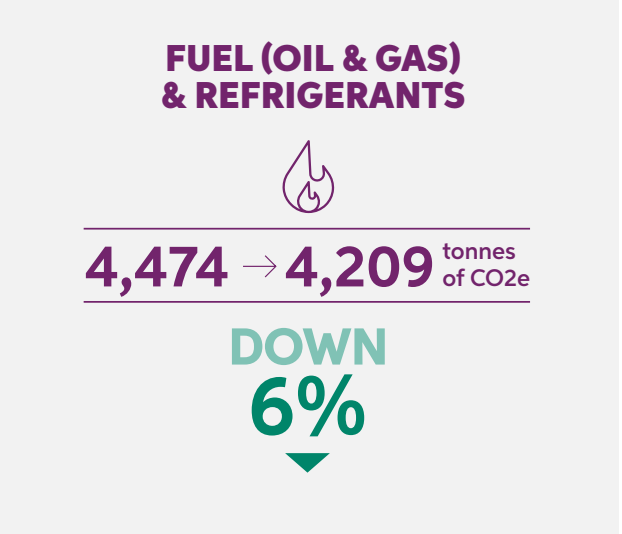
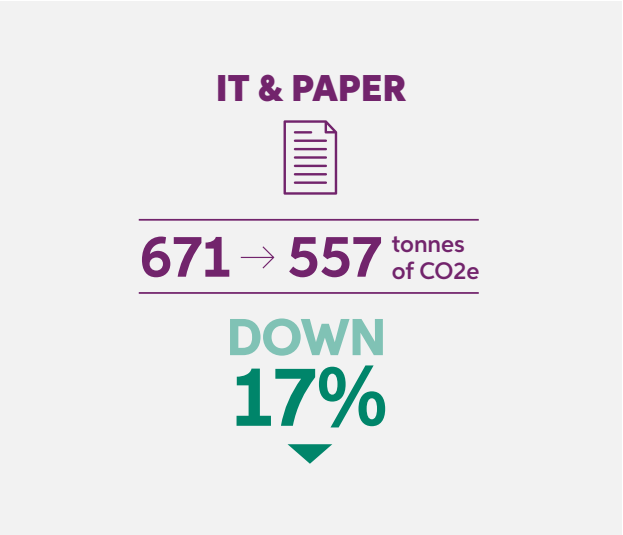




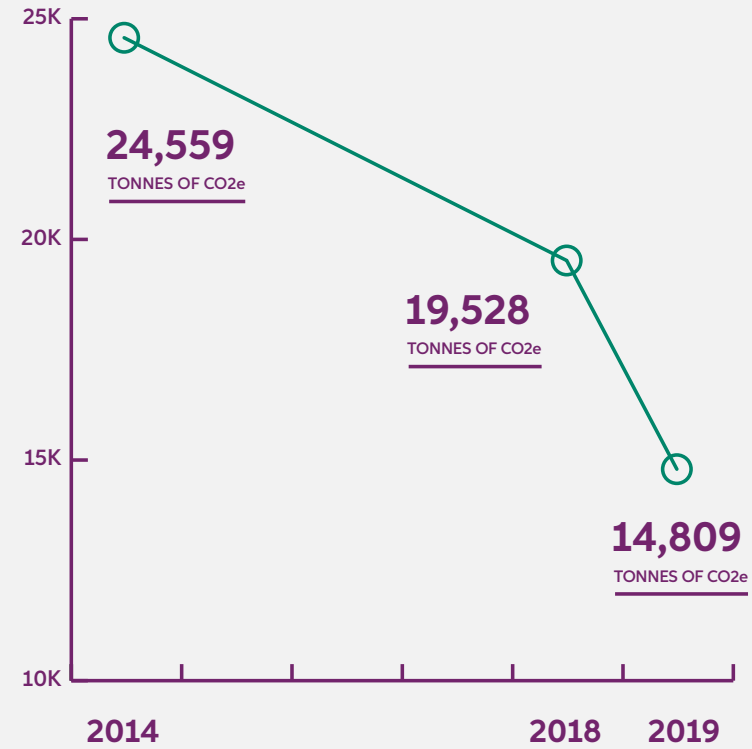
# ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL

## OUR OPERATIONS

We have worked to progressively decrease our own emissions and have a stated ambition to become Net Zero by 2030. The below outlines some of the ways we progress made in 2019 (which is the most recent full year independently verified data available to us).



### OUR CARBON REDUCTION PATHWAY



AIB's Scope 1 & 2 emissions have reduced by 40% from 2014 – 2019.

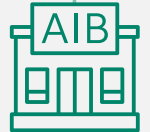
### HOW WE REDUCED OUR EMISSIONS



We are heating our GB locations with biogas generated by dairy waste.



We launched a new online learning course to raise staff awareness of climate change and environmental impacts.



We moved to new efficient buildings like Molesworth Street and Central Park.



We prevented 283 tonnes of waste being generated as part of our waste strategy in head office buildings.

Year-on-year change. The above information excludes emissions from water supply, waste generation, business travel (incl. owned fleet), WTT, T&D and commute activities. For 2019, our GHG emissions were 29,269 tonnes of CO<sub>2</sub>e (most recent data available).

# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## OUR APPROACH

We have a key role to play in helping to address the environmental and social issues where we operate. We do this through our support across a range of environmental and social issues, including:

- providing finance to produce renewable energy lending – through our multi-disciplinary Energy, Climate Action & Infrastructure team
- providing finance for energy efficient homes, through our Green Mortgage
- supporting sector-specific initiatives to aid carbon transition, like the Teagasc Grass10 multiyear initiative for farmers
- providing finance for the development and/or renovation of social housing
- providing finance for retrofitting less energy efficient homes
- supporting customers to move away from transport options reliant on fossil fuels
- continuing to add to our Socially Responsible Investments (SRI) bond portfolio. We set an internal target of >€800m for our SRI bond portfolio for 2020, which we exceeded.

We recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. In 2019, we launched several products and services including €5bn Climate Action Fund and a Green Mortgage. In 2020, we have continued to build on our products and services to address environmental and social issues – with the addition of our electric vehicle proposition, our social housing fund, and the launch of our inaugural Green Bond. And in 2021 we are kick-starting the year with the introduction of our Green Consumer Loan.





# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## OUR SUSTAINABLE WHOLESALE ACTIVITIES

Despite the challenging market environment significant progress was made in 2020 from a sustainability perspective and COVID-19 did not prevent us from delivering strong growth in strategically important sectors such as renewable energy, social housing, and healthcare.

In fact, the resilience of green and sustainable lending was clearly evident throughout the COVID-19 crisis. The Energy, Climate Action and Infrastructure portfolio continued to be one of the fastest growing lending books in AIB with net balance sheet growth of over 40% in 2020. It also continued being one of the best performing loan books in the bank with nearly 100% of the book fully performing demonstrating the resilience of the renewables asset class. The book also had no COVID-19 modification requests this year.

Key transactions include the funding of assets underpinned by Ireland's growing corporate PPA market, continuing to support customers constructing renewables sites and new lending activity across the onshore and offshore wind sectors.

We are also starting to see an increased interest by our business banking and corporate customers to implement energy efficiency solutions and we have seen increased activity in 2020 in sustainable lending principally through Sustainability Linked Loan facilities (SLL) to the Food and Agriculture, Manufacturing and Utilities sectors. A total of 6 SLLs were signed to date with a good 2021 pipeline.

This kind of lending essentially incentivises companies to use less energy or water or generate less waste for a small margin incentive and materially benefits both the bank and the customer as both proactively transition to a better, more resilient business and lending prospect. This is an area we hope can gain significant traction in 2021 as customers' awareness and education levels increase on this topic and AIB is heavily engaging with its customer base on SLLs.

We have a strong pipeline and strong momentum going into 2021 with strong green activity expected in the year ahead.

 **CLICK HERE TO FIND OUT MORE**



## CASE STUDY

### BACKING RENEWABLE TECHNOLOGIES – IONA CAPITAL

In May 2020, our Energy & Infrastructure team based in London arranged a £62 million refinancing of a portfolio of eleven operational Anaerobic Digestion (AD) facilities with a total generating capacity of 29MW. AD is a long-standing renewable technology in which organic waste material is broken down through a natural biological process in the absence of oxygen to produce a captive biogas and an organic fertiliser. Biogas can then be used to power an engine to generate electricity and heat or purified for injection into the National Grid.

The portfolio, majority owned and managed by Iona Environmental Infrastructure Holdco Limited, is comprised of four large Gas-to-Grid assets, two local authority backed Combined Heat and Power assets, and five agricultural Combined Heat and Power

assets. Feedstock for the plants includes food waste from local authorities, commercial waste from the hospitality and manufacturing sectors, agricultural crops and liquid waste from the manufacturing sector. The portfolio benefits from a range of UK government renewable energy subsidies.

"It is a testament to the resilience of the underlying assets and the commitment of everyone working on the project that the debt financing was completed in such challenging market conditions," said Nick Ross, founder of Iona Capital. "It is also a significant milestone for Iona and a firm endorsement of our investment strategy in the low-carbon sector."

In October 2020, Iona Capital picked up the prestigious 'Best Financing Award' at the World Biogas Summit 2020.



Iona Capital AD plant, St. Boswells Scotland.



# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## €1BN GREEN BOND ISSUANCE OVERSUBSCRIBED

Following the development of our Green Bond Framework in H2 2019, our inaugural Green Bond launched in September 2020 was twice oversubscribed. This transaction is the first Green Bond issued by an Irish bank and the largest Green Tier 2 issue in Europe in 2020. This Tier 2 issuance was fully allocated from Day 1, following the portfolio approach for Green Bonds and we anticipate that this will be the first of many AIB/ESG bond issuances from AIB Group.

In developing the framework, we engaged with external industry experts including ING (structuring advisor), Guidehouse, Carbon Trust, and the second-party opinion was provided by Sustainalytics. We engaged extensively with investors across Europe explaining both our Framework and our wider sustainability strategy goals. Despite uncertainties arising from Brexit and COVID-19 by late summer 2020 we were confident market conditions and investor appetite for our Green Tier 2 new issue were strong.

In September 2020, we successfully launched, priced, and closed our inaugural Green Bond transaction on

the first anniversary of the launch of our Green Bond Framework. A €1bn Tier 2 Capital instrument, with a maturity of 10.5 years callable after 5.5 years, was executed with a coupon of 2 7/8%, 150 investors and investors and a total order book of Euro €2.24bn, more than twice oversubscribed.

This was a strong result in what were volatile markets at the time and represents a solid endorsement from the investor community of our ambitions to build a sustainable balance sheet. It represents a further endorsement of the progress the bank is making across all areas.

The supporting portfolio has increased to €2.27bn, and we anticipate that it will grow year on year as we grow our sustainable loan portfolio.

 **CLICK HERE TO FIND OUT MORE**



## CASE STUDY

### GREENFIELD GLOBAL

Greenfield Global is a leading producer and supplier of high-value, mission critical raw materials, ingredients and additives that are vital to businesses and integral to a lower carbon economy.

In 2020, Greenfield expanded outside of North America to build its new EU manufacturing headquarters in Ireland. The company's portfolio of products become a critical part of the Life Science ecosystem in Europe and beyond and will support the expanding life sciences sector in Ireland. It is the company's first manufacturing site outside of North America and will enhance

the Life Sciences sector supply chain in Ireland. The company also plays a leading role in the fight against COVID-19 from hand sanitizers to product for vaccines.

AIB provided funding for the new 3,800-sq-m manufacturing site and the building is classified as a 'nearly Zero Energy Building' (nZEB), one of the first nZEB compliant manufacturing sites in Ireland.

The plant based in Portlaoise opened in July 2020 and will employ 75 employees when fully operational.



# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## SOCIALLY RESPONSIBLE INVESTMENT BOND PORTFOLIO

In 2019, we established a Socially Responsible Investment (SRI) bond portfolio to fund domestic and international projects aimed at global sustainability, carbon emission reduction, and social improvement, all under the over-arching themes of Environment, Social, and Governance (ESG).

In 2020, demonstrating our commitment as a sustainable investor, we developed an SRI Framework which explicitly sets out our minimum investment criteria when considering bonds in the ESG space. The criteria ensures that only higher quality issuers, measured on key sustainability metrics, qualify for consideration in our SRI bond portfolio.

### REPORTING

Reporting demands issuer integrity and holds their use of proceeds to account, as well as providing the investor with key information on how their funds are being utilised. Under this pillar, we require issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations, incorporating a Second Party Opinion.



**CLICK HERE TO FIND OUT MORE**



### LIVING THE SUSTAINABLE WAY

We look more favourably upon issuers who actively engage in the world of socially responsible investment and those whose frameworks incorporate some of the UN Sustainable Development Goals (SDGs).

We favour issuers who have shown improvements and satisfactory standards in board diversity, ownership and control, executive pay, tax transparency and business ethics. We rely on independent ESG Rating Agencies when measuring the quality of an issuer under this pillar.

Our SRI Framework is a live document and will continue to evolve in response to market changes in what is a new but rapidly expanding sector. For 2020, we set an internal target of >€800m for our SRI bond portfolio, which we exceeded. We are building towards a medium target of our SRI bond portfolio accounting for 10% of our overall bond portfolio.

## CASE STUDY



### SUSTAINABILITY LINKED LOANS – THE DAWN MEATS GROUP OF COMPANIES (‘DAWN MEATS’)

As a leading European food group, Dawn Meats’ publicly stated purpose is “providing consistent quality meat products from sustainable sources to support rural communities, human health and eco-system”, which is captured in its ambition “to become Europe’s most sustainable meat company”.

With an embedded sustainability culture since 2009, Dawn Meats’ current 2015 – 2025 Sustainability Strategy has five core pillars (People and Community, Sustainable Sourcing, Animal Welfare, Resource Management and Food Safety, Health and Nutrition) and supports the UN 2030 sustainable development goals. Recognising the challenge posed by climate change, Dawn Meats became the first European beef and lamb processor to sign up to the Science based targets initiative (SBTI) in May 2019 with its targets subsequently approved by the SBTI in November 2019.

This ambitious commitment supports Dawn Meats’ pathway for its Scope 1, 2 and 3 emissions. As part of their 2020 sustainability action plan and with the support of AIB and other syndicate lenders, Dawn Meats introduced a Sustainability Linked Loan

structure (“SLL”) to their syndicated facilities. The SLL encourages Dawn Meats to achieve its ambitious 2025 Sustainability Strategy with performance measured annually across 4 sustainability indicators:

1. Reduced water consumption;
2. Reduced primary energy consumption;
3. Decreased total greenhouse gas emissions; and,
4. Maintaining zero waste to landfill.

Performance against annual indicator target values will be independently tested.

Working with customers, farmers, and other suppliers in supporting the sustainability of the supply chain, Dawn Meats invests heavily in external and internal initiatives such as animal welfare, farm assurance, knowledge transfer, food safety, food defence, quality standards, staff training and process efficiency.

AIB is a €90m participant in Dawn Meats’ syndicated facilities and is delighted to support Dawn Meats’ strong and embedded sustainability culture.



# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## SUPPORTING GREEN MORTGAGE LENDING

Our Green Mortgage launched in Ireland in November 2019 as a key initiative to support customers who are dedicated to having a more energy efficient home.

In Ireland, our proposition is a 5-Year Fixed rate mortgage for new and existing AIB Private Dwelling Home Mortgage Customers whose property has a Building Energy Rating (BER) of between A1-B3 inclusively.

Both new and existing customers who meet the qualifying criteria can apply for the AIB Green 5-Year Fixed Rate either as part of their mortgage application (new customers) or via the Mortgage Rate Amendment process (for qualifying existing customers).

Since the launch in November 2019, over 1,000 new customers and over 3,500 existing mortgage customers have availed of a Green Mortgage, demonstrating our support to

customers who are seeking ways to have more energy efficient homes.

In February 2020, AIB UK launched one of the first Green Mortgage offerings in the UK market and the first in Northern Ireland. Our speed to market on this innovative proposition was made so much easier given our recent rebranding to AIB in NI as we benefitted from the product design and the marketing creative that had been very recently deployed in Ireland.

For financial year 2020, Green Mortgage lending equated to a total drawdown of €346m (€335m in Ireland and £9m in the UK) and equated to 14% of all new mortgage lending.

## THE POWER OF ZERO

Nissan and AIB have come together as the new driving force behind an ambitious initiative to put more Electric Vehicle (EV) drivers onto Irish roads and supporting the transition to a low-carbon economy.

The 'Power of Zero' initiative offers consumers the opportunity to buy a new Nissan LEAF with 0% finance and to avail of one year's free servicing. Customers who do so could save more than €13,000 in finance and running costs and 11 tonnes of CO<sub>2</sub> emissions over five years, which is equivalent to planting 181,887 trees.

This offer supports the Government's Climate Action Plan and presents motorists who want to take the road to a sustainable, greener future with an all-encompassing offer that is the first of its kind in Ireland.

"This integrated approach has been taken by Nissan and AIB in recognition of our joint commitment to creating a sustainable Ireland. We looked at what consumers required to make the switch to EV driving and responded with an initiative that delivers great value and a greener future for Ireland," said James McCarthy, CEO of Nissan Ireland.

The Nissan LEAF is Ireland's best-selling EV with 5,406 of Ireland's 11,684 EV drivers having already chosen the zero emissions vehicle as the most effective way to reduce their motoring costs and carbon footprint.



James McCarthy (Nissan) and Yvonne Holmes (AIB) pictured with the Nissan Leaf EV.



# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## CLIMATE FINANCE WEEK 2020

We were proud to be the lead sponsor of Ireland's Climate Finance Week 2020. Organised by Sustainable Nation Ireland and supported by the Department of Finance, Climate Finance Week took place virtually from the 2nd to 6th November.



The week-long agenda saw over 5,100 attendees at c. 20 events taking place over five days. In line with much of the experience of 2020 the core theme of the week was investing in a resilient future. We opened the week with our fourth AIB Sustainability Conference virtually welcoming over 3,000 attendees inviting them to join a climate conversation with an expert line up. We saw a sixfold increase on our attendance last year, due to increased interest and the virtual setting making it more accessible, while also reducing the footprint of attending. Our speakers included Paul Polman ex CEO of Unilever, Ellen MacArthur founder of the HER foundation focusing on the circular economy and Christiana Figueres the Co-Chair of the 2015 Paris Climate talks.

We also invited our employees to join an interactive session with our keynote speaker Christiana Figueres, who spoke about the power of personal contribution and how banks play an important role in the decarbonisation of our society and economy with one of the many key quotes being:

**“IT’S VERY CLEAR THAT WHEREVER FINANCE GOES, SO GO EMISSIONS. IF YOU FINANCE HIGH CARBON ASSETS, WHATEVER THEY ARE, THEY WILL HAVE THE ATTENDANT GREENHOUSE GASES FOR DECADES TO COME”**

At the conference CEO Colin Hunt announced our ambition to have our operations carbon neutral by 2030 using a Net Zero approach.



### WATCH THE HIGHLIGHTS

Click here to watch the highlights of **Climate Finance Week 2020**.



## CASE STUDY



### SMURFIT KAPPA – PEOPLE, PLANET & IMPACTFUL BUSINESS

Smurfit Kappa Group PLC (“SKG”) is a FTSE 100 company and one of the world’s largest integrated manufacturers of paper-based packaging solutions with 352 production sites across 35 countries (Europe (23) and Americas (12)). SKG is also a leading company in sustainability who base their ambition of sustainable growth on three pillars: Planet, People and Impactful Business.

As part of ‘Better Planet 2050’, SKG incorporated five sustainability targets into their financing structure including five separate environmental and social targets.

With the support of their syndicate lenders (including AIB), SKG introduced a Sustainability Linked Loan structure (“SLL”) to their banking facilities which encourages SKG to achieve its ambitious sustainability performance objectives. SKG’s targets have been formally documented in the loan agreement and performance against these targets will be independently tested.

SKG have committed to use the Science Based Targets Initiative (“SBTI”). The SBTi aids companies to set ambitious targets in relation to climate action and SKG has asked them to

validate that its targets are aligned with the Paris climate agreement and the UN 2030 sustainable development goals.

As part of their SLL financing, SKG will be measured against annualised targets that are linked to the following sustainability objectives on climate change, forest, water, waste and people:

- 55% reduction in fossil fuel emissions intensity by 2030 from a base year of 2005
- Increase share of packaging solutions sold as Chain of Custody certified to 95% by 2025 from a base year of 2005
- 60% reduction in organic content of water returned to the environment by 2025 from a base year of 2005
- 30% reduction in waste sent to landfill per tonne of product by 2025 from a base year of 2013
- 5% reduction in Total Recordable Injury Rate annually.

AIB is a €43m participant in SKG’s syndicated facilities and is delighted to support SKG’s strong and embedded sustainability culture.

# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## AIB SUSTAINABILITY INDEX

Along with our sponsorship of Climate Finance Week Ireland where we bring business leaders together to discuss the issue of sustainability we also look to understand and increase consumer awareness.

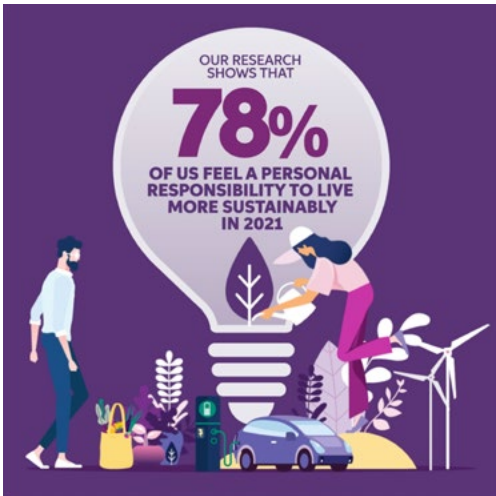
We work with Amarach Research to produce the AIB Sustainability Index a unique research project that tracks the perception in Irish society of climate and environmental sustainability. The index is run twice each year to track changes in the index and its component parts. We focus on society’s attitudes, intentions and behaviours towards their travel and energy & domestic consumption.

Relating to Wave 3 of the research AIB CEO Colin Hunt said “It’s heartening that the AIB Sustainability Index shows that people are planning to live more sustainably. At AIB, we too have put sustainability at the centre of our strategy and will continue to support our customers to transition to a low-carbon future by funding renewable energy projects and financing the building and purchasing of energy efficient homes.”



**CLICK HERE TO READ MORE**

You can find the latest Wave 3 findings here.



## SUPPORTING THE NATIONAL POLLINATOR PLAN

**AIB is a Business Supporter of All-Ireland Pollinator Plan (AIPP). Every year, we carry out pollinator-friendly actions to support the AIPP.**

Populations of honeybees, bumble bees and solitary bees all over Ireland have shrunk dramatically over the past three decades. A third of all species are now threatened with extinction. As well as the honey we enjoy from honeybees, bees are responsible for pollinating our wildflowers and many fruit and vegetable crops, such as strawberries and apples.

We have an established bee population since 2017 and in 2020, our beekeeping community expanded with our head beekeeper recruiting six employees who subsequently completed beekeeping courses.

To raise awareness of our bee population we started an internal site where staff can learn the story of the AIB bees explaining how initial four hives increased to 12 in Molesworth Street. Recently we participated in research studies from Trinity College on pollen quality and we have shared our experience in managing to establish a rooftop apiary.



AIB beekeeper Kevin Power, tending to the beehives on the roof of our office in Molesworth Street, Dublin.



# PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES

## AN OVERVIEW OF METRICS AND TARGETS

### GREEN LENDING

We launched our Climate Action fund in 2019, with a target of financing €5bn in green lending over five years. We had another strong year in 2020, with a further €1.46bn deployed, totalling €2.66bn provided over the last two years.

In 2020, new green lending represented 16% of all new lending (2019: 9.8%).

Our Green Mortgage performed strongly this year, with 14% of total mortgage drawdowns qualifying for a Green Mortgage.

PRODUCT	31.12.2020	31.12.2019
New Green Lending*	€1.46bn	€1.2bn
Of which are Green Mortgages	€0.35bn 14% of total mortgages	Launched: ROI Nov 2019 & UK Feb 2020
Renewable energy and Green commercial buildings	€1.11bn	€1.2bn

Note: Green Mortgages includes drawdowns in Ireland and the UK. As Electric vehicle was launched late in 2020 and our Green Consumer Loan was launched in early 2021, they are not reflected in 2020 figures.

The green lending in our overall loan portfolio, which underpins our Green Bond was:

PRODUCT	31.12.2020	31.12.2019
Green Bond allocation	€2.24bn	€1.7bn
Comprised of:		
Renewable energy	€1.16bn	€0.8bn
Green commercial buildings	€1.07bn	€0.9bn

Source: Our March 2021 Allocation Report. For metrics on the environmental impacts of our eligible green Projects see our most recent Impact Report. Both reports are available at [www.aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports](http://www.aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports).

### EXTERNAL RATINGS

We have retained Leadership status since 2016 on the Carbon Disclosures Project (CDP), achieving an A rating in 2020 up from A- in 2019. We aim to retain this rating.

	2020 TARGET	2020	2019
CDP*	A	A	A-

In 2020, we significantly improved our ESG ratings:

- Sustainability – we scored 16.3 equating to Low ESG Risk on 10 Nov 2020. At the time of assessment our score positioned AIB in the 6th percentile of banks (1st = lowest ESG Risk)
- MSCI – on 22 Jan 2021 we were rated as AA (Leader) rating, and up from A (Average) in 2019

- SAM’s 2020 Corporate Sustainability Assessment – we scored 61/100, placing us in the 78th percentile of banks increasing from 35/100 in 2019.

ESG RATINGS	2020 TARGET	2020	2019
Sustainalytics	Above Average	Low ESG Risk	High ESG Risk
MSCI	Above Average	AA – Leader	A – Average
SAM	Above Average	61/100	35/100

We also measure our performance on RepTrak, a leading reputation data and insights company. Our RepTrak environmental score in Q4 2019 was 58 and in Q4 2020 it increased to 62.6.

ESG RATINGS	2020 TARGET	Q4 2020	Q4 2019
RepTrak	60+	62.6	58

### SCOPE 1, 2 & 3 EMISSIONS

AIB’s carbon reporting year is one year behind our financial reporting year. For 2019, our total GHG emissions were 29,269 tCO2e (location-based). Scope 1 emissions contributed to 16% of our carbon footprint, Scope 2 to 34% and Scope 3 for 49% of emissions.

Year-on-year, we reduced our emissions by 16% and our Scope 1 & 2 footprint saw a 24% reduction. In Scope 1,

we reduced emissions from fleet by 22% and our fuel usage by 11%. In Scope 2, location-based emissions reduction has been driven primarily by grid greening in our locations, where the average grid factor has decreased. As per best practice we included, for the first time, hotel stays within the scope of business travel emissions. In 2019, to further decarbonise our GB operations we started using green gas for our heating demand. As a result, we excluded biomass combustion from our Scope 1 emissions and we reported 16 tCO2 of out of scope emissions. Category 15 emissions are not included as part of our Scope 3 emissions.

Our GHG emissions are reported in line with the GHG protocol and independently verified by EcoAct. We use carbon budgets for evaluating internal operations projects e.g. energy efficiency projects. We disclose our GHG emissions annually (see p.99 for the last four years).

### SCIENCE BASED TARGETS

Building from our Net Zero commitment and ambition we have initiated a project to investigate, develop and commit to Science Based Targets for our own operations (Scope 1 & 2) and our customer loan book (Scope 3). This will put in place sector specific annual emissions reduction targets for AIB’s emissions that are aligned with the Paris Climate Agreement.

# LOOKING FORWARD

## CLIMATE STRATEGY

Over the course of 2021, our strategic priorities will be to continue to embed and integrate sustainability and climate action into AIB's strategy via quantification of risks and opportunities, appropriate training, development of Science Based Targets (SBTs) and integration into our risk management framework and supporting policies and credit processes.

We will develop a synthesised view of target opportunities and proposed action for integration into our strategic and business planning cycle. We will complete heat-mapping of AIB's key lending portfolios, aligned to previous Net Zero, sector and SBT analysis.

In support of our Net Zero ambition, it is our intention to continue to invest in energy-efficient projects to reduce our own footprint and to work to set SBTs for our lending portfolio.

## CLIMATE GOVERNANCE

The amount of regulatory change that relates to sustainability is significant and growing and this is welcome as it will give the clarity and consistency of what is required in delivering against this critical agenda.

AIB has committed to continuing and expanding our Sustainability Investment programme which will be a multi-year programme implementing changes to processes, systems, data capture to integrate and truly embed ESG. Part of this work will involve a review of

governance & accountability for climate-related issues to identify what may need to change in this regard as the risks and opportunities are defined in greater depth and quantified.

## RISK MANAGEMENT

Looking to 2021, the next important step will be to consider the severity and measurement of the risks identified and how that impacts our Risk Management Framework and policies. To do so, we need to understand the areas of our portfolios and sectors which have a greater sensitivity to climate change and how identified climate-related risks impact on our existing risk categories. We then need to work towards quantifying the financial impacts of these risks, with a particular focus on the portfolios and sectors we have determined to be at the highest risk. In particular, we intend to carry out a flood risk analysis of our residential property portfolio under different climate scenarios.

The next step will be to ensure that the results of this assessment are factored into our Risk Management Framework and credit and supply chain processes, ensuring that we develop our policy suite to effectively identify, assess, manage, and monitor our climate-related risks. We also intend to further integrate ESG considerations into our credit application processes, allowing us to engage with our customers to see how we can best support them in their transition to a lower carbon economy.

In addition, we intend to consider whether any identified climate-related risks could impact our capital/liquidity and we are monitoring stress testing developments. As we develop our policy suite in line with our climate risk management strategy, we intend to deliver comprehensive climate risk training to all impacted teams, to supplement the mandatory sustainability training already in place.

## METRICS & TARGETS

**New Climate Action Lending** – We will continue to build out our propositions to support financing more green projects and assets, and increase awareness with our customers in understanding the transition steps they can take and how we can support them and intend to set targets by product and business area.

**Net Zero** – To support Scope 1 & 2 emissions reduction we will continue to invest in energy efficiency projects to reduce our own footprint, are exploring options for renewable energy including a Corporate Power Purchase Agreement and are considering how the hybrid model of remote/onsite working will evolve and its potential impact.

We are working towards setting SBTs for our lending portfolio. This will inform our annual emissions reductions and enable targets to be set across our key sectors. We are starting to capture data on our Supplier emissions and will be working to set targets on emissions reduction in our supply chain.

# OUR TARGETS

**2023**

**€5<sup>BN</sup>**  
IN NEW CLIMATE ACTION LENDING

**2030**

**NET ZERO**  
IN OUR OWN OPERATIONS

AMBITION FOR  
**70% OF NEW LENDING  
TO BE GREEN**

**2040**

**NET ZERO  
AMBITION**  
CUSTOMER PORTFOLIO LENDING  
(AGRI 2050)

<sup>1</sup> Includes Scope 1 & 2 emissions.



# ECONOMIC & SOCIAL INCLUSION

We recognise the pivotal role that access to finance plays as an enabler in everyday life for all our customers. We're continuously investing in financial education and learning both directly and in partnership with specialists with a clear focus on innovation, collaboration and engagement for our employees and our customers.

**THIS CHAPTER COVERS  
OUR RESPONSE TO  
THE FOLLOWING  
MATERIAL TOPICS:**

→ USABILITY OF SERVICES AND  
ACCESSIBILITY OF PRODUCTS

→ ENABLE CUSTOMERS TO  
MAKE BETTER INFORMED  
DECISIONS

→ INNOVATION  
AND CO-CREATION

→ FINANCIAL INCLUSION  
AND LITERACY



# OUR PROGRESS IN 2020

## MATERIAL TOPICS

USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS		ENABLE CUSTOMERS TO MAKE BETTER INFORMED DECISIONS	INNOVATION AND CO-CREATION	FINANCIAL INCLUSION AND LITERACY
99.5% OF BRANCHES OPEN DURING COVID 19	END-TO-END DIGITAL MORTGAGE JOURNEY LAUNCHED	20,836 FINANCIAL PLANNING REVIEWS	€300M SOCIAL HOUSING FUND	100 SCHOOLS PARTICIPATED IN BUILD A BANK
14,300 HOURS VULNERABLE CUSTOMERS TRAINING		32 BREXIT ADVISORS	€2.4M COVID RESEARCH GRANT TO TRINITY 6,000 TONNES OF FOOD REDISTRIBUTED VIA FOODCLOUD	17,000 BASIC BANK ACCOUNTS OPENED





We pledge to **DO MORE.**

 AIB Sustainability

# USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS

## OUR APPROACH

**The delivery of a positive customer experience is the cornerstone of a sustainable business. It ranks highly for all our stakeholders.**

We have a customer first approach, we are engaging, listening and responding to our customers, and working with them to ensure they get the best products, services how, where and when they need it. AIB's involvement with the impact of usability of services & accessibility of products and customer experience is cause, and the key impacted stakeholders are customers.

In AIB our main products and services offerings are mortgages, personal, SME and corporate lending, payment services, credit card services and deposits. Where we provide non-core banking products, for example general insurance, we typically partner with market leaders.

It is important to our stakeholders that our products and services are relevant, simple, easy to use and accessible where, when and how they need them.

The first step in ensuring a positive customer experience is for our products and services to be useable and accessible. It is therefore critical in the design of our products/services that product owners clearly identify the customers' needs, take into consideration the needs of customers who are deemed to be vulnerable, and incorporate their feedback and input into the design. Under our customer first approach, our ethos is that both

new and existing customers are treated in a fair and transparent manner.

Our approach for managing and mitigating risks relating to the development of new products, propositions and substantial changes to existing ones, as well the solutions we use to help customers in difficulty, is set out in our Product and Propositions Risk Policy.

It is a key requirement of our policy that our customers' needs are considered throughout the development and management of products. Our policy applies to retail and non-retail customers. Through our Vulnerable Customer programme (see p.58) our partnerships with Age NI, Dementia Friends & Alzheimer's Society enable us to get their views on our products and communications.

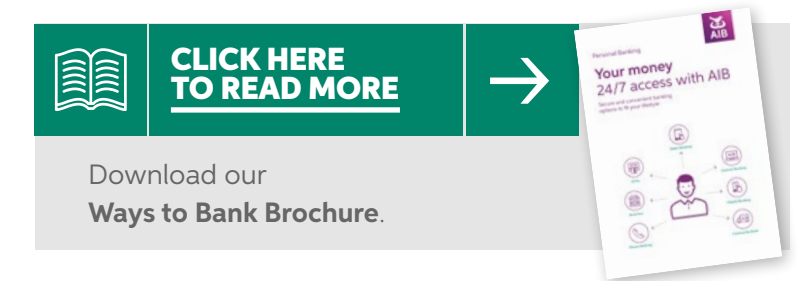
A Product Risk Assessment is completed at key stages of the Product Lifecycle. Products are allocated a risk rating and reviewed on a periodic basis matched to its rating. These ratings are recorded on the Group Risk Management system. Our Group Product & Propositions Committee is responsible for reviewing and approving new products and propositions including customer solutions and substantial changes to existing products; and to provide oversight of the Group's Product portfolio to ensure it remains fit for purpose for customers. This committee is a sub-committee of the Group Conduct Committee.

## ACCESSIBILITY FOR ALL CUSTOMERS

We strive to make our products & services accessible to all our customers. Everyone can access our banking services through the post office network on the island of Ireland & through a community bank for rural locations in Ireland. Information is contained in our **Ways to Bank Brochure**. We promote the use of mobile phone banking to increase access to banking services for all customers.

People aged 16-65 years, who live in the Republic of Ireland, have an EEA Passport, and do not hold any accounts with AIB can now open a personal current account (including complete all identification and address verification) with AIB using their mobile phone. For customers with sight difficulties, our Mobile Banking App supports accessibility usage for Android/iOS users and AIB Phone Banking is available for those who prefer to bank over the phone. Bank statements can be ordered in Braille/large print, and on our website, we have tried to make the text scalable where possible. Our ATMs have an adapted keypad that has a raised pip on the number 5 button and universal raised icons. Our Internet and Mobile banking channels are helpful for customers with hearing difficulties. Accessibility information for our branches is published online:

[www.aib.ie/help-and-guidance/need-extra-help](http://www.aib.ie/help-and-guidance/need-extra-help)  
[www.aib.ie/branchlocator](http://www.aib.ie/branchlocator)  
[www.aibni.co.uk/ways-to-bank](http://www.aibni.co.uk/ways-to-bank)  
[www.aibgb.co.uk/help-and-guidance](http://www.aibgb.co.uk/help-and-guidance)



Download our  
**Ways to Bank Brochure.**

## ACCESSING OUR PRODUCTS & SERVICES

We have a network of 324 locations across Ireland and the UK and 1.72m active digital users. We also offer banking services through An Post, with c. 950 locations in Ireland and through The Post Office which has over 11,500 locations in the UK.

We see how society is adapting to COVID-19 and first hand we are seeing how it is changing how our customers conduct their finances. In 2020, we had 1.39m active mobile customers increasing from 1.3m in 2019. Last year we facilitated 2.57m daily user interactions across all our channels.

With the onset of COVID-19 and the associated restrictions which impacted livelihoods and businesses, it was critical to ensure our customers always had access to their accounts, to our banking services and to financial supports when they needed them. We supported our customers by keeping 99.5% of our branches open and accessible in Ireland and in the UK. And as our customers tried to adapt to working and schooling from home during the year, being able to bank online became increasingly important. 77% of personal loans we assessed were submitted online via our internet banking service.

Customers in Ireland can now apply for a mortgage online and when they do we set them up with our My Mortgage app so they can upload the documents we need to assess their application (see p.48). We were also able to support our customers with working capital supports and mortgage payments breaks to help them during the financially challenging times of the crisis.



# USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS

## OUR APPROACH

### BANKING SAFELY DURING COVID-19

As an essential service, 99.5% of all our AIB & EBS branches remained open to our customers across Ireland and UK throughout the pandemic. Our contact centres remained fully operational during this time, with some employees required to work onsite in order to continue providing support to our customers.

The safety of our customers and employees is paramount; to support this we implemented robust structures and new practices to support a sustained service throughout this challenging time for both customers and employees including:

- Reconfiguring the physical lay-out of branches implementing protective screens
- New protocols to support safe meetings for employees and customers
- Priority hours introduced for vulnerable customers between 10:00am – 11:00am each day
- A new Temporary Agent facility, was introduced, providing those who needed a way to access their accounts, but couldn't get to us a way of safely and securely accessing their accounts through a nominated person
- We worked with our customers to help them maximise their digital banking options, and the self-service options available in branch, resulting in a 20% increase in customers utilising self-service cash and cheque lodgement devices.

### PRODUCT MANAGEMENT & OVERSIGHT


Our Product and Proposition Risk Policy details the considerations to be included in the development of products including the evaluation of customer needs and the clear identification of the target market.

Product owners across the organisation are responsible for:

- identifying and assessing product related risks and ensuring adequately designed controls are in place and operating effectively
- overseeing the end-to-end lifecycle of each product, including monitoring that the product operates as intended and is sold, distributed and fulfilled correctly to the approved target market
- ongoing monitoring of complaints and errors relating to their products and for, where required, conducting appropriate root cause analysis.

Our Risk team provides ongoing oversight and monitoring of the Group's Product Risk profile. The Group Risk Appetite Statement sets out qualitative and quantitative product governance metrics and outlines the level and types of risk we are willing to take in pursuit of our strategic objectives. In 2020, the Conduct Risk qualitative statement was updated to include Product Risk. It is monitored monthly by Regulatory Compliance.

**99.5%**  
**BRANCHES**  
**REMAIN OPEN**



### SME COVID-19 SOLUTIONS

In order to provide short term relief to customers who experienced short term cash flow pressure as a result of COVID-19 impact to their business we introduced SME COVID-19 solutions.

This streamlined COVID-19 Working Capital process for Customers who are experiencing or potentially going to experience a shortfall in working capital due to COVID-19 was introduced in March and covered Overdrafts, Business Credit Lines & Farmer Credit Lines. To improve the experience for customers we implemented a shorter application process.

### SCBI WORKING CAPITAL LOAN SCHEME

In addition to the streamlining of COVID-19 working capital requests we also made significant enhancements to the SBCI COVID-19 working capital loan scheme.

This scheme is a critical Government support measure for SMEs, and we remained committed to introducing workable and robust solutions that achieve the objective of providing the necessary credit, to SMEs that have been so severely impacted by the COVID-19 crisis.

There are loans available from €25,000 up to €1.25m to fund working capital and innovation, change or adaption of the business to mitigate the impact of Brexit or COVID-19.



# USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS

## END-TO-END DIGITAL MORTGAGE

Our Digital Mortgage was launched in Feb 2020 and as Ireland’s first fully digital end-to-end mortgage, it has transformed the home mortgage customer journey.

### THE DIGITAL MORTGAGE JOURNEY PROVIDES:

- An advanced mortgage calculator with full suite of products
- First fully end-to-end digital mortgage from application to drawdown in Ireland
- Simple and clear process for customers
- Capability to upload documents directly
- Direct messaging to your advisor
- Progress is more visible along the journey.

My Mortgage also enables staff assisted applications, offering a streamlined process for standard PAYE (pay as you earn) applicants who account for up to 70% of all applications. From there customers can use My Mortgage to upload their documents, track their application progress, and message the Homes Centre of Excellence team members who support them from that point through to getting the keys to their home.

A further enhancement was introduced in November enabling the remaining 30% of customers with more complex cases to use My Mortgage – this includes self-employed, buy-to-let investors, those who wish to move home yet preserve their tracker rate, and applications by more than two persons.

Customers work with their mortgage expert who will guide them through the Approval in Principle process which, given the more complex nature of the application, may not be available at the first meeting. From an employee perspective, one of the benefits is that all application documents are uploaded directly which delivers greater efficiency by removing the need to scan multiple documents.

## COVID-19 RELATED PAYMENT BREAKS

During the uncertainty of the first couple of months of the COVID-19 pandemic, customers understandably sought guidance and support as to how best manage their finances. A key piece of support available to customers were payment breaks for Homes, SME, and Personal customers.

The first phase of the response in March delivered key Payment Break 1 customer solutions (29 in total), resulting in the building or re-design of products to support these solutions. This was enabled through the mapping of end-to-end engagement journeys and the introduction of new digital solutions like eForms on our new ‘COVID Hub’ and straight through processing on Online and Mobile apps.

In June, in the second phase of the response we introduced Payment Break 2 solutions to support customers coming to the end of their

payment break who still needed support. To improve experience and accessibility, a digital and automated self-serve solution (DocuSign) was introduced. Throughout 2021, customer supports will remain in place for those on payment breaks and for those who are approaching the end of their payment breaks and will transition back to regular payments or require further assistance.

Over 66k customer payment breaks have been applied to date since March 2020.



For more information on how we can provide support during this time please click here.

**66k**  
CUSTOMER  
PAYMENT  
BREAKS

**NPS**  
SCORE OF  
**+62**



# ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS

## OUR APPROACH

**Enabling better informed financial decisions is a material topic for our stakeholders and a key imperative for us. We can help to empower customers to make better informed financial decisions by providing them with clear, transparent, easily understandable, and high-quality products and services. We deliver this through a robust product governance and assurance process, trained financial advisors and a responsible approach to marketing.**

### PRODUCT GOVERNANCE & ASSURANCE

We are aware of the importance of providing suitable products to our customers. Our Product and Proposition Risk Policy sets out our approach for managing and mitigating risks on development of products, propositions, and services, together with substantial changes to existing products. It also applies to the solutions we use to help customers in difficulty. Key requirements are that customers' needs are considered and that all risks, including conduct, are identified and managed appropriately. A Product Risk Assessment is completed at key stages of the product lifecycle, with products being allocated a risk rating, and reviewed periodically matched to its rating. The ratings are recorded on our risk management system.

Work is ongoing to constantly enhance our product assurance processes. This year we saw further progress in work we commenced in 2019 to design and deploy an enhanced product review capability that improves the depth

and quality of assurance being provided across our product set. This has included automating product assurance alerts and key performance indicators for our top ten products which accounts for a significant portion of our product volumes. We will continue to take a risk-based approach to product assurance and governance as we move forward.

### EMPLOYEE TRAINING – EXPERT ADVICE

One of the key risks addressed by the policy is Conduct Risk relating to products. Our policy requires that employees involved in the development, distribution and fulfilment of products are trained appropriately. Minimum competency requirements are in place to ensure customers get the required level of service from employees who provide advice and information on retail financial products for and on behalf of regulated firms. Our customer-facing employees involved in the distribution of products must have and maintain relevant qualifications to comply with Minimum Competency Code requirements specific to the products they distribute. For example, our mortgage advisors must hold a Qualified Financial Advisor (QFA) qualification or Accredited Product Adviser (Loans) qualification. Employees maintain their qualifications through Continuous Professional Development. Management monitor that employees maintain the appropriate qualifications for their role.

We have a wide range of sector specialists in place, providing expert knowledge and insights. Our 32 Brexit advisors have been providing ongoing support to our customers in preparation for Brexit and will continue to do so as Brexit implications are worked through. We also

have 11 Agriculture advisors with strong sectoral knowledge, who provide support on the credit assessment of farming enterprises through objective financial and technical analysis (see p.52).

### RESPONSIBLE MARKETING

In marketing our products and services, aligned with our Conduct Risk Framework we place our customers at the centre of our communications. When advertising or selling our products, we disclose all relevant information to our customers, including charges. Our product advertising carries warnings to alert our customers of any potential negative consequences of changes to their loan agreement – for example, if they do not keep up their repayments their account will go into arrears and this may affect their credit rating and their ability to access credit in the future.

We complete a Know Your Customer process and when we recommend products, we also complete a product suitability assessment to ensure that we have fully understood our customers' needs. We provide customers with information which is both accessible and transparent to support and enable them in making informed decisions. Professional advice is only provided to customers by suitability qualified employees. Our customer language programme empowers our employees to keep our communications simple, clear and transparent, striving to ensure our customers better understand the information relevant to their financial decisions. We seek and record customers contact preferences, and do not part-take in cold calling.

### PRODUCT AND SERVICE INFORMATION

In 2020, 28 error issues were notified to the regulator, the Central Bank of Ireland, under the reporting obligations of the Consumer Protection Code 2012. No errors recorded in 2020 resulted in a regulatory warning or fine/penalty to date. No errors were notified in the UK or USA. We adhere to voluntary codes on advertising standards in Ireland (ASAI) and the UK (ASA) as well as broadcasting and market research codes and have not identified any non-compliance with them in 2020. 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 Audit Committee each year, but not published externally.



# ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS

## BREXIT

If 2020 provided any good news, it finally came in the form of a Formal Trade Agreement agreed between the EU and UK. We had numerous workgroups right across the bank who prepared us to support our customers fully if the Brexit negotiation process did not deliver. This followed nearly three years of Brexit readiness preparations both internally and with our customers.

## 3 YEARS OF BREXIT READINESS PREPARATIONS

Some of the products and services, that we have in place to continually support our customers include:

- **32 Brexit Advisors** and dedicated **Brexit helpline** has been in place to help customers with any Brexit related queries they may have
- **A Brexit Hub** at [www.aib.ie/Brexit](http://www.aib.ie/Brexit) provides detail on all of the supports we offer on Finance, Cashflow, Customs, and Treasury services. The site also provides guidance on key steps needed to secure a Comprehensive Guarantee where the SME customer trades with/through the UK
- A full suite of lending and **cash flow supports** including the Brexit Working Capital and Loan Schemes alongside our wider working capital, long term funding and foreign exchange supports available

- Our Foreign Exchange team can provide **bespoke solutions** for our business customers to mitigate foreign exchange risk, providing them with revenue protection and greater cost certainty
- **AIB Market Talk**, hosted by AIB Treasury, held a series of podcasts through 2020, providing business customers with all the latest on Brexit discussions, with many including examples on how customers across various sectors were getting 'Brexit Ready'. [www.aib.ie/fxcentre/podcasts](http://www.aib.ie/fxcentre/podcasts)
- **Our Brexit Ready Check** – provided customers with a risk assessment of the potential impact of Brexit on their business in less than five minutes, covering six core areas – Sector Overview, Direct Trade, Indirect Exposure, Currency Exchange, Supply Chain and People. A tailored report for the individual SME business customer was also provided, offering practical advice on all the impacted areas highlighted from their responses.



In addition to the above we also hosted external insight events including 'Get Brexit Ready with AIB' virtual event featuring Minister Simon Coveney (Minister for Foreign Affairs & Trade) and ongoing internal training seminars for our employees.



**CLICK HERE TO LISTEN TO THE PODCASTS**

**AIB Market Talk** is hosted by AIB Treasury.





# INNOVATION AND CO-CREATION

## OUR APPROACH

**Our stakeholders have told us that it is important to them that we provide the best products and services for customers by embracing future trends through continuous investments in new revenue models, dynamic and proactive approach towards collaborations and investment in new businesses.**

Along with supporting innovation in our own business, we also have a role to play in providing finance for innovative enterprises. We do this by directly providing banking facilities or loans, and we also help by providing support to initiatives that foster and support new enterprises and/or new innovation in existing businesses. We engage with our customers during the development process to ensure our products and services are meeting their needs.

Each of our agreed partnerships is fully aligned with our strategy and has specific metrics/KPIs that must be met across the relevant and individual objectives of the agreement: commercial, training, brand awareness, community engagement, etc. Each of these are measured in accordance with their respective agreements, on a case-by-case basis.

### SUSTAINABILITY-LINKED LOANS

AIB supported the first Sustainability-linked loan (SLL) in the Irish market in January 2019. SLLs are currently available to customers of our Corporate, Institutional & Business Banking (CIB) segment. While SLLs are used for general corporate purposes, they are commonly aligned in the market with the sustainability-linked loan principles and enable lenders to incentivise the sustainability performance of the customer as well as support positive changes in environmental and/or social matters.

Typically, SLLs incentivise our customers to achieve their own ambitious, predetermined sustainability performance targets, by linking the interest rate of the SLL to the customer achieving agreed sustainability targets/objectives set out at the start of the loan agreement. Performance against those



CEO Colin Hunt joined Minister for Further and Higher Education, Research, Innovation and Science Simon Harris for a visit to the AIB COVID-19 Research Hub in Trinity College Dublin.

targets/objectives is monitored through business as usual portfolio management activities, in line with the contractual information and reporting conditions of each SLL.

### FOSTERING INNOVATION

We have invested in some exciting initiatives across the country – most recently with innovation hubs The PorterShed and Ludgate and we have a long association with NovaUCD – the hub of innovation related activities at University College Dublin. Recognising technological advancement is one of the key enablers to overcome the sustainability challenge and AIB is one of the main sponsors of the NovaUCD AgTech Connector Innovation Hub (see p.52). In 2020, over 80 businesses took part in the Chambers Ireland Sustainability Academy, which we supported. The programme focused on improving participants' knowledge and understanding of sustainability matters.

### COMMUNITY PARTNERSHIPS

Through our community partnerships, we strive to deliver innovation and co-creation. In our established partnership with FoodCloud we work closely with the team as one of their primary partners to deliver a significant impact in addressing food shortage and food waste issues (see p.53).

We work closely with the team – sharing our expertise as well as our employee volunteering time, helping them to deliver a significant impact in addressing food shortage and food waste issues.

COVID-19 has clearly shown us that to have a healthy economy you must have a healthy society. We all have to do what we can to ensure the communities in which we operate are healthy and well. In April we announced a collaboration with Trinity College Dublin to establish a COVID-19 research hub. As a foundation partner, we committed €2.4m to the hub, which aims to accelerate the college's immunology project to help in tackling the COVID-19 pandemic. Trinity is in the top 1% of research institutions globally, and this project brings together leading expertise from there as well as other national and international collaborators.

It is hoped the outputs of the study will help to develop a better understanding of COVID-19, contribute to solutions to manage it, and ultimately support societal and economic recovery nationally and internationally. We see this initiative as being very much aligned with the objectives of the UN Sustainable Development Goals.



# INNOVATION AND CO-CREATION

## SUSTAINABLE FOOD PRODUCTION



Louise Crowley, Teagasc Young Farmer of the Year 2018.

Ireland is well regarded as a quality, safe and sustainable food producer. We have a long established dedicated Agri Advisor team based across the country who work to support the needs of our farming customers. Our Agri Advisors have strong sectoral knowledge and can provide objective farm financial and technical analysis on individual farm cases as needed.

### COLLABORATION

Collaboration with industry partners is key to finding innovative ways to make farming in Ireland more sustainable. Throughout 2020, we continued our partnership with Teagasc on the Grass10 initiative, profiling best practice and practical insights to improve grassland management via a series of online resources and updates.

We also sponsored the virtual Irish Grassland Association Dairy Summer Tour which took place in July. The event highlighted the importance of maintaining soil fertility, networking and the potential and requirement for increased adoption of sustainability measures on-farm.

Through early 2020, the Agri Advisor team delivered a series of presentations to Agri students attending Limerick IT, Cork IT, Dundalk IT and Carlow IT. Presentations focused on Agri market dynamics, applying for finance, key bank considerations and offered case examples – all key to promoting greater economic sustainability on-farm.

We supported a number of AIB/Macra na Feirme seminars in early 2020, discussing the future challenges and opportunities facing the Agri sector and created a '5 steps to help you make financial decisions' flyer in support of the Tipperary Macra na Feirme 'Making the Moove' initiative. The initiative was profiled on RTE's Ear to the Ground farming programme and addressed mental health concerns and worked to improve wellbeing among Irish farmers.

Although the Agri Sector proved more resilient to the impact of COVID-19 relative to other SME sectors domestically, national interventions taken to curb the geographic reach of COVID-19 resulted in the cancellation of several events.

The Agri team initiated and continued regular and ongoing engagement with key Agri stakeholders relating to the potential impact of COVID-19 on their business and/or their members, also profiling the range of support options available and the benefit of early engagement with the bank where cash flow pressure is experienced or anticipated.

To date, the sector has performed positively with no significant increase in working capital requests. Account performance overall remains strong.

### AGTECH INNOVATION

With technological advancement one of the key enablers to overcome the sustainability challenge, we have partnered with a number of industry stakeholders and are one of the main sponsors of the new NovaUCD AgTech Connector Innovation Hub. Based at UCD Lyons Estate, Co. Kildare, the goal of the AgTech Connector is to bring together the AgTech ecosystem in Ireland. It provides access to on-farm research collaboration opportunities, a location to test and trial their products and services in a real-world environment; along with access to dedicated acceleration programmes and incubation facilities.



# INNOVATION AND CO-CREATION

## AIB TOGETHER

**2020 saw the second anniversary of AIB Together, a Group-wide community programme of core partnerships, volunteering, corporate giving, and fundraising.**



Mary Whitelaw, Director of Corporate Affairs, Strategy & Sustainability with Iseult Ward CEO of FoodCloud.

In addition to a €2.4m financial investment into core partners FoodCloud and SOAR, this programme offers two days per year for each employee to volunteer for local charities or community organisations, since the programme launched employees have donated over 9,000 hours to a wide range of charities and causes.

In April 2020, we launched an additional AIB Together €1m COVID-19 fund. With our deep community roots, our response to the crisis was swift. Over €700,000 has already gone to the most vulnerable groups adversely affected by the pandemic, including €416,000 raised through employee fundraising and matched by AIB to charity partners Age NI, Age UK, ALONE, FoodCloud, Pieta, and SOAR. €200,000 was provided immediately, distributed to over 600 local charities via our branch network across Ireland and the UK.

We have also supported over 1,000 families in need through SVP and provided hundreds of students with laptops through the Trinity Access Programme Tech2Students initiative.

### FOODCLOUD

FoodCloud is a multi-award-winning social enterprise that enables the redistribution of surplus food from industry to the charity sector. FoodCloud supports local communities across Ireland while also tackling the enormous environmental issue of food waste. AIB has renewed its partnership with FoodCloud for another three years, investing €1.5 million to support the social enterprise's

ambitious 2021–23 strategy. The renewal comes on the back of a successful three-year partnership, during which 6,300 tonnes of surplus food were redistributed – the equivalent of 15.1 million meals and 20,353 tonnes of CO<sub>2</sub>-eq avoided.

FoodCloud has been a key partner of the bank's AIB Together programme since 2018. Over that time the partnership developed a significant volunteer programme with approximately 1,200 AIB employees volunteering at FoodCloud's hubs for a total of 7,524 volunteer hours. This volunteering involved packing food which then went onto charities, as well as skilled volunteering which involved AIB staff supporting FoodCloud in the areas of social media, technology, and finance.

Iseult Ward, CEO of FoodCloud said: "With the support and security of our three-year partnership with AIB, FoodCloud were positioned and ready to respond to the increased demand for food within communities brought about by the pandemic. 75% more food was distributed through our three hubs in 2020 compared to 2019. Having this certainty of support from AIB, meant we were able to take on four new staff in a very short window, which were further supported by AIB volunteers, who have become an integral part of our operations since our partnership began in 2018. AIB's support over the next three years will further increase FoodCloud's capacity to redistribute food, boost the expansion of our technology beyond retail to the wider supply chain, and support collaborations with growers to rescue more food at an agricultural level."

### SOAR

SOAR has worked with over 41,000 young people since 2012, and its school workshops aim to empower young people to thrive, believe in themselves and fulfil their potential. SOAR delivers early-intervention, preventative, character development wellness workshops for young people aged 12 to 18, from all backgrounds. Over 14,000 teenagers have participated in a SOAR workshop since the start of the AIB Together programme in 2018; AIB's investment has resulted in a 60% increase in young people reached since the start of the partnership. In 2020, we helped with the shift to online platforms and development of longer-term workshops for teenagers across the country.

### 30 YEARS OF GAA

This is AIB's 30th year of partnership with the GAA. We are extremely proud to sponsor the All-Ireland GAA Football and Hurling Club Championships, the All-Ireland Camogie Club Championships and the GAA All-Ireland Senior Football Championships.

### TOTAL COMMUNITY CONTRIBUTIONS

In 2020 AIB provided €14.1m in support of our Group-wide community programme of core partnerships, volunteering, corporate giving, and fundraising. The support is provided in different ways – commercial initiatives, community investment and charitable donations.



# INNOVATION AND CO-CREATION

## INNOVATION HUBS PORTERSHED AND LUDGATE



### PORTERSHED

The Galway City Innovation District trading as 'The PorterShed #backed by AIB' first opened its doors in 2016. It is an incubation centre where young technology start-up companies can mix with, learn from, and share resources with each other and with multi-national ICT companies who are just getting started in Ireland. Since it was opened, PorterShed member companies have raised over €35m in investment funding, created over 700 jobs (contributing over €22m to the local economy) and hosted over 1,040 separate events.

Its impact and influence has extended nationally and its reach has expanded far beyond its base location. In Q4 2020 it was announced as NDRC Regional Partner for the North & West in delivering the next phase of the Irish National Accelerator program and it is one of only two Irish Innovation Hubs to be invited as members of the Global Institute of Innovation Districts. AIB sees this sponsorship as an contributor to supporting social inclusion through balanced regional development.

In 2021, GCID expects to open two new buildings which will result in a threefold increase in capacity to almost 400 desks and AIB in that context, was delighted to extended its sponsorship of the PorterShed to 2026.

"The PorterShed has become a beacon for the west and has been instrumental in developing a critical mass of technology companies in Galway. Currently it is home to 42 businesses with over 150 people using the facility every day and supporting the creation of 720 sustainable jobs in the region. The PorterShed is the first building in the Galway City Innovation District (GCID). 2021 will see the development of two new locations increasing our footprint threefold and providing a springboard to build on our success and deliver on the vision of GCID."

Mary Rodgers Innovation Community Manager,  
The PorterShed.



### THE LUDGATE HUB

The Ludgate Hub opened its doors in Summer 2016. It is located in Skibbereen, West Cork along the picturesque Wild Atlantic Way. The facility provides a state of the art, 10,000 sq foot co working space with super-fast fiber optic broadband connection.

Ludgate's long-term vision is to make West Cork a hotspot for start-ups, SMEs and multinationals allowing them to prosper and thrive at a global level from a rural location. This is only feasible by leveraging both the private and public partnerships which Ludgate has developed and nurtured over the last number of years and with the aid of additional Government funding and support.

In 2019, the Ludgate Hub was successful in obtaining €2m of Enterprise Ireland funding through the Regional Enterprise Development Fund 2017 – 2020 under stream 2 of that scheme. This funding will support our vision in Ludgate, namely "To promote rural and community development and to support vibrant, inclusive and sustainable communities throughout Ireland". The project underpinning this vision is the development of a Ludgate Innovation Centre encompassing the establishment of five key pillars:

- Business Development Unit
- Start Up Academy
- FoodTech/AgriTech Innovation Centre
- Education Innovation Centre and
- A Hub Academy.



# INNOVATION AND CO-CREATION

## DUBLIN CHAMBER SUSTAINABILITY ACADEMY

In February 2020, AIB’s Head of Business Banking Market, Catherine Moroney was elected president of the Dublin Chamber. Aligning to our commitment in this area, the theme of Sustainability has been at the heart of this year’s Presidency. In parallel with this, the Board of Dublin Chamber introduced Sustainability as a core support for the organisations membership.



Catherine Moroney – President, Dublin Chambers of Commerce.

As part of the activities held in 2020 by Dublin Chamber, we sponsored a Sustainability Academy which over 80 businesses have participated in. The aims of the Academy are to provide meaningful support to members helping them to become more sustainable businesses, with Dublin Chamber developing a reputation as a key supporter and enabler of this objective.

- The Sustainability Academy achieves the following:
- Provides an intensive modular Sustainability Training programme
  - Supports the Chamber’s sustainability lobby
  - Supports businesses preparing to transition to new regulatory, finance, and tendering environment which is changing as part of the circular economy agenda.

Participants had the opportunity to attend in depth training workshops on Corporate Sustainability, Carbon Foot printing, Circular Economy, Green Public Procurement, Energy Efficiency Training, and an Introduction to CDP Reporting. These modules were delivered by expert practitioners in the respective topics and enabled the participating businesses to learn new practices that they can apply in their own firms to enhance their Sustainability.

## 1ST CHAIR IN SUSTAINABLE BUSINESS

We have announced a partnership with University College Cork (UCC) which will see us fund a Chair in Sustainable Business, the first of its kind in Ireland.

At a time when consumers, investors and employees expect organisations to put sustainability at the centre of their businesses, the AIB Chair in Sustainable Business will support UCC’s vision to enable the next generation of responsible business leaders.

AIB has pledged five years’ funding for the Chair, who will coordinate the university’s overall approach to sustainable business and undertake innovative research. The position will be based in the Cork University Business School (CUBS), Ireland’s largest business school.



John O’Halloran, UCC, pictured with Colin Hunt.

# FINANCIAL INCLUSION AND LITERACY

## OUR APPROACH

Financial inclusion is important as it can help to support improvement in the financial health of all in society. By supporting people from all socio-economic backgrounds with access to tools, products and services, as well as building their financial knowledge and literacy, we can help everyone in wider society to manage and plan their finances effectively.

### BANKING FOR ALL

In 2020, as part of an EU-wide initiative, we opened c. 17k Basic Bank Accounts for unbanked customers, providing a bank account that is lower cost as it is exempt exempt from account maintenance and transaction fees. From February 2021 it is now possible for new customers to open Basic Bank Accounts remotely via our Mobile Banking App. Providing Basic Bank Accounts alone is not enough to improve financial inclusion, customers need access to financial products & services (see p.46-47), and to develop their financial knowledge and skills to be able to use them to manage their finances effectively.

### BACKING CUSTOMERS

When business credit applications meet our credit criteria, we provide finance through our own network. For those cases that we cannot support, and who meet the criteria for micro finance, we refer them to MicroFinance Ireland (MFI) as appropriate.

AIB has been a funding partner of the Social Finance Foundation (SFF) since its inception. Through the Banking & Payments Federation of Ireland, we collaborated with other funding partners to agree to provide a substantial new tranche of low-cost funding to SFF, to support social and micro enterprises for the period 2021-2025.

Our customer language programme continues to improve our communications. It equips our employees to communicate with our customers and each other in clear, easy to use language. In 2020, all new communications went through an editing process for plain English, a customer first approach and a human touch. We

## SUPPORTING FINANCIAL LITERACY

INITIATIVE	BENEFICIARY	GOAL	MAIN ACTIVITIES
AIB Money and Me	Students	Enable students to be confident about managing their money	Providing support and resources for teachers, for class-room based learning
Customer language programme	Employees and customers	Make our customer and our internal communications clearer and easier to understand	Our Head of Customer Language trains colleagues and creates and edits communications in customer language
Build a Bank Challenge	Students	Promoting and improving financial literacy in second level schools	Students open and operate a bank in their school
Love later life	Society and employees	Help older and more vulnerable people improve their digital banking skills and knowledge	Providing support and training
Mobile app training	Customers	Help improve digital banking skills and knowledge	Providing support and training

converted c. 750 pieces of communication into customer language, applying the approach to all communications, including those about COVID-19 payment breaks to our loan and mortgage customers.

### RESPONSIBLE LENDING

Our Credit Risk team develop and maintain policies designed to establish responsible lending practices. Core principles are enshrined in our policy for customers in arrears and the management of distressed credit to ensure that customers are treated fairly, objectively, sympathetically and consistently.

Our Group Credit Risk Framework sets out the principles and governance arrangements for the identification and management of credit risk within the Group. The framework helps us to formulate, communicate and implement our comprehensive credit risk strategy, put in place effective controls, and develop and reinforce a strong credit risk focused culture. It is supported by our Group Credit Risk Policy and a suite of individual Credit Risk Management and Sanctioning Credit Policies by asset and sub-asset class, collectively forming the Credit Risk

Policy Architecture. These policies help us to manage all our lending activities – including personal loans, finance for buyers securing their first home, our development finance for residential and commercial properties and finance to support small, medium and corporate businesses.

### BUILDING AWARENESS OF FRAUD

We are committed to protecting our customers and wider society against the threats associated with fraud. In our Internet Banking Security centre we explain how frauds are conducted, share information on the common types of frauds and show how everyone can keep their own information secure and confidential. We also post alerts on specific current security threats and scams. Research undertaken by AIB found that that four in five people in Ireland have been targeted by fraudsters in 2020, receiving either a text, call or email which was not genuine.

For more tips on protection against fraud, please visit: [www.aib.ie/security-centre](http://www.aib.ie/security-centre).



# FINANCIAL INCLUSION AND LITERACY

## HOUSING

**Housing is a key strategic priority for us as a pillar bank in Ireland, and we understand that we have a key role to play in supporting and increasing the housing supply in Ireland.**

AIB is involved across the housing value chain, from the financing of development land, through to supplying funding for housing construction and financing mortgages. We are a leading provider of finance to the real estate sector and the market leader in the Irish mortgage market.

Our multi-disciplinary team of in-house engineers, surveyors, economists and banking professionals delivers practical and innovative real estate financing solutions for our customers. In 2020, we worked on a number of initiatives to help boost the housing supply in Ireland, not only with real estate and mortgage finance, but through our support for social and affordable housing. We launched our €300m Social Housing Fund to support the provision of 2,000 sustainable A-rated social housing units by 2023. We also published our Housing Market Bulletin in June and December 2020, sharing information on trends in the Irish housing market.

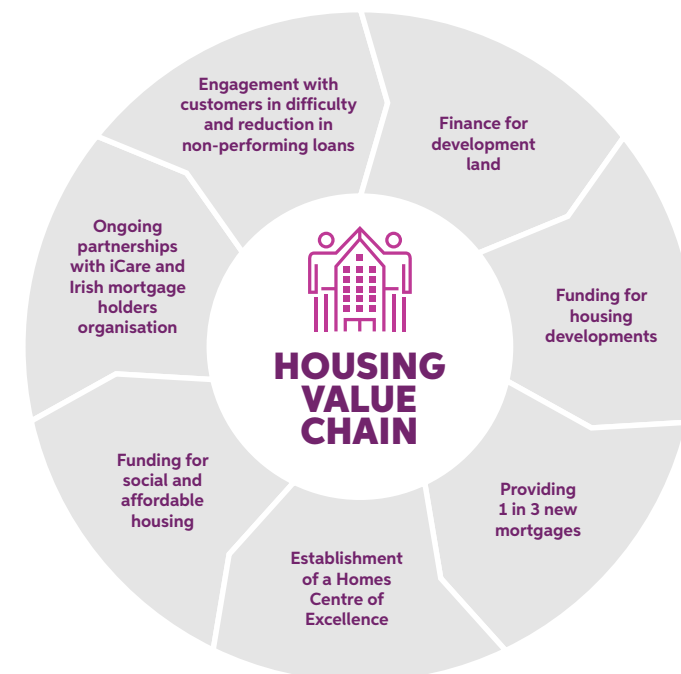
In 2020 in Ireland, we supported customers with new mortgages and introduced some key enhancements for customers, including:

- two interest rate reductions

- an enhanced digital end-to-end mortgage application process
- video mortgage meetings with AIB and EBS home mortgage advisors.

In the UK, we launched one of the first Green Mortgages in the UK market, and the first in Northern Ireland.

For mortgage customers in difficulty, we offer support and a comprehensive range of solutions. COVID-19 resulted in unanticipated financial challenges for many customers.



### WORKING WITH DEBT ADVOCACY GROUPS

We are the largest lender and supporter of Mortgage to Rent in the country and provide funding assistance to the two largest providers of the scheme (iCare and Home for Life). iCare is an Approved Housing Body and registered charity set up in 2016 to help homeowners in financial difficulty remain in their home through the Government's 'Mortgage to Rent' scheme. The scheme allows residents to remain in their home under a long-term lease, facilitates a full write off of the balance of their mortgage and should their circumstances change, allows them the ability to repurchase the property at a later date. The homeowner becomes the tenant and iCare becomes the landlord.

AIB has provided iCare with committed funds of c. €30m over the past two years, with an expectation to increase overall committed funding limits in 2021. This funding has supported the acquisition of over 250 properties and has allowed over 700 individuals who may have otherwise lost their family residence due to mortgage arrears, remain in their family home.

## CASE STUDY

### TUATH HOUSING

Cooleven, Clondalkin is a turnkey development of 83 'A' rated homes built for Tuath Housing that will house individuals and families on social housing waiting lists. As an Approved Housing Body, Tuath is a registered charity and one of the country's largest providers of social housing homes.

The first tenant (Healthcare worker, Amy Collins) was handed the keys to her new home by the Minister for Housing, Darragh O'Brien T.D. in November 2020.

AIB has established itself as a key funder to the Social Housing sector and is able to structure long term facilities that match the term of the State supported long term leases. Lending is robust with long term leases supporting debt repayments.

Funding provided to Tuath from AIB has now supported the acquisition of close to 230 social housing homes with more to follow in 2021.



Amy Collins receiving the keys to her new home in Cooleven Clondalkin.

# FINANCIAL INCLUSION AND LITERACY

## SUPPORTING VULNERABLE CUSTOMERS

**There are those times in life when we are less able to cope with the everyday things. Banking is for everyone and we want to make sure all our customers can look after their money even during more difficult times. Our Vulnerable Customer programme was established to develop supports for customers in vulnerable circumstances.**

### THE VULNERABLE CUSTOMER PROGRAMME

The programme is built on the experience of staff who support customers every day and is focused on key areas including **Financial Abuse, Addiction, Dementia, Mental Health, Accessibility and Economic Resilience**. The objective of the programme is to take exceptional care of our customers when they need us most and to foster a culture of inclusion and support in everything that we do.

Most people will experience vulnerability in some form over their lifetime. These are the times when our response can make a significant difference. Our customers may need help to remain independent, support with making their own decisions, assistance to access services or sometimes, our customers just need us to listen, understand and be flexible.

To embed this thinking across the organisation, from product development to customer services, we have introduced a dedicated Vulnerable Customer Support team, Vulnerable Customer Policy, procedures and guidance, external partnerships, a comprehensive training programme and a governance structure. We also introduced a system to record when a customer needs additional support. This means that our customers just need to tell us once and our employees can provide consistent support.

Progress made to date supported a rapid response to the COVID-19 pandemic. A Helpline for Over 65s, delegated cash withdrawal and prioritised in-branch banking hours were added to existing supports.

Using improved systems and procedures our front-line employees were able to provide additional support to over 2,800 customers when they needed it most. In addition, our Vulnerable Customer Support team assisted with over 1,400 of the most complex customer cases.

### VULNERABLE CUSTOMER SUPPORT TEAM

Our Vulnerable Customer Support team was established to assist with the most complex customer cases. The team deals with a wide variety of customer circumstances including financial abuse, dementia and accessibility needs. The Support team has developed links the HSE Safeguarding Committees, SAGE Advocacy and the Gardai. These relationships were particularly important during the pandemic and these groups went out of their way to help us support our customers during this time.

No two cases are the same and the team regularly engages with our legal, fraud and branch teams to find the best solution for our customer. The team understand how difficult situations can be for everyone involved and they do everything they can to look after our customers.

### STAFF TRAINING AND AWARENESS

Our e-learning curriculum is made up of seven modules, covering topics including dementia, mental health, gambling, financial abuse, and bereavement. This is supported with classroom-based training which allows employees work through and discuss issues particularly relevant to their area. This training continued, delivered remotely, throughout the COVID-19 crisis.

We have delivered over 14,300 hours of e-learning to our people with 770 employees receiving bespoke classroom training.

### JUST A MINUTE (JAM) CARD

We have partnered with the NOW Group to become a 'JAM Card Friendly' organisation. The JAM Card allows anyone with a communication barrier to tell others they need 'Just A Minute' discretely and easily. It can be used by people with Asperger's syndrome or autism, those who have a brain injury as well as people who otherwise feel self-conscious about their ability to effectively communicate.

The response of our staff to the initiative has been overwhelming with over 4,800 employees completing the training.





# FINANCIAL INCLUSION AND LITERACY

## YOUTH AND EDUCATION

Youth and education is one of our core sustainable communities focus areas, and we enjoy partnerships with a variety of third-level institutions, including Dublin City University (DCU), University College Dublin (UCD) and Technological University Dublin (TUD).

In Northern Ireland, we support Graduate and Student of the Year awards in both the Ulster University and Queen's University Belfast. We have partnered with Junior Achievement Ireland since its inception in 1996, and over 1,000 of our colleagues have been involved during the past 24 years, benefitting more than 28,000 students in Ireland. Junior Achievement helps children of all ages understand the benefits of staying in education and has worked with more than 3,000 volunteers to facilitate educational opportunities for more than 63,000 students. Despite the premature end to the school year due to the public health situation in 2020, 47,000 students in 549 schools benefited from Junior Achievement Ireland (JAI) programmes last year.

### FUTURE SPARKS FESTIVAL

The AIB Future Sparks Festival is an event designed to expose second-level senior cycle students to the career choices available to them. It brings together Business, Sports, Culture and Lifestyle experts to engage with senior cycle students for a day of immersive discussion on putting the theory of the business curriculum into practice. This year as a result of COVID-19, we converted this into a virtual online educational series distributed via social media channels. The 8-part content series was produced using video conferencing systems, interviews, and conversations

with a great line up of inspiring individuals. The content was designed to reinforce the educational aspects of the senior cycle business curriculum, and to spark inspiration for students about their future careers. Schools also had the added bonus of student activities, work sheets and lessons plans which supported the online series.

This content series had a reach of over 100,000 students with 52.7 million impressions. We were also the first financial brand in Europe to advertise on TikTok, the fastest-growing social media platform within the youth segment.



**18 YEARS  
OF BUILD A BANK**

**18,000  
STUDENTS  
HAVE TAKEN PART IN  
THE PROGRAMME**

### BUILD A BANK CHALLENGE

The AIB Build A Bank Challenge is one of the longest running schools programmes for Transition & 5th Year students across Ireland. It is designed to enable students to explore key life skills such as innovation, creativity, teamwork and business management; whilst also encouraging students to fundraise and show their support for either the school or their community. This year, it was successfully

transformed into a web-based experience using video conferencing, with students from St Mary's Secondary School in Mallow, Cork, claiming the title and the €5,000 prize for their school. Since it started in 2002, over 18,000 students have taken part in the programme. In 2020, over 100 schools registered for the programme with 73 schools showcasing their projects virtually to compete for the national title.

# FINANCIAL INCLUSION AND LITERACY

## BECOMING DIGITAL ADVOCATES

Through insights in our data, we could see that in excess of 60% of our mobile app customers were using our branches and contact centre to complete services that were available on the app – primarily due to their lack of awareness that the features existed on the app. We wanted to increase the adoption of our digital channels to allow customers move to a more convenient and sustainable way of banking. We looked at three areas that we felt related to challenges in digital adoption.

### EMPLOYEE ADVOCACY

We wanted to upskill our employees on our digital capabilities to give them the knowledge and confidence to also educate our customers.

To do this we developed a suite of ‘how to’ videos for our key servicing journeys on the mobile app. Employees can use these videos as training tools to help them understand our mobile app features increasing confidence to help promote digital options to our customers.

We also developed a suite of data driven prompts which present to employees when engaging with customers. These prompts alert the employee to make the customer aware of the most relevant mobile app service for them based on past behaviours and educating them for future servicing needs.

### CUSTOMER ADVOCACY

We wanted to increase awareness of existing functionality in the mobile app. This was critically important as a programme is underway to build out new features closing out our digital gaps and its success is dependent on customer’s adoption.

We developed a new data driven in-app banner messaging capability. The data driven insights used for employee prompts can now be used to communicate directly with customers while they were securely logged on in the app.

This capability will be further enhanced in 2021 to have data driven triggered in-app banners to customers if they have used the branch or call centre alerting them to the possible digital alternative.

### MEASUREMENT

A dashboard was created to measure the impact of our advocacy on customer behaviours. This dashboard enables us to track our journeys across all our channels, both staff assisted and digital. We can monitor changes in customer behaviour in line with initiatives from our Digital Advocacy programme to measure its effectiveness and make any changes if necessary.



DAILY USER INTERACTIONS 2020



DAILY USER INTERACTIONS  
2.57M



ATM INTERACTIONS  
84k



MOBILE INTERACTIONS  
2.3M



INTERNET BANKING LOGINS  
115k



CONTACT CENTRE CALLS  
23k



BRANCH TRANSACTIONS  
39.5k



KIOSK/TABLET LOGINS  
10.7k



# LOOKING FORWARD

We have made good progress in promoting financial literacy and in enabling our customers to make better informed financial decisions. We have also made progress in providing enhanced supports for vulnerable customers and we will be enhancing these supports in 2021.

We are also focused on ensuring we deliver appropriate products and propositions across key areas such as Homes and SME supports that truly enable financial and social inclusion for all our customers.

We have set targets within these areas by which we can measure our progress and understand how we are responding to issues that matter to our stakeholders.

Due to the magnitude of the climate challenge, we see climate action as an area where increased innovation and co-creation could help make great strides in moving the agenda forward. We have a significant role to play in providing finance to support this, and with our dedicated Climate Action Fund, and supporting sustainable finance options for our customers, we are ready to embrace this opportunity.

We pledge to **DO MORE.**



# OUR TARGETS

**2023**  
**€300M**  
**FINANCE FOR SOCIAL HOUSING**

**2023**  
**500,000**  
**CUSTOMERS SUPPORTED –  
FINANCIAL LITERACY**

**ONGOING**  
**FOCUS ON**  
**AIB TOGETHER**  
**PROGRAMME**



# FUTURE-PROOF BANK

We are committed to providing positive experiences for all our customers, learning from our mistakes and putting things right when they go wrong. In an increasingly digitalised world, we're continuing to invest in the resilience of our business, areas such as cyber security and data ethics are of fundamental importance to us.

## THIS CHAPTER COVERS OUR RESPONSE TO THE FOLLOWING MATERIAL TOPICS:

→ CUSTOMER  
EXPERIENCE

→ DIGITALISATION AND  
INTERCONNECTIVITY

→ CYBER SECURITY AND  
BUSINESS SYSTEM  
RESILIENCE

→ PROTECT OUR CUSTOMERS'  
DATA AND PRIVACY

→ CORPORATE GOVERNANCE  
AND ACCOUNTABILITY

→ ETHICS AND  
INTEGRITY

→ COMPLY WITH LAWS,  
CODES AND REGULATIONS

→ TALENT ATTRACTION  
AND RETENTION



# OUR PROGRESS IN 2020

## MATERIAL TOPICS

CUSTOMER EXPERIENCE	DIGITALISATION AND INTERCONNECTIVITY	CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE	PROTECT OUR CUSTOMERS' DATA AND PRIVACY	CORPORATE GOVERNANCE AND ACCOUNTABILITY	ETHICS AND INTEGRITY	COMPLY WITH LAWS, CODES AND REGULATIONS	TALENT ATTRACTION AND RETENTION
66,000 COVID PAYMENT BREAKS OFFERED	OVER 80% ENABLED TO WORK REMOTELY	ONGOING CYBERSECURITY TRAINING	NEW DATA ETHICS PRINCIPLES	MULTI YEAR CULTURE EVOLUTION PROGRAMME	ENHANCED CODE OF CONDUCT	1,374 PARTICIPATED IN RISK AWARENESS WEEK	5,000 PARTICIPATE IN INVEST IN YOU
PAYMENT BREAK NPS +62	NEW ONLINE STANDARD FINANCIAL STATEMENT	DATA GOVERNANCE ENHANCEMENTS	DATA STORAGE MODERNISATION	REFRESHED VALUES LAUNCHED	NEW SUPPLIER CODE	FIRST BANK TO LAUNCH THE RIGHT TO DISCONNECT	857 EMPLOYEES GAIN INSTITUTE OF BANKING AWARDS
80,000 VOICE OF THE CUSTOMER SURVEYS COMPLETED						HUMAN RIGHTS COMMITMENT PUBLISHED	



We pledge to **DO MORE.**

AIB Sustainability

# CUSTOMER EXPERIENCE

## OUR APPROACH

**Our customers' feedback and experiences inform and guide us, helping us to focus on our actions so that we can provide them with the best banking experiences.**

As the pandemic impacted our economies, we moved quickly to give help where it mattered most, putting in place a comprehensive COVID-19 customer support programme. Unfortunately, previously planned changes to fees and charges took effect for some of our customers just as they were trying to manage the immediate impact of COVID-19. The timing of their introduction had an unintended impact for some of these customers, however as soon as we realised we moved quickly to put it right for them. Our COVID-19 customer support programme included offering over 66,000 payment breaks, which were made available to our Homes, SME and Personal customers in 2020.

We understand that buying a home is a significant milestone for many customers. In Ireland, we have a team of specialist home advisors who can assist and will meet at a time and place which is convenient for our customers. In 2020, we introduced some new online functionality to enhance the customer experience. Whether customers start applying for a mortgage with us in branch or online they can use our My Mortgage app to upload the documents needed for us to assess the application, and to track the progress of their loan. In addition, since 2020, customers in mortgage arrears can now fill out and submit a Standard Financial Statement (SFS) securely online (see p.70). By completing their SFS more quickly, this increases the speed at which they can be offered a sustainable solution to their financial difficulty.

### LISTENING TO OUR CUSTOMERS

We listen to our customers to learn from their experience with our business. We monitor customer satisfaction using Net Promoter Score (NPS). NPS is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products/services to others.

The range of initiatives we used in 2020 to engage with all our stakeholders are set out on p.18-21. Specifically, for our customers, a key engagement mechanism was our Voice of the Customer (VOC) programme. 80,000 customers completed our VOC surveys in 2020. The programme gives our customers the opportunity to tell us what we are doing well and where we can do better.

A recent NPS survey on the Payment Break Experience highlighted an NPS score of +62 (+55 for EBS), with 69% (66% EBS) giving a 9/10 promoter score. COVID-19 communications have been issued to c. 70,000 customers with the vast majority either agreeing or strongly agreeing that the communications were clear, easy to understand, helpful, and supportive.

### COMPLAINTS

We see complaints as a valuable way for our customers to let us know if they are unhappy with what we have done or failed to do. We listen to and empathise with our customers to understand and resolve complaints as effectively as possible. Understanding our customers better means, in most cases, we can reach a satisfactory conclusion for both them and us. Acknowledging how our mistakes can affect our customer's lives and working hard to resolve them helps

to build trust. We have a Complaints Management policy in place setting out responsibilities for managing complaints, and a Complaints Management System to log, monitor and update complaints and a centralised team to support complex complaints.

There have been times when we haven't gotten things right for our customers. When we do not get it right first time, our priority always is to put things right.

### COVID-19 RISK RESPONSE

In March, our Risk area established a COVID-19 Risk Response team. This team supported the co-ordination and management of the Group's response to the pandemic to ensure business continuity for our employees, customers and investors.

In recognition of the significant volume of Risk function activities to be delivered in a compressed timeframe, and to ensure delivery of a co-ordinated 'One Risk' response, critical work streams and enhanced business as usual activities were supported and enabled by a formal Risk COVID-19 programme. These included the Risk review and challenge of the design and development of payment breaks across our product offerings for customers impacted by COVID-19. The purpose of these reviews was to ensure potential risks associated with the product offerings were quickly identified, assessed and addressed prior to making them available to our customers.

Furthermore, an Assurance team was mobilised to perform independent assurance on customer solutions to ensure they

were fit for purpose for our customers and implemented appropriately in our business. Almost 14,000 applications in Ireland and a further 5,000 in the United Kingdom were tested as part of this assurance exercise.

Across Risk, policies, processes and business activities were required to rapidly adapt to support our response to COVID-19 and to ensure minimal impact on our customers and our business. Examples of how we improved our services and customer experiences to support our customers include:

- a Credit Risk Management work stream was mobilised to manage the rapidly changing credit risk environment and activities, to ensure our employees on the frontline could help our customers businesses respond in the face of COVID-19
- the EBS Mortgage Lending Unit modified existing processes to ensure they could provide mortgage payment breaks to EBS customers – a solution which was not available prior to COVID-19
- a Fraud/AML work stream mobilised in Ireland to manage the enhanced oversight activity due to changes implemented in AIB product offerings
- changes to our Property Valuations policy and processes were implemented to adapt during the period when valuers were unavailable to provide external valuations.



# CUSTOMER EXPERIENCE

## VOICE OF THE CUSTOMER NET PROMOTER SCORE (NPS)

The Voice of the Customer (VOC) programme collects feedback from c. 20,000 customers per quarter who tell us where we provide great customer experience and how we can improve our products, services and delivery channels using NPS.

In 2020 over 80,000 customers completed our VOC surveys and had the opportunity to tell us how we were performing across our customer journeys. In addition, we also measured over 30,000 of our customer’s digital interactions via a range of intercept surveys. We listen to our customers to learn from where we delivered exceptional experiences and also continuously analyse the root causes of customer pain points to ensure we enhance our customer’s experiences when we don’t meet their expectations.

The pandemic brought some challenges in terms of how we could support customers during difficult times. Encouragingly, the majority of our customer journeys increased in 2020 continuing the trend we saw in 2019. 11 customer journeys have shown an improvement in 2020, 6 have remained stable and 4 journeys have declined as we adjusted to the changing macro environment. COVID-19 placed additional demands on our employees, and alongside a necessary focus on regulatory changes, there were initial impacts on a small number of the day-to-day support customers received. This was addressed through adaptation of employees and process to the new environment.

Our Retail SME customers have been very positive about their experiences with us in 2020 with Retail SME Relationship NPS increasing by +5 and the Retail SME Transactional NPS also increasing by +5 vs 2019. Our teams across Retail SME certainly made our customers feel valued and were there for them when needed with the right solutions.

- Personal customers have told us that there are areas we can improve on with negative sentiment around fees & charges and the inability for some of our customers to contact and engage in our channels on the back of the pandemic, resulting in the Personal Relationship NPS declining by -9 vs 2019.
- NPS for 13 of our transactional journeys was +60 or above in 2020, with significant increases in the mortgage journeys of EBS Mortgage Drawdown and AIB Mortgage Decline and the credit journeys of Credit Card and Cashflow.

### CUSTOMER THEMES

Positive themes mentioned by customers for our overall NPS improvement include employee helpfulness, attitude and professionalism and ease of using our more secure digital services. However in completing day-to-day digital banking as a result of secure customer authentication has frustrated a minority of customers. Other negative themes mentioned by customers focus around changes in credit policy and high fees and charges.



# CUSTOMER EXPERIENCE

## MANAGING CUSTOMER COMPLAINTS

We adopt a holistic approach to achieving better customer outcomes, with a focus on proactive consumer protection throughout the product/service lifecycle. Notwithstanding our focus on Conduct, we know that from time to time things will go wrong. When they do, customers can use our complaints handling process to tell us about it.



We work to handle complaints speedily, efficiently and fairly. We have a formal complaints handling process and procedure in place. When we receive a complaint from a customer we respond and give details of a dedicated contact person who will manage the complaint. Our processes differentiate between complex and less complex complaints, with our business areas managing and addressing the more straightforward complaints while complex complaints are increasingly addressed centrally in our Customer Care Centre of Excellence (CCL), which is based in Limerick.

We are constantly seeking out ways we can improve how we manage customer complaints, looking at both the processes in place to manage complaints and via analysis of the underlying issues which may have given rise to the complaint in the first instance. In 2016 we began centralising the management of complex complaints and over the course of 2020 we further extended the reach of CCL by integrating our Investment & Protection complaints function and began the transfer of complex complaint handling from our EBS offices.

We listen to and empathise with customers to understand and resolve complaints as effectively as possible. Understanding our customers better means, in most cases, we can reach a fair and satisfactory outcomes for our customer. We endeavour to resolve all customer complaints within 40 days and if this is not possible we advise the customer of the expected time frame to closure.

Despite the impact of the COVID-19 pandemic in 2020, and the resulting changes in our working environment, CCL's customer service delivery continued uninterrupted.

The average time taken to close a complaint during 2020 has been maintained at the 2019 level of 14.5 days – reduced from 27 days in 2015.

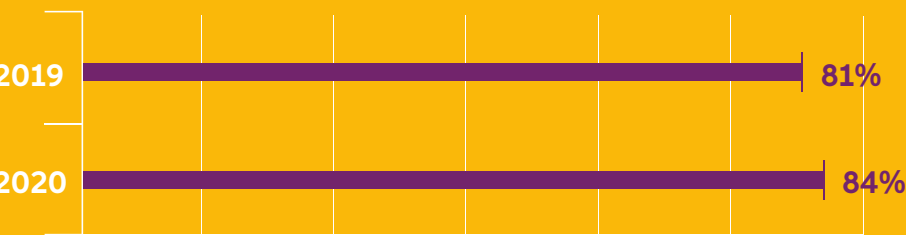
We also achieved an improved NPS of -17.6, versus -24.3 in 2019 a 6.7 year on year improvement. Our Limerick Customer Care team won the Gold Award in the Most Improved Complaint Handling (Financial Services) category at the UK Complaint Handling Awards 2020.

## FINANCIAL SERVICES & PENSIONS OMBUDSMAN (FSPO)

If a consumer is dissatisfied with how we have closed their complaint they can refer it to the office of the FSPO. We endeavour to address as many complaints as possible using the FSPO's informal dispute resolution process or via mediation. When a complaint progresses to formal investigation stage, we analyse the FSPO decisions and share learnings

and insights to improve customer outcomes. The FSPO team has made significant progress in increasing the number of cases closed using the dispute resolution process, prior to cases moving to the formal investigation stage of the process.

### LEVEL OF CASES CLOSED USING THE FSPO DISPUTE RESOLUTION PROCESS





# CUSTOMER EXPERIENCE

## GROUP CONDUCT

Group Conduct’s mission is to promote and sustain a customer centric culture and ensure a conduct lens is applied to all aspects of business, ensuring that the conduct risks inherent in the bank’s activities are identified, managed, and monitored to allow us to grow in a sustainable manner and deliver on our Customer First ambition.

Our Group Conduct Committee together with divisional segment committees have responsibility for our consumer protection agenda. Group Conduct’s objective is to promote and sustain a customer centric culture and apply a conduct lens to all aspects of our business, ensuring that the conduct risks inherent in our activities are identified, managed and monitored to allow us to grow in a sustainable manner and deliver on our Customer First ambition. The way in which we achieve this is to maintain a sustained focus on conduct risk management effectiveness across the Bank through training and guiding business areas to both proactively identify and measure their conduct risk exposure thereby enabling its effective control.

Our Group conduct strategy is supported by annual business segment conduct action plans, delivering against key strategic objectives, ensuring continued progress on embedding conduct and meeting evolving regulatory expectations.

Conduct risk for AIB is the risk that inappropriate actions or inactions cause poor and unfair customer outcomes. For example, customer complaints outstanding without proper investigation would lead to unfair customer

outcomes. We have a Conduct Risk Framework, which is embedded in the organisation and provides oversight at Executive and Board level via our Group Conduct Committee and the Group Product and Proposition Committee. To support this, a suite of policy standards, including a Group Conduct risk policy clearly define expected standards of behaviour, including how we lend responsibly and how we support our vulnerable customers. Our Group Head of Conduct and team provides independent oversight and governance of conduct risk across AIB and is a mandatory approver of product/ propositions proposals.

Segment Conduct Committees, operating to standard terms of reference, actively drive the conduct agenda and manage conduct risk within their businesses. All employees must complete Code of Conduct training, and bespoke conduct training was provided to 350 employees in 2020.

We measure key management information trends aligned with the business conduct action plans in our segment conduct dashboard.

CONDUCT TRAINING  
WAS DELIVERED TO  
**c. 350**  
EMPLOYEES



**77** PRODUCT &  
CUSTOMER  
SOLUTION  
REVIEWS

## TRACKER MORTGAGE EXAMINATION

In terms of legacy issues, last year we completed payments to c. 5,900 customers in relation to the AIB prevailing tracker rate issue and to c. 1,000 EBS customers who were deemed impacted under the Tracker Mortgage Examination (TME) during 2020.

In relation to the AIB prevailing tracker rate issue, c. 5,600 of these customers received the application of a Financial Services and Pensions Ombudsman (FSPO) decision, as well as, following the intervention of the Central Bank of Ireland (CBI), providing TME payments to c. 300 customers who rolled off tracker rates very shortly after trackers were withdrawn and were deemed impacted under the TME.

In terms of the impacted EBS customers, payments were completed to c. 1,000 EBS customers who had been identified as part of the CBI’s tracker investigation process.

We will, on an ongoing basis work closely with the CBI in relation to any tracker-related issues and associated enforcement investigations.

Our focus on putting things right for customers has continued and so the correction of these two issues has been a critical priority throughout 2020.

If customers have any queries they can call our AIB dedicated helpline on 1800 235 460 (+353 1 771 5888) or EBS helpline on 1800 235 461 (+353 1 771 5889) between 8am and 7pm Monday to Friday.



# DIGITALISATION AND INTERCONNECTIVITY

## OUR APPROACH

**We are the number one digital bank in Ireland. We have a continuous focus on expanding the accessibility of products and services via our digital channels.**

Our approach to digitalisation is to expand our offering in an attractive way to enable our customers to digitally request more and more services. Traditionally, access to our products and services was constrained by opening hours and physical locations, and often defined by paper or voice/call instruction. Through digitalisation and digitisation we can foster agility and flexibility, and ultimately offer our customers much greater accessibility. This provides us with the opportunity to continue the shift from paper in both incoming requests and in the way we communicate with customers. This can mean digitally capturing instructions when face to face with a customer in a branch setting, as well as as enabling an equivalent request via a mobile phone engagement when our customers are at home. Our customers have different preferences, and we maintain a strong culture and framework around customer conduct responsibilities in guiding us as we design and enhance our processes.

### BUILDING OUR EXPERTISE

Innovative thinking is critical in enhancing our digital infrastructure and digitising customer services, and we have invested in our employees to build their knowledge and expertise in this space. To support the development of strategic leadership in this space, some of our employees have commenced the University of Warwick's Executive Diploma in Digital Leadership programme focused on digital leadership, strategy, innovation and organisational change.

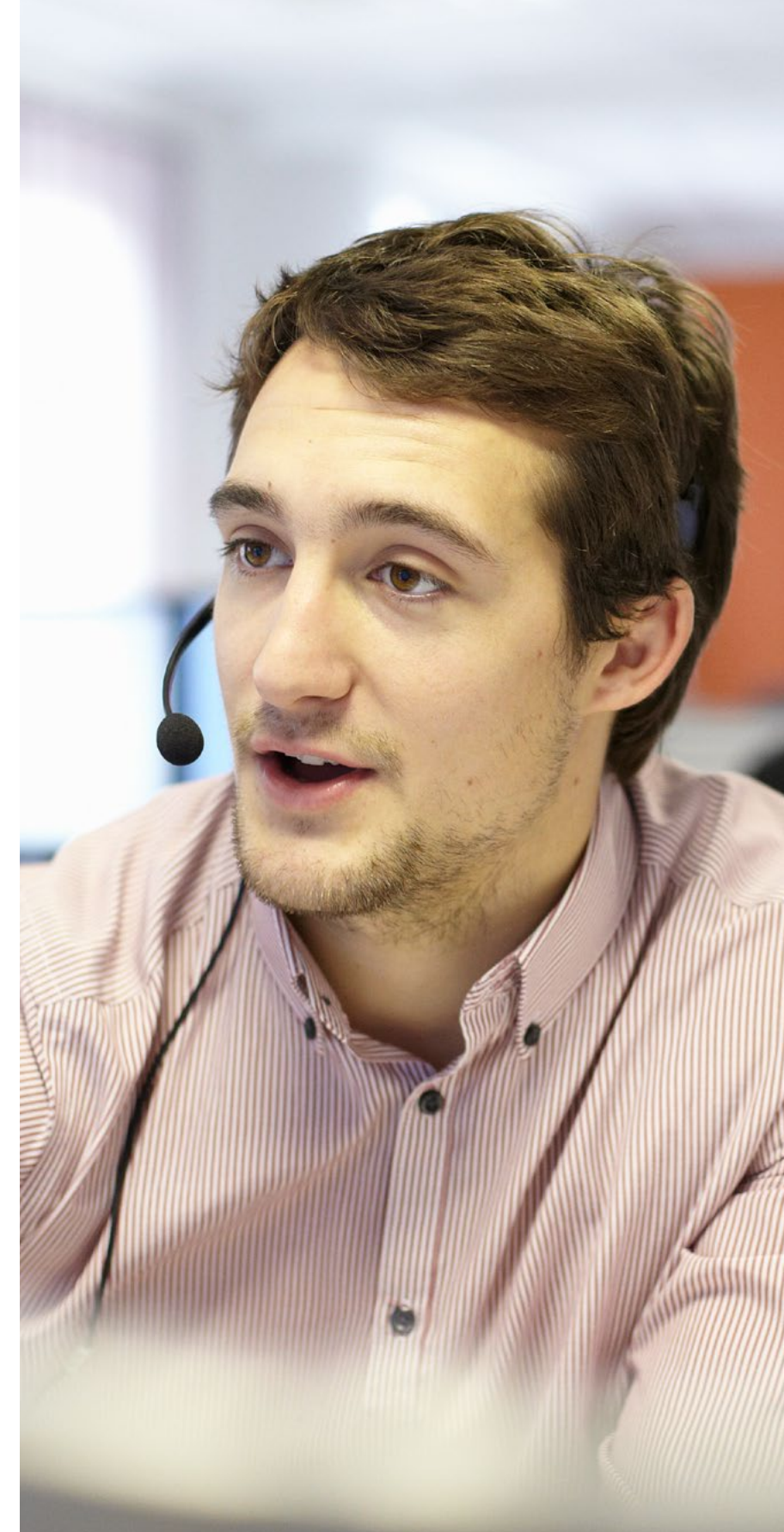
### RISK MANAGEMENT

Our Continuity & Resilience and IT Risk policies, components of the Operational Risk Framework, support the management of risks in the availability of our technical infrastructure and digital capability. As we continue to innovate and develop our digital offerings, we maintain focus on the management of third party, cyber and resilience risks to effectively protect the bank and customer data and privacy.

### PROGRESS IN 2020 AND LOOKING AHEAD

We are making good progress on this material topic. In 2020 we continued to see a great adoption of electronic statements and advices by our personal customers. The cumulative effect of this switch by our customers led to a reduction in use of more than 14m pages and 5m envelopes. A further key initiative in this space was our Online Standard Financial Statement (see p.70).

In 2021 we will see our enabling of this shift for our business customers, who we recognise are keenly interested in the paperless agenda, and we aim to deliver additional service offerings to them.





# DIGITALISATION AND INTERCONNECTIVITY

## KEEPING THE BANK CONNECTED – SCALING REMOTE ACCESS

We were well positioned to respond to the increased demands for remote access during the COVID-19 crisis. We had delivered a major internet infrastructure upgrade programme over the previous 18 months, foreseeing a time when the bank would need greater flexibility to handle major Red Weather impacts, and other unforeseen crisis events.

**OVER  
80%  
ENABLED  
TO WORK  
REMOTELY**

COVID-19 necessitated an immediate and widespread move to home working. In a very short timeframe we enabled over 80% of our employees to work remotely.

Whilst the infrastructure was well placed to handle this rapid increase in demand, it was also seamlessly scaled during the crisis. We increased our internet bandwidth by 500% within two hours to handle the varying data transmission needs of employees using remote access.

### KEEPING THE BANK COMMUNICATING

During COVID-19 over 2,500 telephony changes were undertaken. These included redirection of individual telephony lines and rapid development of a new trading floor in under 48 hours, and enabling new remote contact centre employee functionality. We now support up to 240 contact centre employees from home every day, with full functionality including call recording. This solution, developed in four weeks, is a significant enhancement to our overall business continuity for a critical front-line service that has experienced significant customer volumes during COVID-19, allowing us to continue to support our customers and employees when they need us most.

### NEW TOOLS & COLLABORATION CAPABILITIES

While communications technologies are largely focused on enabling the individual, collaboration technologies are more focused on enabling teams; e.g. voice and video, conferencing, chat, and document-sharing. Our successful enabling of remote working at scale drove a new need to uplift the collaboration capability of our colleagues across the Bank.

We developed a 12 week rapid deployment roadmap and mobilised a team to accelerate delivery of some components of the Digital Workplace programme to achieve the following:

1. Extend current communication solutions, i.e. extend Skype for Business to a broader population
2. Extend our prototype collaboration solutions (i.e. the Mobility Pilot) to specific groups for business-critical collaboration
3. Extend our meeting room video capability to allow office-based colleagues and remote workers to connect on video

4. Making the smartphone smarter; enhancing functionality on our corporate iPhone and iPad fleet
5. Drive sufficient training and adoption to maximise the potential of the technology.

Understandably, the bank's use of conference lines had risen significantly and in response we rapidly expanded Skype for Business and established a WebEx events service for larger scale events calls. In 2021, this will be updated again as Microsoft Teams is rolled out at scale.

# DIGITALISATION AND INTERCONNECTIVITY

## ONLINE STANDARD FINANCIAL STATEMENT (SFS)

The Online SFS project digitised a paper-based credit restructure process by replacing the paper standard financial statement with a digital form through DocuSign.

Moving to the online SFS has saved customers time as forms can be completed and returned more quickly, increasing the the speed at which they can be offered a sustainable solution to their financial difficulty.

The Online SFS form is available 24/7 via our website, accessible on mobile or desktop, there are also validations built into the form to reduce the chance of mistakes that could result in a delay due to rework.

The online solution is accessible to separated borrowers and borrowers represented by third party advisors. Borrowers who require support in completing their submission can avail of our ‘assisted’ option. Multiple

user scenarios and workflows were considered to ensure we had an online SFS solution relevant and accessible irrespective of the borrower circumstance.

Since this initiative started the return rate on the online SFS is averaging c. 30% which is significantly higher than the email SFS c. 10% and the paper SFS c. 18%.

We hope that benefits will increase in line as we continue to drive digital adoption. A key next step is to enable customers already engaged with the bank, who have pre-existing credit solutions in place, to leverage the digital offering as those solutions expire or require an adjustment.




**CLICK HERE TO VIEW THE VIDEOS**

Simple, concise video tutorials to help guide customers.



**SAVINGS OF:**

 **c.15K**  
KG IN WOOD

 **c.42K**  
GALLONS OF WATER

 **c.34K**  
LTRS OF CARBON

 **c.2.4K**  
LBS OF WASTE





# CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

## OUR APPROACH

**The cyber threat landscape continues to grow and evolve, encompassing existing and new technologies and exploiting vulnerable users. Cyber security incidents and the related costs make it a financially material issue. Ensuring the security and resilience of networks and information systems is critical.**

Our Board is responsible for cyber strategy and the Risk & Capital pillar of our Group Strategy has a strong focus on IT Resilience. Within our Executive Committee, our Chief Technology Officer is responsible for cyber security. Roles and responsibilities in Information/cyber security are set out in our Information Security policy.

Recognising the strength of wider collective effort in the fight against cyber crime, we partner with other banks across Europe through the Banking & Payments Federation of Ireland and the Cyber Defence Alliance, playing a role in fostering an open, knowledge-based and mutual protection culture that enhances the ability of all participants to protect against cyber threats.

We seek out innovative ways to continue to deliver resilient systems. In 2020, we completed a two-year project to move 95% of AIB's data to modern high tech virtual disk storage, underpinning an increasingly digitised future. This provides great benefits to our business system resilience, enhancing our data recovery capabilities.

## INFORMATION SECURITY STANDARDS

Our systems are designed and operated to remain secure, while providing products and service that are fit for purpose. AIB is accredited for ISO 20000 2018 standard certification for service management systems (which underpins our IT infrastructure). We have well-established, comprehensive Information Security Standards in place for in excess of 15 years. They are aligned to ISO 27001, reviewed regularly and subject to independent review by a third party annually. All our employees, contractors, consultants and third parties including those involved in sponsoring, developing, supporting, implementing, administering, operating or otherwise delivering IT solutions must understand and comply with them. Our Information Security Management System extends beyond our Standards. Our Board approved cyber strategy sets out our security purpose, principles and objectives. An overarching Information Security Governance forum is supported by a number of groups that ensure AIB's information and technology assets are secured and protected. Our Data Governance Committee provided oversight, direction and transparency in decision making, assists in maintaining good information security hygiene and provides an escalation plan to Board, where required.

## CONTROLS

The threat landscape is constantly evolving and accelerating and our controls are monitored and tested regularly to prevent unauthorised parties from accessing, manipulating or acquiring data. We operate internal control testing aligned to the NIST Cybersecurity Framework. We have business continuity plans

and incident response capabilities in place, and test them at least annually. And we drive the delivery of new and enhanced controls to ensure we keep pace. To assure the security of the IT systems and data we complete external verification and vulnerability analysis. External verification is delivered through external audits which are completed at least annually. Vulnerability analysis includes objective-based testing that simulates real-world cyber-attacks. 80% of our IT infrastructure is aligned with ISO 270001 and NIST. AIB continuously monitors key cyber risks and we understand what we must protect to keep AIB and our customers safe. AIB has a dedicated Security Incident team to analyse and respond to suspicious events. The team can be contacted by email, phone, on our Intranet or using the reporter button embedded into our email. Our Cyber Threat Intelligence team collate and evaluate intelligence on known and emerging cyber threats targeting financial institutions. In 2020, AIB did not experience any successful breaches of confidentiality as result of a cyber security incident, nor did we have incidents to our IT infrastructure which resulted in penalties or revenue losses.

## CYBER RISK MANAGEMENT

Our Information Security, IT Risk and Continuity & Resilience policies support management of cyber risk in AIB. The Group's exposure to cyber risk is monitored by the Board through its regular risk reporting and focused updates on specific cyber-related topics. Our Chief Risk Officer's report for Group Risk Committee and Board Risk Committee on the risk profile of the Group and emerging risk themes. Cyber risk interacts with our Material Risks to varying degrees, and we

see it as a sub-risk within our Operational Risk framework. Key cyber risk indicators monitored by the Board in 2020 include Investment in cyber security defences; and the number of high-impact cyber security incidents.

We operate our cyber defences in line with international standards, combining controls that help predict, prevent, detect and respond to attacks. We continue to improve our defences and control environment, which have proven robust to date. Nonetheless, the cyber threat profile remains elevated, with the threat landscape becoming more diverse, and attacks increasing in sophistication and volume.

## AWARENESS & TRAINING

To ensure awareness of information security matters all employees are required to complete Information Security training which covers our policy, data protection law, reporting and escalation of issues. Additional training must be completed by high risk users. Training is underpinned by ongoing phishing simulations, the results allow us to measure AIB's resilience to such attacks. Typically we conduct one simulation exercise per quarter for all employees. However, in response to COVID-19, and to increase security awareness, we conducted additional simulation exercises in Q2 2020. In 2020 we completed eight phishing simulations in total – five for all employees and three directed at specific high risk users. In total we sent 70,734 phishing simulation emails in 2020 increasing from 63,624 in 2019. In 2020, our Board received cyber training from our Chief Information Officer and 96.5% of our employees completed our mandatory Information Security training.

# CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

## DISTRIBUTED DENIAL OF SERVICE PROTECTION (DDOS)

The DDoS replacement program supports our system resilience by ensuring that we have the appropriate defence mechanisms in place to prevent a sustained outage on our customer or employee channels.

As the risk of a malicious attempt to disrupt business through a DDoS attack has increased, we have looked to invest in a state-of-the-art solution to support our strategy. A DDoS attack is a cyber-attack where the perpetrator seeks to make a machine or network resource unavailable by temporarily or indefinitely disrupting services of a host connected to the internet. Denial of service is typically accomplished by flooding the targeted machine or resource with superfluous requests in an attempt to overload systems and prevent some or all legitimate requests from being fulfilled. This typically manifests as a significant and sustained interruption of a company's web presence.

To protect against these attacks a dual vendor DDoS solution, one providing DDoS mitigation on- premises and one cloud based mitigation solution were successfully deployed in 2020.

This solution responded to a DDoS attempt in July and the solution successfully defended the attack. If successful, this attack would have caused a sustained customer outage on our online banking and mobile platform, and all employees working remotely would have been unable to connect to our network.

## MIGRATION TO NEW DIGITAL PLATFORM FOR SMES

In 2020 we delivered a new digital banking platform for SMEs providing them with a richer, better user experience. The program is expected to reach completion in H1 2021.

- The new platform now supports over 90% of all our payment types offered and carries over 80% of our payment traffic. International payments in 28 currencies are also supported
- We have removed the complexity from making payments by guiding customers through the journey – making the job of paying invoices and employees easier whilst ensuring that payments reach their destination as quickly as possible
- We have extended the balance and transaction history service from two to four years, made it easier to search for historical transactions and added new eStatement capability for most bank accounts registered on internet Business Banking (iBB)
- A range of self-serve functionality has been added including the ability to confirm security credentials (removing the requirement to go to Branch for this service)
- We are now delivering Application Programming Interfaces (APIs) off the new platform for account and payments services for all customers. We are now also providing APIs for bulk and international payments. 89% of customers indicated they are able to fulfil the purpose of their logon
- The programme continues to add new functionality as part of the ongoing release schedule. An example of new functionality to be delivered in Q1 2021 is the ability to reverse sell and forward contract dealer rates.



# PROTECT OUR CUSTOMERS’ DATA AND PRIVACY

## OUR APPROACH

**Our customers trust us with their information, and we have a responsibility to keep this information safe and transparent in how we use and protect our customers data.**

Our Code of Conduct sets out that AIB expects employees to maintain high standards of physical, information, and digital security. We respect all personal data that we process, and we have a responsibility to keep this information safe. Augmented processes and procedures we have set up to comply with the General Data Protection Regulation (GDPR) programme have helped us to build on our existing data protection capability and ensure we are fair and transparent in how we use and protect our customers data.

We require our employees to complete mandatory training on data protection. In 2020, 92% of employees completed our Data Protection training.

### DATA PROTECTION OFFICERS

To support this we have a Data Protection Officer (DPO) in both Ireland and in the UK. Our DPOs set our Data Protection Policy and oversee its implementation across the organisation. In our Data Protection Notice we inform customers of their rights and how we process their data. Our DPOs are the point of contact for customers who have queries/complaints about how we process their data or personal data breaches. They also interact with the Data Protection Supervisory Authorities in Ireland and the UK. In 2020, the Irish DPO presented the DPO report to the Board Risk Committee. This report provides

a summary of the key thematic areas and emerging risks and associated mitigating actions.

The Group Privacy Office is responsible for embedding data protection by design and default across our business and ensuring that privacy considerations are at the heart of the decisions that we make, ranging from developing new products and initiatives to the on boarding of new suppliers. Our Data Rights team support data subjects who exercise their data protection rights.

### RISK MANAGEMENT

Management of data protection matters is covered by our Operational Risk Framework and our Data Protection Policy, and supported by a comprehensive suite of complimentary policies including our Data Risk Policy (which includes Ethical Data Handling risk).

Our Regulatory Compliance team is specifically responsible for independently identifying and providing an initial assessment of current and forward-looking compliance obligations including regulation on privacy and data protection. The Data Protection Policy is part of the Regulatory Compliance Risk Management Framework. It aims to ensure that processes and controls are in place to minimise the risk of unfair or unlawful data processing and all employees understand the responsibilities and obligations that must be adhered to under Data Protection regulation. It applies to our entire operations, including our suppliers. Any material changes to the policy must be approved by our Group Risk Committee.

### REGULATORY DEVELOPMENTS IN 2020

Our DPO’s team provides ongoing advice on Data Protection issues. Compliance monitor the regulatory horizon to ensure continued compliance. In 2020, COVID-19 presented heightened data protection risk, with an increase in the volume of special category data being held by AIB Group and the shift in employees working remotely. We have followed all relevant government and regulatory guidance on these matters and will continue to do so.

The European Court of Justice decision in the Schrems II case raised a number of matters about the transfer of personal data to countries outside of the EEA (including the UK post Brexit). The implications of this decision on all data transfers to third countries remains a key area of focus for AIB to ensure any such transfers are taking place in a lawful way.

In Ireland, the Data Protection Commission (DPC) published Guidance on Cookies and other Tracking Technology, and we have mobilised a project to ensure compliance with this in Q1 2021.

In the UK, the Information Commissioners Office (ICO) published guidance (covering topics including AI, data sharing and accountability) and its Age Appropriate Design Code – a Statutory Code of Practice which sets 15 standards and explains how GDPR will apply for children using digital services.

### BREACHES OF PRIVACY & LOSSES OF DATA

In this disclosure we refer to complaints on GDPR. The majority of these relate to events in preceding years. In 2020, we received 23 complaints from the DPC and one from the ICO regarding breaches of data privacy. The majority of these related to alleged failures to comply with data subject access requests. 18 of these complaints were closed by the DPC and one by the ICO following engagement with AIB.

Following the judgement in the Schrems II case, the Bank received a complaint from ‘None of Your Business’ alleging that AIB continued to use Facebook Connect – a tool that collects data on people who visit our Facebook page and then sent it from the EU to the US for processing without any safeguards as Privacy Shield has been invalidated and there were no Standard Contractual Clauses in place. A response to the complaint was sent to the DPC and we are awaiting a response.

In 2020, we reported 132 personal data breaches under GDPR to the DPC and one to the ICO. While these may include losses of customer data or inaccuracy, the majority of those we reported related to unauthorised disclosure of personal data.



**TO LEARN MORE  
CLICK HERE**

To read our **Data Protection Notice** click here.



# PROTECT OUR CUSTOMERS' DATA AND PRIVACY

## DATA ETHICS & GOVERNANCE

As we continue to develop our technologies and advanced analytics platforms to deliver better customer experiences and relevant personalisation, we aim to do this responsibly.

Our Data & Analytics team have developed our Data Ethics Principles to guide our organisation on responsible data usage. These principles will ensure we continue to take an ethical approach on topics like data privacy, fairness, transparency and equity, by applying them to all our data activities in areas like AI and algorithmic design and data-driven technology development. A dedicated training module has been created to support the Data Ethics Principles. This module has been successfully piloted with the Data & Analytics team in advance of wider roll-out across the Bank.

To support our responsible data initiatives, we have piloted our approach to algorithmic fairness modelling and AI, with a wider roll-out planned for 2021.

Our Data Governance structure and control environment has been enhanced significantly, strengthening our risk data aggregation capabilities and reporting practices, to improve our risk reporting and data management. Focus areas for 2021 will be on key data remediation gaps, driving further adoption of data management tools and further enhancements to customer interactions, with some residual challenges from historical systems and processes to be addressed. We will continue to provide business insights and support to our leaders and enable a wide range of key programmes across the organisation.

## DATA CENTRE MODERNISATION

In each of our Data Centre's, we held two tape silo enclosures which once housed approximately 95% of all the banks data. We recently completed a modernisation moving from tape data to virtual disk storage. We are the first bank in Ireland to do this and one of very few in Europe (as it is difficult to fully remove tape safely from a data perspective).

- 28,000 tapes have been professionally destroyed. The data has been moved on to modern virtual disk storage. This is important as tape is considered a weakness in terms of data recovery
- Our Data Centres have moved fully to Green Energy reducing power consumption by 30%, until recently our Data Centres consumed approximately 1/3 of the banks overall power
- Almost 100 large physical Unix servers that support some of our critical customer channels have been replaced with four smaller but more powerful and energy efficient servers, occupying 85% less data centre space.





# CORPORATE GOVERNANCE AND ACCOUNTABILITY

## OUR APPROACH

**Our stakeholders tell us that corporate governance and accountability are important to them. Fostering a strong culture of accountability, integrity and openness, supported through appropriate governance and regulatory frameworks is a key tenet for our future sustainability. AIB's involvement with the impacts with the material topic corporate governance and accountability is cause and the key stakeholders are investors.**

The Group's Governance Framework underpins effective decision-making and accountability. It is the basis on which the Group conducts its business and engages with customers and stakeholders. It ensures that organisational and control arrangements are appropriate to the governance of the Group's strategy and operations and the mitigation of related material risks.

AIB's corporate governance practices meet the many statutory and regulatory obligations that apply to the Group.

We have a diverse Board with strong knowledge and expertise, a robust governance structure and appropriate controls and oversight. Our Corporate Governance Structure is set out on p.15 and details of our Board of Directors are set out in our Annual Financial Report.

## BOARD TRAINING & DEVELOPMENT

To support our Directors in their roles, we run a professional development and continuous education programme. In 2020, virtual training sessions covered topics included BCBS 239 Regulation, Internal Rating Based Models, Cyber Security Strategy, Resolution Planning, Safety & Wellbeing, Anti-Money Laundering and Fraud, Regulatory Accounting requirements, Directors Duties and the Market Abuse Regulations. Our Directors also have access to an online Corporate Governance Library and a suite of AIB specific online training courses.

## BOARD DIVERSITY

The Board recognises that diversity and inclusion in its widest sense is important and is focused on ensuring a truly diverse board. The Board embraces the benefits of diversity among its members and through its succession planning is committed to achieving the most appropriate blend and balance of diversity possible over time.

In reviewing the Board composition, balance and appointments, the Nomination and Corporate Governance Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity, in order to maintain an appropriate range and balance of skills, experience and background on the Board and in consideration of the Group's future strategic plans.

At 31.12.2020 there was 56% female representation on our Board.



**CLICK HERE  
TO READ MORE**

Download our  
**Board Diversity Policy.**



# CORPORATE GOVERNANCE AND ACCOUNTABILITY

## CULTURE PROGRAMME

### CULTURE EVOLUTION

Over the past year, there has been significant inroads and progress to the Culture journey in AIB. At the beginning of the year, with the help of ExCo and our Board, refreshed values and associated behaviours were created for the organisation.

Our values were launched in July with several initiatives to ensure employees understood, activated, and embedded the new values and behaviours into their teams. Over 2,200 employees engaged in the Culture journey awareness and People leader sessions. There was a keen sense of “tone from the top” as the top 100 People leaders in the organisation facilitated roundtable discussions with over 2,500 people, receiving valuable and honest feedback.

The next phase of the Culture journey is the commencement of leadership behaviours and mind-set changing. We know that leadership is a core component of culture and the shadow that leaders cast can have either a positive or negative impact on

the culture. We want to ensure that all leaders cast a consistent positive shadow as leaders. To enable and facilitate that change, all leaders will participate in structured workshops which aim to ‘unfreeze’ current behaviours and habits by deepening participants understanding of our culture and underlying behavioural issues prevailing, and how the impact strategic delivery, business operations and employee engagement.

The ExCo and their senior management teams (circa top 100 leaders) participated in these workshops in Qtr. 4 2020. Our culture must be owned, and role modelled by senior leaders in the first instance – hence why we have started with senior leaders. Our remaining People Leaders will undergo a similar facilitated process in 2021 as part of a wider People Leaders Development Academy.

To ensure we are driving a Purpose led Culture, we evolved our Purpose Wheel to communicate our values and behaviours – with three core elements;

- **Why we do business** – to back our Customers to achieve their dreams and ambitions
- **What** – is our strategy under the five pillars
- **How** – we live our values and behaviours.

Our culture is the key enabler of our strategy and purpose and we are very proud of that. As we look at what best describes all elements of our culture – ‘It’s Who We Are’ is the manifestation of everything we do – the products and services that we build and deliver for customers; how we support our communities and how we continue to support our colleagues across the organisation to grow learn and develop. Our culture is the sum of all the parts of these aspects of our work. As we continue our journey, we focused on the sustainment of Culture evolution.



**OUR  
REFRESHED  
VALUES**



**BE ONE  
TEAM**



**OWN THE  
OUTCOME**



**DRIVE  
PROGRESS**



**SHOW  
RESPECT**



**ELIMINATE  
COMPLEXITY**



# ETHICS AND INTEGRITY

## OUR APPROACH

We rely on trust for our social licence to operate, and trust in banking is highly dependent on acting ethically and with integrity. It is no surprise that our stakeholders see ethics and integrity as a material topic. Our involvement with this material topic is cause, and the key impacted stakeholders are customers and society.

Our Code of Conduct is a core framework that underpins our values and culture. It sets out clear expectations for how we behave and how we do business. It is vital that everyone who works in or for AIB understand how they are expected to behave. Our core values, principles, standards and behaviours are contained in our Code of Conduct.

The Code has evolved over many years, providing a guiding framework for many of our people policies on behaviour and conduct. It is underpinned by policies including Conflicts of Interests, Anti-Bribery & Corruption, Conduct of Personal, Financial and Tax Affairs, Social Media, Diversity & Inclusion and Speak-Up. It is owned and managed by Human Resources, and is supported by our Conduct Risk Framework.

All employees are required to adhere to our Code of Conduct and are required to complete a declaration of compliance with our Code as part of the annual ASPIRE performance management process. Failure to comply with our Code is taken seriously and may lead to disciplinary action up to and including dismissal or in the case of contract staff or suppliers, cancellation of contract. Annual training on the Code, delivered through iLearn – our e-learning tool, is mandatory for all employees, and completion is recorded, monitored and tested by local business teams with central oversight from Human Resources. In 2020, 93.2% of our employees completed our Code of Conduct training.

## GOVERNANCE AND OVERSIGHT

The Chief Executive Officer is the policy sponsor of the Code. It is reviewed annually by our Group Conduct Committee and the Board Audit Committee and approved by the Board. An annual Code of Conduct activities report is presented to the Board Audit Committee on:

- the previous year’s activities
- developments for the Code and its associated policies
- awareness levels of the Code
- aspects for review
- breaches identified and actions taken.

## ENHANCING OUR CODE

In 2020 we updated our code of conduct to make it more user friendly and accessible for all employees, and the updated code was formally launched in February 2021.

Our personal responsibilities to abide by the Code are explicitly called out as are the responsibilities expected of all People Leaders to support and embed it. Our updated Code of Conduct now contains five core conduct standards that are reflective of those set out by our regulators in the jurisdictions in which we operate. The updated Code contains a guiding framework to help staff to make better decisions.


In February 2021, we launched our Human Rights Statement. This statement, which pulls together all the Human Rights commitments across the Group, is designed to support our Code of Conduct.

## RAISING CONCERNS


Every organisation faces the risk that something will go wrong either accidentally or otherwise. It is very important that we hear about such things, at an early stage, so we can fix them.

We have well-established processes in place in AIB for raising and handling concerns, through the three mechanisms:


- 1) whistle-blowing
- 2) grievance
- 3) complaints.



[CLICK HERE TO READ MORE](#)



Learn more by reading our **Code of Conduct**.



[CLICK HERE TO READ MORE](#)



Discover more about making a complaint.



[CLICK HERE TO READ MORE](#)



Learn more by reading our **Human Rights Commitment**.

# ETHICS AND INTEGRITY

## WHISTLE-BLOWING PROCESS

Our whistle-blowing process is called ‘Speak Up’. Under Speak Up, concerns can be raised anonymously but this may limit our ability to fully investigate them. Our Grievance process is a mechanism for our employees who feel they have been mistreated or have been subject to behaviours they believe are contrary to our Code of Conduct. We operate a comprehensive complaints process designed to provide our customers with the opportunity to be heard, have concerns investigated and make good where needed. See p.77 for more information.

Our Speak Up policy provides guidance on reporting wrongdoing or suspected wrongdoing through a number of channels, without fear of or actual retaliation, including:

- reporting issues to local management
- a reporting line to a nominated member of senior management
- access to a confidential internal telephone line or a dedicated Speak Up “@aib” email address
- an external, confidential, telephone and email facility operated by an international specialist charity, Protect.

Through the Speak Up process, concerns were raised on the following in 2020:

- Personal grievances
- Workplace issues (such as non-compliance with internal policies, information security issues, operational issues, etc.)
- Business policy decisions arising from COVID-19 Health and Safety issues
- Suitability of products for specific groups of customers.

In 2020 all guidance requests and concerns raised were successfully concluded by dedicated case managers.

### TRAINING & AWARENESS

It is important that all employees are aware of our Speak Up process. Annually they are required to complete mandatory online training on Speak Up. The training module notifies employees about Speak Up policies and processes as well as the contact details and channels for raising a concern. In 2020, 92% of employees completed this training. Training has also been provided to managers on how to handle concerns appropriately.

### GOVERNANCE


The Chief People sponsors our Speak Up policy while an Executive Committee subgroup has responsibility for reviewing Speak Up cases and follow-up actions. Two Non-Executive directors are Speak Up champions for the UK and Ireland. Investigations are conducted, as appropriate, by Human Resources (HR), business representatives and/or a specialised team in Group Internal Audit (GIA). We may engage an external investigator if appropriate in the circumstances. In cases of suspected fraud, GIA undertakes the initial investigation, and regulatory and policing authorities are notified if necessary and appropriate.

### 2020 ENHANCEMENTS TO SPEAK UP

- A new Head of Speak Up was put in place and Speak Up champions were appointed at Board level for Group and the UK.
- A communications plan was developed with the Chief People Officer.

- HR ran focus groups on Speak Up, and 186 employees took part in them. Feedback included that examples of real life whistle-blowing should be discussed more openly, and employees wanted to understand issues raised and how they were dealt with.
- Under our new Responsible Supplier Code, we extended access to whistle-blowing to our suppliers.
- We developed a new external portal to allow employees convey concerns through a digital channel. It will be launched in 2021 and be available 24/7.
- In June we published our first Protected Disclosures report. It is publicly available along with our Speak Up Policy at [www.aib.ie/sustainability](http://www.aib.ie/sustainability).

We will continue to build on the awareness of Speak Up as an appropriate channel to escalate internal issues in a safe and confidential manner.


[CLICK HERE TO READ MORE](#)

Read our **Speak Up Policy**.




[CLICK HERE TO READ MORE](#)

Download AIB's **Protected Disclosures Report**.





# ETHICS AND INTEGRITY

## ANTI-BRIBERY AND CORRUPTION

The most significant corruption risks faced by the banking industry 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.

To manage corruption and its associated risks, we have implemented two group policies – our Anti-Bribery & Corruption (ABC) policy covers what constitutes bribery and/or corruption and what is prohibited under the various regulations. Our Conflicts of Interests (Col) policy governs both the giving and receiving of gifts, benefits and hospitality. It is reviewed annually. In 2020 it was refreshed to reinforce responsibilities in directorships, outside employments and business activities. These policies apply to all employees, contractors and suppliers operating within AIB. They are reviewed annually by stakeholders and material changes must be approved by our Group Conduct Committee.

In line with our Anti-Bribery & Corruption and Conflict of Interests’ policies, all our operations across the group are assessed for risks related to corruption. No significant risks related to corruption were identified through the risk assessment during 2020.

### CENTRAL REGISTER

Under our policy gifts, benefits or hospitality given or received, in excess of €50/£50/\$65 (including cumulative gifts received or given to or from one donor) are subject to prior approval from the employees People Leader and must be recorded on a central register. Co-ordinators are appointed for each business area – they review the register monthly, ensuring it is in keeping with our policies, complete quarterly returns to the policy owner and report policy breaches or assurance issues.

All business areas are responsible for completing a monthly risk assessment of all registered activities to ensure they are in keeping with policy and identify those which might give rise to a potential or perceived conflict situations or corruption. Where additional management oversight is required, business areas must ensure local procedures are in place to mitigate bribery or corruption of any sort, and to ensure that employees are regularly apprised of the potential risks and mitigants required.

### AWARENESS & TRAINING

Both policies are subject to annual stakeholder review and are supported by a mandatory e-learning. New employees and insourced suppliers (i.e. contractors and third-party service providers) are required to complete this training within one month of joining AIB and all employees are required to complete it annually. Roles and responsibilities documents and instruction guides are published on our intranet, to aid understanding of these policies.


**Employees** – An information mail on anti-bribery and corruption is issued at least once annually to all employees. In October we emailed all employees to notify them of the update to the Col policy and remind them to complete their annual mandatory e-learning course, which also includes anti-bribery & corruption matters. In 2020, 91.5% of employees completed the training (91% Ireland, 96% UK and 94% USA). As subject matter experts, HR provide additional training and support to employees who oversee the central register and co-ordinate quarterly returns for their business.

**Board** – The Board Audit Committee oversees compliance with the Group Code of Conduct and Conflicts of Interests Policy by way of an annual update from Management. It also ensure that arrangements are in place for the proportionate and independent investigation of matters raised under that policy for appropriate follow-up action. Material matters relating to anti-bribery and corruption will be escalated to the Board by management on a case by case basis through Executive Management Reporting.


**Suppliers** – Our Responsible Supplier Code clearly sets out our expectations for our suppliers on anti-bribery & corruption matters. Our People Leaders are required to brief their insourced suppliers on it and our business owners brief our outsourced suppliers in accordance with our Third-Party Management (TPM) process. Additionally, guidance is provided to our suppliers through the TPM process. The level of training and support provided to suppliers depends on their risk rating.


### RESPONSIBLE ENGAGEMENT

Our approach to lobbying is covered in our Conflicts of Interests policy, Anti-Bribery & Corruption policy and our internal Lobbying policy. In Ireland, AIB is registered as a lobbyist albeit we do not actively lobby. Lobbying activity in Ireland is recorded on the lobbying register. Political donations are prohibited under our Conflicts of Interests policy.


[CLICK HERE TO READ MORE](#)


View our **Conflicts of Interests Policy**.



[CLICK HERE TO READ MORE](#)

Read our **Anti-Bribery & Corruption Policy**.



[CLICK HERE TO READ MORE](#)

Find out more about AIB’s lobbying activity in Ireland.



# ETHICS AND INTEGRITY

## OUR SUPPLIERS

**We maintain a database of approximately 4,000 suppliers, with whom we contract. Our suppliers are based predominantly in Ireland and the UK however, we have a small number of suppliers based outside of this jurisdiction, mostly in the USA and India. Our principal spending categories are professional services, business services and information technology.**

We segment our supplier base into five tiers based on risk and criticality of the service being provided; we manage these suppliers proportionately to the level of criticality or risk involved, thereby our most critical services in the highest tier (Tier 1) are the most closely managed, while the lowest tier (Tier 5) suppliers typically provide low value transactional type goods and services.

Market intelligence together with specific selection criteria and best-in-class supplier selection tools help us to select the most appropriate suppliers for the services we require.

We complete due diligence for supplier selection, prioritised according to the nature, value, complexity, and criticality of the service being procured. For high value/risk services, specific diligence checks are performed on the supplier and the proposed service model. Lower value/risk suppliers are subject to routine company financial and sanction scanning checks.

AIB suppliers must adhere to all legal obligations in each jurisdiction in which they operate or provide services (e.g., environmental and labour law), as well as any specific requirements included in AIB's own policies. Key suppliers must attest annually to key policies (or clauses in them that are relevant to our supply chain). These include our Code of Conduct, Conflicts of Interests policy, Anti-Bribery and Corruption policy and Data Protection policy. We also require that, where relevant, key suppliers conform to the UK Modern Slavery Act.

In 2020, we launched our Responsible Supplier Code that sets out our expectations of suppliers, and includes responsible and ethical behaviours we look for in the companies with whom we do business.

### CHANGES TO OUR SUPPLY CHAIN IN 2020

During 2020, based both on our ambition to better manage third party risk, and adhere to European Banking Authority Guidelines on Outsourcing, we continued to reclassify our third-party arrangements (including Intra-Group and Financial Market Instruments relationships for example). As a result, we reclassified our supply base in terms of business risk, by virtue of the potential impact to AIB should the third-party service delivery be impacted or fail, taking into consideration their products and services, business continuity measures, human resources, anti-bribery measures, environmental and their approach to responsible business.

## OUR RESPONSIBLE SUPPLIER CODE

**In October 2020 we published our first Responsible Supplier Code to our supplier facing website. The code sets out the minimum standards we expect of our suppliers. The term 'Supplier' as used in the code refers to suppliers, vendors, contractors, consultants, agents and other providers of goods and services who do or seek to do business with AIB Group.**

**In Section 1**, we outline our approach to responsible and sustainable business setting our expectations for suppliers, and the key social, ethical, and environmental values to abide by. We want to support an inclusive ethical supply chain and ensure that individuals and companies throughout our supply chain work responsibly, sustainably, and safely. This Code is based on our Code of Conduct which incorporates these commitments, our values and responsible business approach to support the delivery of our business objectives.

In addition to the Code of Conduct, the Responsible Supplier Code references some of our policies which are intrinsically linked with ethical and responsible behaviour such as: Anti-Bribery and Corruption policy; Conflicts of Interests policy; Modern Slavery Statement; and our Speak-Up policy.

The Speak-Up policy informs the supplier of how to raise a concern should something go wrong or if they suspect a wrongdoing.

**In Section 2**, we set the minimum expectations we have of our suppliers in relation to Human Rights, Health safety and Welfare, Supply Chain, Diversity & Inclusion, Doing Business Responsibly and Sustainably.

The last section of the code details our commitment, and how we will support the supplier to align to our values and principles.

We expect our suppliers to conduct business in a fair and honest manner with all their stakeholders, employees, subcontractors and any other third parties. AIB will only engage with suppliers who adhere to our Responsible Supplier Code. We require our suppliers to evidence that they have an Environmental, Sustainability, and Governance (ESG) plan in place, or are working towards putting one in place. All successful suppliers are required to join the Supplier Financial Qualification System (FSQS). AIB commits to being carbon neutral by 2030, and we will require the support of our supply chain and their suppliers to help us achieve this.



**CLICK HERE  
TO READ MORE**

Learn more by reading our  
**Responsible Supplier Code.**





# COMPLY WITH LAWS, CODES AND REGULATIONS

## OUR APPROACH

**Compliance with laws, codes and regulations helps our stakeholders to trust us. AIB’s involvement with this material topic is cause and the key impacted stakeholders are customers and investors.**

### REGULATORY COMPLIANCE

We have a strong approach to regulatory compliance in AIB, with management responsibility for it aligned with our Three Lines of Defence (3LOD) approach to risk management. Our Regulatory Compliance Risk Management Framework, approved by Board Risk Committee, sets out the principles, roles and responsibilities, internal controls, and governance in place to achieve compliance objectives. It is underpinned by policies designed to protect our customers, such as Data Protection (p.73) and Financial Crime.

In 2020, we self-identified two incidences of non-compliance which we notified to the relevant regulators. The first related to the Competition & Markets Authority’s Bundling Undertakings on SME Lending, which has been addressed and closed. The second related to not being fully compliant with the Data Protection Commissioner’s Guidance Note on Cookies and other tracking technologies in 2020. A project has been mobilised to

ensure compliance in Q1 2021. Neither incidence was systemic and neither resulted in a fine/non-monetary sanction.

### FINANCIAL CRIME

Financial Crime is managed through our 3LOD approach. Our Money Laundering Reporting Officer (MLRO) is responsible for oversight of our Board’s compliance with AML law, which is externally supervised by the Central Bank of Ireland, the Financial Conduct Authority (UK) and the Department of Financial Services and Federal Reserve Board (USA). Our robust Financial Crime Framework includes our Financial Crime policy and standards on Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT), Fraud and Group Sanctions. The policy and standards are embedded within our operating procedures, and subject to an annual content verification to ensure they are kept up to date.

All employees and Directors are made aware of our Financial Crime policy and standards. Employees must complete mandatory e-learning annually. Our MLRO (or Deputy) provides comprehensive annual training to the Board. Bespoke training tailored to consider the ML/TF risks relevant to the specific roles, is also provided. To further enhance awareness, Financial

Crime AML and Sanctions Bulletins are issued periodically to our employees outlining key trends and other topical items.

Our customers go through our Customer Due Diligence process at the on-boarding stage and on an ongoing basis, which is driven by the risk category of the customer. Within the due diligence process, we screen customers against various criteria including national/international sanctions or terrorism. Some customers and beneficial owners present higher risk (for example, politically exposed person (PEPS) and/or customers established/residing in a ‘high-risk third country’). For them we apply enhanced customer due diligence. We have a two-tier escalated sign-offs for PEPs, with higher risk PEPs requiring approval by the MLRO. Our processes monitor the activity of our customers’ bank accounts and transactions to ensure unusual activity is investigated and corrective action taken, including reporting any suspicious transactions. Our Financial Crime Risk team perform ongoing monitoring of all activities. We retain records on Business risk assessment, customer identification and transactions for seven years.

**1,024**  
**EMPLOYEES**  
REGISTERED FOR THE  
**RISK SYMPOSIUM**  
AND FOLLOW-UP EVENT

**1,374**  
**EMPLOYEES**  
ATTENDING  
30 TRAINING SESSIONS  
THROUGHOUT THE WEEK

### RISK CULTURE

A key aspect of building a strong culture is have the right risk culture. It underpins effective risk management and sound risk taking. We define it as the values, behaviours, beliefs, knowledge, attitudes and understanding of risk shared by individuals and teams in our business.

Our risk culture is supported by our risk management methodologies and structures which are aligned to the Three Lines of Defence (3LOD) model – the First Line (business) owns and manages the risk, the Second Line (Risk) sets the frameworks and policies for managing risk and the Three Line (Audit) provide independent assurance of the risk management activities of the First and Second line. To help to enhance understanding of risk, all our employees are required to complete risk e-learning.

### RISK AWARENESS WEEK 2020

We ran a Risk Awareness Week which featured with extensive input from senior leaders and attendance by over 1,000 employees was recorded over the week. Highlights included:

- An opening Risk Symposium where our CEO & CRO were joined by external speakers to discuss topical risk management issues such as COVID-19, Brexit and consumer advocacy and risk
- Panel discussions with ExCo members on what risk culture means to them
- Virtually delivered training sessions, covering topics including fundamentals of risk management, regulatory engagement, the upstream regulatory agenda, and individual risk management issues such as fraud, information security, credit, conduct and operational risk
- ‘How to’ videos posted internally featured employees from across the business talking about what the values mean to them in supporting risk culture, and stories of how teams across all three lines of defence demonstrated the desired values and behaviours to reduce risk and drive better customer outcomes.

# COMPLY WITH LAWS, CODES AND REGULATIONS

## THE RIGHT TO DISCONNECT

In 2020, COVID-19 brought about many changes in how we work. Over a weekend in March, employees with relatively basic equipment managed to keep business activity moving all over Ireland, the UK, and the US all from their own homes. While these efforts to keep a critical national service operational, it also shone a light on the efforts and hours spent by employees juggling multiple competing demands of work, school, and home life.

Recognising the need to support a healthier work life balance, we considered ways we could support our employees while they were trying like many to juggle work at home and personal responsibilities.

The result of this was an idea that became Work/Life Balance Guiding Principles issued in June and which were positively referenced by the Financial Services Union (FSU) as an example to other employers when talking about their Right to Disconnect Policy. On Morning Ireland on RTE Radio 1 in July, the FSU spoke about this joint initiative as a very progressive move, where AIB were first movers ahead of the publication of a statutory Code of Practice. The principles were fair and balanced to avoid an 'always-on' culture while setting out ways to manage that.

The guiding principles are as follows:

### MEETINGS

- Schedule all meetings during normal working hours
- Avoid scheduling meetings during lunch time
- Respect people's time by only inviting them to meetings where they need to play an active role
- Block out time on your schedule where you are not available for meetings so that you can temper how much virtual communication you have each day.

### EMAILS

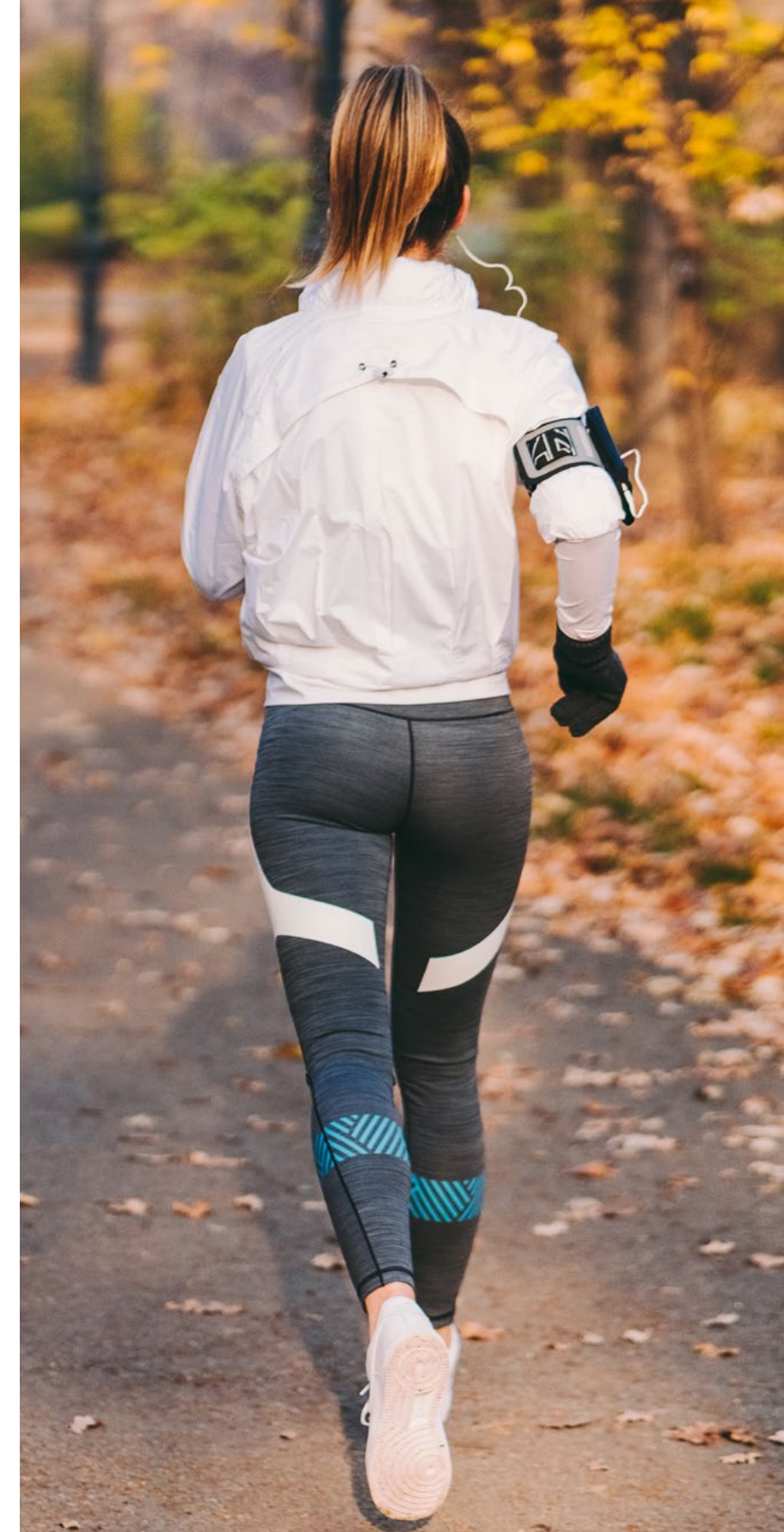
- Downtime is important, and we expect you to disconnect from work email on evenings, weekends, and during Annual Leave. Try to only check or send emails during normal working hours
- If it suits you better to send mails outside working hours either:
  - send the mail with a signature disclaimer at the end of it along the lines "I am currently working flexibly – so whilst it suits me to send this email now, I do not expect a response or action outside your own working hours"; or
  - use the "delay send" options and set it to a specified time the next morning (if it is a weekday)

- Employees might also consider putting their Out of Office on when they finish work and adding the following to their email signature: "My normal working hours are from x to y. I will respond to you when I am back in the office"
- In the case of an urgent or time-sensitive situation after normal working hours, please send a text or make a phone call
- On a social aspect, why not try adding some personal information to your email signature e.g., Joe Bloggs; Professional: Group Wellbeing Officer; Personal: Proud Limerick-man with a passion for sports.

### OTHER GUIDELINES

- Schedule 2 hours of the day, to work on important things that require your focus and undivided attention, with your email and internet turned off
- Schedule and make sure you take your coffee breaks and lunch break.

Senior leadership fully endorsed these principles, and it was acknowledged that they do not expect an 'always-on' response from staff. It also brought important clarity on the importance on being able to distinguish leisure, family and working time for all employees.





# TALENT ATTRACTION AND RETENTION

## OUR APPROACH

**In both delivering for our customers and investors today and into the future, attracting and retaining the best talent is critical to success.**

### EMPLOYEE SUPPORT DURING COVID-19

In March, in a short timeframe we enabled over 80% of our employees to work remotely. Those who worked in branches and contact centres had to adapt to new procedures that integrated a much more rigorous health & safety protocol into how they worked, to protect their own health, the health of their colleagues and the health of our customers. Our employees worked to keep 99.5% of our branches open, a real feat considering the situation society faced. For information on health and safety changes to our workplace see ‘Banking safely during COVID-19’ on p.47.

Our Chief People Officer and Chief Executive Officer regularly engaged with our employees throughout the pandemic. And our COVID-19 Hub on our intranet provided employees with easy access to all the information they need to support them through the pandemic – whether working remotely or onsite.

Safe working is an integral part of our culture, and COVID-19 has taken the importance of safe working to another level. Our Health & Safety policy forms part of our Safety Statement. It sets out the practical steps each of us must take to ensure the safety of our employees, customers, contractors, visitors, and our workplaces, and defines and communicates the roles and responsibilities for health and safety throughout AIB. It is supported by health & safety training and regular accident awareness communications. We report annually to the Board on health & safety activities.

We ran surveys in April, July, and November to measure how employees were feeling in the evolving situation, and to gauge if they felt they were getting the support they needed.

The April results showed us that employees strongly felt that their “People Leaders kept them informed about what was going on in AIB” and a significant percentage of the respondents also felt that “AIB has followed a clear plan of action in response to COVID-19”.

- In July, more than 80% of those who completed the survey felt:
- “AIB was concerned about employee health and wellbeing”
  - “AIB was supporting employees to adapt to new ways of working”
  - “AIB has communicated clearly and consistently during COVID-19”.

November’s results shows us that 85% continue to feel AIB is concerned for their wellbeing, and 87% feel communication was strong during COVID-19.

### WELLBEING

Our wellbeing program launched in January 2020. It is proactive and holistic in nature, and focuses on four key pillars – physical, mental, social, and financial wellbeing. Our four wellbeing channels are our advocate community, our intranet site, the Sports & Social Committee and our PepTalk app which has over 3,500 users.

Q1 efforts focused on physical wellbeing and were dedicated to exercise, sleep, and nutrition. They were

supplemented by physical get active classes, and expert talks on sleep, exercise, and nutrition. We rapidly ramped up our program to provide continued and extended support throughout the pandemic.

The mental health pillar is employee-led, using internal talent with external expertise when required. We work alongside See Change to break down stigma around mental health. Recognising that poor financial health can be a key stressor, we recorded six financial wellbeing podcasts, facilitated by one of our Senior Economists and our Head of Customer Financial Planning, to give employees the low down on a range of financial matters. When our employees have issues that affect their work or home life, they have the option to use our Employee Assistance programme – an independent and confidential work-based support service that is available free to all employees.

The programme gained significant traction amongst employees’ and key to its success is our ‘wellbeing for staff by staff’ approach. We have 120 advocates who promote the programme and they keep their teams up to date and have organised on average 305 wellbeing activities per month.

### DIVERSITY & INCLUSION

We commit to creating an inclusive and supportive organisation that delivers a superior experience for all our customers, providing an extraordinary place to work for our employees, and offering an appropriate financial return for our shareholders and the economies within which we operate. Our Diversity & Inclusion Code operates as part of a suite of standards that support

our Code of Conduct. The Diversity & Inclusion Code is available on our website [www.aib.ie/sustainability](http://www.aib.ie/sustainability).

At year end we had 56% female representation on both our Board and Executive Committee. More details on female representation and our age profile is set out on p.99. Family leave options to support working families help to support our diversity agenda, and in 2020 we made available enhanced maternity, paternity and parental leave options for all employees. Recognising that in order to achieve our wider gender balance agenda, we have invested and supported programmes to encourage and support females in primary, secondary and third level institutions.

We have six employee-led resource groups, covering Family, Women, Men, Roots, Ability and Pride matters helping us to create a sense of inclusion for all. Some of the many events marked virtually in 2020 included Pride Month, Diwali and Black History Month. The Women Matters group also coordinate successful peer-to-peer mentoring across the business.



**CLICK HERE  
TO READ MORE**

Download our **Diversity & Inclusion Code**.



# TALENT ATTRACTION AND RETENTION

## OUR APPROACH

### GRADUATE PROGRAMME

Our graduates are an asset to the teams and business areas that they join – they bring new perspectives, fresh thinking, and great enthusiasm. In 2020, many of our graduates were chosen to work with the Sustainability Office to support the launch of Sustainable Communities as a pillar to our group strategy. The graduates shared their insights, energy and creativity and the experience gave them the opportunity to engage with senior leaders and stakeholders across the bank.

Over the last number of years, we have evolved our Graduate programmes to become ‘best in class’. Winning the gradireland award in 2020 for ‘Most popular graduate recruiter in Banking, Investment and Financial Services’ award was a great endorsement of our programme.

### EMPLOYEE TRAINING AND DEVELOPMENT

Employee training and development is critical in attracting and retaining the best talent. Our employees can access a wide range of training options and employee development and leadership development programmes. Due to COVID-19, face-to-face training could no longer be delivered and new ways of delivering training were quickly mobilised. We converted over 20 classroom-based courses into Virtual Instructor Led Training, both soft skill and technical courses, allowing for upskilling of new and existing employees. We created a new suite of support guides for People Leaders and employees, to help them to led through and work through remote working. Each

guide contains practical frameworks, tips, tools and aligned learning resources. We continued to run our leadership programme creating a series of webinars and virtual training sessions.

We require our employees to complete a series of mandatory training annually. In 2020, our courses and completion rates were:

- Speak Up (92%)
- Anti-Money Laundering & Terrorist Financing (90.4%)
- Information Security (96.5%)
- Data Protection (92%)
- Health & Safety (89%)
- Code of Conduct (93.2%)
- Conflicts of Interests (91.5%).

Our target completion rate for each course is 90%, (allowing for employees on who may be on leave). Those on leave are required to complete the training on their return to work. Where completion rates have not met our target, people leaders intervene.

Annually we run a Career Development week which showcases to our employees all of the career supports in place. This took place virtually in November and over 5,000 employees participated in 120 live events which covered a myriad of topics including Remote Working, Resilience, Motivating teams and Women in Leadership.

Employees are encouraged to complete Continuous Professional Development (CPD), and those in customer-facing roles, involved in the distribution of products must have and maintain relevant qualifications to comply with Minimum Competency Code requirements specific to the products they distribute.

### THE INSTITUTE OF BANKING

In 2020, 6,945 AIB employees were listed as members of the Institute of Banking and 6,170 participated in the CPD scheme, completing a total of 66,795 CPD hours. 857 employees received a university award through the IoB for their studies and 18 executives have been awarded the Certified Bank Director designation.

### PEOPLE & CULTURE RISK

The risk to achieving the Bank’s strategic objectives as a result of an inability to recruit, retain or develop resources, or as a result of behaviours associated with low levels of employee engagement is known as People & Culture Risk. It includes the risk that the business, financial condition and prospects of the Bank are materially adversely affected as a result of inadvertent or intentional behaviours/actions taken or not taken by employees that are contrary to our overall strategy, culture, and values. Key codes such as our Code of Conduct and associated policies help us to manage this risk and our Group Conduct Committee monitors the effectiveness of our approach, the outputs through several mechanisms including our annual performance review process ‘Aspire’ and our employee engagement performance.

### REFLECTING ON 2020

At the end of 2020, we had 9,095 employees across Ireland, the UK, and the US with 89% of our employees working in our Irish operations. 75% of our employees are covered by collective bargaining. In 2020, our employee turnover rate was 8.6%. By 2023, we expect to employ 1,500 fewer people due to a combination of normal retirements, natural exits, and Voluntary Severance.

Without a doubt, COVID-19 brought challenges for how we could continue to support our employees at this very difficult and unusual time. Despite this, as demonstrated in the outputs of our ongoing surveys, in 2020 our employees felt that their wellbeing is important to AIB, and they felt safe in doing their jobs. Our Wellbeing progamme provided support throughout the year and while we had to pivot our approach to training our employees, they were still were able to complete training – averaging at 24 hours/three days each.



# LOOKING FORWARD

We have a steadfast focus on providing our customers with the best banking experience regardless of when or how they need us, strong customer advocacy is a key tenet of a sustainable business. This requires ongoing investment in our platforms, relevant training of our people, enhancements in our customer journeys and importantly learning from mistakes when things go wrong. We have included relevant targets to use as key indicators of our performance.

While embracing the opportunities the digital agenda represents for AIB, our controls, training, reporting and, where needed, remediation approach helps to prevent significant breaches or misuse of our customer data. The data agenda continues to advance, and as new technologies and approaches evolve, we expect it will continue to change and become increasingly complex and challenging.

You can find commentary on the key metrics we monitor in this chapter as follows:

- Net Promoter Scores (NPS) (see p.65)
- Digitally active customers (see p.46)
- Diversity – female representation (see p.83).

In 2021, we intend to continue to have a keen focus on supporting our employees and customers through COVID-19, as it continues to impact society. We also intend to expand our graduate programme further, offering graduates an opportunity to join an enterprise-wide rotational programme. In support of our Speak Up programme, it is planned to develop and share case studies of previous whistle-blowing, to build awareness. Also, our new Speak Up external portal will be launched in 2021. The concerns raised will be provided to us for investigation. The new portal will allow us to engage with employees who wish to remain anonymous.

The Risk & Capital pillar of our Group Strategy has a strong focus on our IT Resilience capability, and we intend to continue to invest annually across our technology infrastructure. This investment, supported by robust governance and a strong risk culture, will ensure our technology continues to be responsible and reliable and will enable us to continue to respond to the ongoing challenges.

We pledge to **DO MORE.**



# OUR TARGETS

**2023**  
**TRANSACTIONAL NPS<sup>1</sup>**  
**53+**

**2023**  
**>2.25M**  
**DIGITALLY ACTIVE CUSTOMERS**

**ONGOING**  
**GENDER**  
**BALANCED**  
**BOARD & EXCO**

<sup>1</sup> Transactional Net Promoter Score (NPS) is an aggregation of 20 Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking journeys.



# REPORTING & ASSURING

87	GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX
91	TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
92	UNEP FI PRB – SELF-ASSESSMENT & REPORTING
98	NON-FINANCIAL INFORMATION
101	ASSURANCE REPORT



# GLOBAL REPORTING INITIATIVE (GRI) CONTENT 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, and an overview of the management approach (GRI 103). 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 responses on this are set out in the second part of the GRI Content Index.

## OUR TOP MATERIAL TOPICS IN THE MOST RECENT EXERCISE WERE:

### CLIMATE ACTION

- 1. Ensure a climate resilient and responsive business model
- 2. Products and services to address environmental and social issues

### ECONOMIC & SOCIAL INCLUSION

- 3. Usability of services and accessibility of products
- 4. Enable customers to make better informed financial decisions
- 5. Innovation and co-creation
- 6. Financial inclusion and literacy

### FUTURE-PROOF BANK

- 7. Customer experience
- 8. Digitalisation and interconnectivity
- 9. Cyber security and business system resilience
- 10. Protect our customers' data and privacy
- 11. Corporate governance and accountability
- 12. Ethics and integrity
- 13. Comply with laws, codes and regulations
- 14. Talent attraction and retention

## GRI REPORTING PRINCIPLES

In each disclosure of Management Approach, we set out where the impacts occur for a material topic, and our involvement with those impacts. In all instances in preparing our Sustainability Report, we have striven to adhere to the GRI Reporting Principles, within the limitations and scope of the information currently available:

### Stakeholder Inclusiveness

Our stakeholder groups are listed on p.18. In Q4 2019, we consulted 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;

### Sustainability Context

Our Sustainable Communities Strategy on p.13, 'An Introduction from our Chief Executive Officer, Colin Hunt' on p.8-9 and 'A message from the Chair of our Sustainable Business Advisory Committee (SBAC), Helen Normoyle' on p.10, provide an explanation of what sustainability means for AIB;

### Materiality

In the materiality exercise we conducted in 2019 we engaged with c. 800 stakeholders to identify those issues that were of most concern to them. Our master list of issues was prepared

with independent advice and based on international best practice among peer banks, see p.19;

### Completeness

The topics covered in the report reflect the organisation's economic, environmental and/or social impacts. We have considered the results of stakeholder engagement processes, together with broad-based societal expectations that are not identified as material directly through stakeholder engagement processes. Despite the challenges of COVID-19, we still see climate change as the most important issue of all time, hence we reported on our response to Climate Action in this report.

## GRI: CORE OPTION

Our GRI disclosures 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 2020, unless otherwise stated, and references material already published for that period such as the AIB Group plc 2020 Annual Finance report and the 2020 Carbon Disclosure Project (CDP) response, the latter addressing data for 2019.

GRI GENERAL DISCLOSURES

REFERENCE	DISCLOSURE	RESPONSE/LOCATION OF MORE INFORMATION
A. ORGANISATIONAL PROFILE		
102-1	Name of the organisation	AIB Group plc
102-2	Activities, brands, products and services	See 'AIB at a glance', on p.7
102-3	Location of the organisation's headquarters	AIB Group plc, 10 Molesworth Street, Dublin 2, Ireland
102-4	Location of operations	See 'AIB at a glance' – 'Operations' on p.7
102-5	Ownership and legal form	See 'AIB at a glance' – 'Ownership', on p.7
102-6	Markets served	See 'AIB at a glance' – 'Customer-facing segments' and 'Location of operations' on p.7
102-7	Scale of the organisation	See 'AIB at a glance' – 'Scale of organisation' – on p.7
102-8	Information on employees and other workers	See 'Employees' on p.98-99 and 'Talent attraction and retention' on p.83
102-9	Supply chain	See 'Suppliers' on p.80. Source: Company information
102-10	Significant changes to the organisation and its supply chain	See 'An introduction from our Chief Executive Officer, Colin Hunt' on p.8-9 and 'Suppliers' on p.80
102-11	Precautionary principle or approach	See 'Ensure a climate resilient and responsive business model' – 'Our approach' on p.26
102-12	External initiatives	See 'External initiatives' on p.100
102-13	Memberships of Associations	See 'Memberships of associations' on p.100
B. STRATEGY		
102-14	Statement from senior decision maker	See 'An introduction from our Chief Executive Officer, Colin Hunt' on p.8-9
C. ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behaviour	See 'Culture programme' and 'Ethics and integrity' on p.76-80
102-17	Mechanisms for advice and concerns about ethics	See 'Ethics and integrity' on p.77-78
D. GOVERNANCE		
102-18	Governance structure	See 'Our Corporate governance structure' on p.15-16. For more information, including details of our Board of Directors and Executive Committee, see also 'Governance in AIB' in our Annual Financial Report 2020.
General disclosures 102-15 and 102-19 to 102-39 are not required under the Global Reporting Initiative (GRI): Core option		



GRI GENERAL DISCLOSURES

REFERENCE	DISCLOSURE	RESPONSE/LOCATION OF MORE INFORMATION
E. STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	See 'Materiality process' on p.19
102-41	Collective bargaining agreements	See 'Talent attraction and retention' on p.84
102-42	Identifying and selecting stakeholders	See 'Materiality process' on p.19
102-43	Approach to stakeholder engagement	See 'Engaging' on p.17-22
102-44	The key topics and concerns raised	See 'Engaging' on p.17-22
F. REPORTING METRICS		
102-45	Entities included in the organisations consolidated financial statements	A listing of the principal businesses and their locations that are included in the consolidated financial statement is provided in our Annual Financial Report. All entities are covered by the report.
102-46	Define the report content and topic boundaries	See – GRI Content Index on p.87
102-47	List of material topics	See 'Materiality process' on p.19
102-48	Restatements of information	None
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	None
102-50	Reporting period for the information provided	01 January – 31 December 2020
102-51	Date of the most recent previous report	We pledge to DO MORE. Sustainability Report for the financial year ended 31 December 2019. AIB Group plc. Published 06 March 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	<a href="mailto:sarah.m.dempsey@aib.ie">sarah.m.dempsey@aib.ie</a> <a href="mailto:caroline.a.tully@aib.ie">caroline.a.tully@aib.ie</a>
102-54	Reporting in accordance with GRI Standards	This report has been prepared in accordance with GRI Standards: Core option
102-55	GRI Content Index	The GRI Content Index runs from p.87-90. Relevant page numbers and URLs are provided within the index for individual disclosures. Omissions have been explained where relevant.
102-56	External assurance	External assurance has been provided by Deloitte on our preparation of the report in accordance with the GRI Standards.  i. The Deloitte assurance report can be found on p.101 of this report  ii. The external assurer is currently our financial auditors  iii. The Board's Sustainable Business Advisory Committee has commissioned an independent assurance process aligned to ISAI 3000 through Deloitte.

TOPIC SPECIFIC DISCLOSURES

MATERIAL TOPIC	REFERENCE	DISCLOSURE	MORE INFORMATION
1. Ensure a climate resilient and responsive business model	103-1, 103-2, 103-3	Management approach	See ‘Climate action’ on p.24-34, and on p.43
	201-2	Financial implications and other risks and opportunities due to climate change	See ‘Climate action’ on p.27-28
2. Products and services to address environmental and social issues	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.35-43
	FS8	Monetary value of products and services designated to deliver a specific environmental benefit for each business line broken down by purpose	See ‘Products and service to address environmental and social issues’ – ‘Metrics and targets’ on p.42
3. Usability of services and accessibility of products	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.46-48
	Bespoke		See ‘Daily user interactions’ on p.60 and ‘Accessibility of our products and services’ on p.99
4. Enable customers to make better informed financial decisions	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.49-50
	417-2	Incidents of non-compliance concerning product and service information and labelling	See ‘Product and service information’ on p.49
5. Innovation and co-creation	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.51-55
	Bespoke		See ‘Fostering innovation’ on p.51
6. Financial inclusion and literacy	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.56-61
	FS16	Initiatives to enhance financial literacy by type of beneficiary	See ‘Supporting financial literacy’ on p.56
7. Customer experience	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.64-67
	Bespoke		See ‘Net Promoter Score’ (NPS) on p.65 and p.99
8. Digitalisation and interconnectivity	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.68-70
	Bespoke		See ‘Active digital customers’ and ‘Active on mobile apps’ on p.46 and p.99
9. Cyber security and business system resilience	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on page p.71-72
	Bespoke		See ‘Awareness & training’ on p.71
10. Protecting our customers’ data and privacy	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.73-74
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See ‘Breaches of privacy & losses of data’ on p.73
11. Corporate governance and accountability	103-1, 103-2, 103-3	Management approach	See ‘Corporate Governance & Accountability’ on p.75 and ‘Our Corporate Governance Structure’ on p.15-16
	205-1	Operations assessed for risks related to corruption	See ‘Central register’ on p.79
12. Ethics and integrity	103-1, 103-2, 103-3	Management approach	See ‘Ethics and integrity’ on p.77-80
	205-2	Communication and training about anti-bribery & corruption	See ‘Awareness & training’ on p.79
13. Comply with laws, codes and regulations	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.81
	419-1	Non-compliance with laws and regulations in the socio economic area	See ‘Regulatory compliance’ on p.81
14. Talent attraction and retention	103-1, 103-2, 103-3	Management approach	See ‘Our approach’ on p.83-84
	401-1	New employee hires and employee turnover	See ‘Employees’ on p.98 and ‘People & culture risk’ on p.84



# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



DESCRIPTION	DISCLOSURE	LINK TO RELEVANT INFORMATION
GOVERNANCE		
Our governance around climate-related risks and opportunities	a) Board oversight of climate-related risks and opportunities b) Management’s role in assessing and managing climate-related risks and opportunities	See ‘Climate governance’ on p.32 and on p.43
STRATEGY		
The actual and potential impacts of climate-related risks and opportunities on our businesses, strategy, and financial planning where such information is material	a) The climate-related risks and opportunities we have identified over the short, medium, and long term. b) The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning c) The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2oC or lower scenario.	See ‘Climate strategy’ on p.26-30 and on p.43
RISK MANAGEMENT		
How we identify, assesses, and manage climate-related risks	a) Our processes for identifying and assessing climate-related risks. b) Our processes for managing climate-related risks. c) How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management	See ‘Climate risk’ on p.32-33 and on p.43
METRICS AND TARGETS		
The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management processes b) Our Scope 1, 2 and 3 Greenhouse gas (GHG) emissions, and the related risks c) The targets used to manage climate-related risks and opportunities and performance against targets	See ‘Metrics and targets’ on p.42-43

# UNEP FI PRB – SELF-ASSESSMENT & REPORTING



The Principles are a framework for ensuring that signatory banks’ strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement. They aim to promote a sustainable banking system and helping the banking industry to demonstrate how it makes a positive contribution to society.

AIB was one of 130 founding signatories who committed to implement the six principles. Today over 200 banks have committed to implement them. Since we became a founding signatory of the Principles in 2019, we have confirmed our areas where we can most positively and negatively impact the SDGs using the Impact Assessment Tool. Members of our Sustainability team have participated and led in the UNEP

FI working groups set up to support the implementation of the Principles, and to ensure leadership in implementing them. We are clear on the initial focus areas where we will set targets, and work is underway in defining these with a view to embedding the tracking of these into our business operations in 2021.

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK’S RESPONSE	REFERENCES/LINKS TO BANK’S FULL RESPONSE/RELEVANT INFORMATION
<b>PRINCIPLE 1: ALIGNMENT</b> <b>We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b>		
<b>1.1</b> Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<p>AIB is a financial services group operating predominantly in Ireland and the United Kingdom (UK). We provide a range of services to retail, business and corporate customers including loans for personal, home and commercial purposes. Our main products and services are mortgages, personal, SME and corporate lending, payment services, credit card services and deposits.</p> <p>77% of our net loans are to customers in Ireland and 15% to customers in the UK. We have a small, niche operation in the UK market.</p> <p>Retail Banking constitutes 60% of net loans and and Corporate lending constitutes 26%.</p>	<p>See ‘AIB at a glance’, on p.7</p> <p>Refer to supporting information on p.110 and 129, of our AFR 2020 at <a href="http://www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results">www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results</a></p>
<b>1.2</b> Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society’s goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<p>At the start of 2020, ‘Sustainable Communities’ was added as a fifth pillar in AIB’s 3 year Group Strategy (2020 – 2022). It has been embedded into the heart of our business, and focuses on three aspects – Climate action, Economic and social inclusion and Building a future-proof bank. Our Sustainability Strategy has been set out and evolved over the last five years in our annual sustainability report. We have conducted a materiality exercise with our stakeholders to understand their most material issues and have reported on our progress in helping to address those issues. The primary SDGs we are aligned to are 3 – Good Health &amp; Wellbeing, 4 Quality Education, SDG 5 Gender Equality, 7 Affordable &amp; Clean Energy, 8 Decent Work and Economic Growth, SDG 9 Industry, Innovation &amp; Infrastructure 11 Sustainable Cities and Communities, 13 Climate Action and 17 Partnerships to Achieve the Goals.</p> <p>As we are a small player in the UK market, our greatest impact is in the Irish market. We have identified and reviewed the EU Action Plan: Financing Sustainable inclusive and healthy Growth, as well as key national frameworks and policy documents for Ireland, our main country of operation, including our Programme for Government, Project Ireland 2040 (incorporating our National Development Plan 2018-2027) and our national Climate Action Plan.</p> <p>We have determined that climate change, resource efficiency, inclusive, healthy economies, access to housing and decent employment are the main priorities in Ireland. Based on an initial analysis of our portfolios to assess how we could strategically contribute to Ireland’s priority goals and challenges and concluded that climate change and access to housing are the bank’s areas of most significant impact.</p> <p>in 2019 we made a commitment that we are pledging to ‘Do More’; we want to lead Ireland’s transition to become a low-carbon, sustainable economy. We followed that up in 2020 with our Net Zero pledge that AIB will operate as Carbon Neutral across our business operations by 2030. We have also stated our ambition that green and transition lending will account for 70% of new customer lending by 2030 and all customer lending by 2040 – with the exception of agriculture which will fall in line with the Government of Ireland’s Climate Action plan. We are currently working on setting Science Based Targets aligned to the Paris Agreement.</p>	<p>See ‘Climate action’ – section on p.24-43</p> <p>See also ‘Economic &amp; social inclusion’ – section on p.44-61</p>



REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK’S RESPONSE	REFERENCES/LINKS TO BANK’S FULL RESPONSE/RELEVANT INFORMATION
<b>PRINCIPLE 2: IMPACT AND TARGET SETTING</b>  <b>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services.</b> <b>To this end, we will set and publish targets where we can have the most significant impacts.</b>		
<b>2.1 Impact Analysis:</b>  Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:  <b>a) Scope:</b> The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.  <b>b) Scale of Exposure:</b> In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.  <b>c) Context &amp; Relevance:</b> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/ regions in which it operates.  <b>d) Scale and intensity/salience of impact:</b> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services.  (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))  Show that building on this analysis, the bank has <ul style="list-style-type: none"><li>Identified and disclosed its areas of most significant (potential) positive and negative impact</li><li>Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts.</li></ul>	<b>Scope:</b> We used the UNEP FI Portfolio Impact Analysis Tool (the “tool”) to undertake an impact analysis of our portfolio, based on data as at 31 December 2020. We analysed our activities across our retail, business banking and corporate banking portfolios in Ireland, amounting to c.70% of our total income, which is distributed across our Retail Banking and Corporate & Institutional Business Banking (CIB) segments of our business.  <b>Scale of exposure:</b> Across the Group, the concentration of credit by industry sector for Loans and Advances to customers is set out in our Annual Financial Report 2020. The strongest concentration of net loans in our Retail segment is in residential mortgage lending (82%) and in our CIB segment it is in non-property business lending (65%) and property lending (31%).  <b>Context &amp; relevance:</b> A framework for reviewing the most relevant challenges and priorities related to sustainable development in Ireland is in-built in the tool. These are ranked on a scale of 1-4 (low to very high level of need) and contribute directly to the determination of the most significant impact areas.  Using the tool, we determined that our activities are strongly associated with impacts that include climate change, resource efficiency, inclusive, healthy economies, access to housing and decent employment.  <b>Scale &amp; salience/intensity:</b> <ul style="list-style-type: none"><li>To determine the scale and salience/intensity of climate change, we conducted an assessment of the sectors/industries and technologies that were the primary contributors to it in terms of Greenhouse Gas (GHG) emissions. We determined the intensity of GHG emissions in our portfolio was attributable to agriculture and real estate/energy usage because the emissions attributable to these technologies and industries are more intense in comparison to others in our portfolio.</li><li>While Housing is only covered in the consumer aspect of the Impact analysis, Residential mortgage lending is a core part of our business and makes up 52.41% of our net loans. We have an opportunity to further develop our activity in this field to fill as yet unmet housing and housing-related needs, in particular for first-time home buyers and social and affordable housing.</li></ul> Through our analysis, we concluded that the most relevant challenges and priorities in Ireland from the impacts identified above are climate change and access to housing, due to the scale of exposures in sectors that are key contributors to these areas of impact.  We are working to develop sustainable finance options for our customers, and will work with them to provide finance to support viable low/Net Zero carbon transition opportunities. For housing, Ireland’s Programme for Government has prioritised the increased supply of public, social, and affordable homes, committing to increase the social housing stock by more than 50,000 over the next five years. We see AIB as having a fundamental role in providing the finance to support this.	Refer to supporting info on p.66, 70 and 110 of our AFR 2020 at <a href="http://www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results">www.aib.ie/investorrelations/financial-information/results-centre/2020-annual-financial-results</a>
<b>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</b> We have undertaken our impact analysis and identified the significant impacts that are associated with our retail, business banking and corporate banking portfolios. The next step in our process will be to assess whether any other areas of our business need to be included in the future iterations of our analysis, and to evolve the analysis as the Impact Tool matures.		

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK’S RESPONSE	REFERENCES/LINKS TO BANK’S FULL RESPONSE/RELEVANT INFORMATION
<p><b>2.2 Target Setting</b></p> <p>Show that the bank has set and published a minimum of two <b>S</b>pecific, <b>M</b>easurable (can be qualitative or quantitative), <b>A</b>chievable, <b>R</b>elevant and <b>T</b>ime-bound (<b>SMART</b>) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>Our first target will be in relation to climate change. We have recently launched our Net Zero long-term ambitions and commitments, and we are working to set Science Based Targets aligned to our Net Zero ambitions. Based on the outcomes of our impact analysis, we will be considering how we will align our Net Zero with the requirements for target setting for the PRB.</p> <p>We anticipate that our second target will be in relation to access to housing, which we will consider in more detail in the coming 12 months. While we already have a target in place in relation to social housing to fund €300m in the next two years, we want to review how this target might need to evolve.</p>	<p>See ‘Climate Strategy’ on p.26-30, ‘Looking ahead’ on p.43 and ‘Metrics and targets’ on p.42</p>
<p><b>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</b></p> <p>We are currently in the process of setting our targets, which we will publish in our next report.</p>		
<p><b>2.3 Plans for Target Implementation and Monitoring</b></p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>We will report further on plans for target implementation and monitoring in our 2021 Sustainability Report.</p>	<p>See ‘Looking ahead’ on p.43 and ‘Metrics and targets’ on p.42</p>
<p><b>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</b></p> <p>We are currently in the process of setting our targets and will report on our plans for implementation and monitoring in our next report.</p>		
<p><b>2.4 Progress on Implementing Targets</b></p> <p>For each target separately show that your bank has implemented the actions it had previous defined to meet the set target OR explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank’s progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>We will report further on our progress on implementing targets in our 2021 Sustainability Report.</p>	<p>See ‘Looking ahead’ on p.43 and ‘Metrics and targets’ on p.42</p>
<p><b>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</b></p> <p>We are currently setting our targets and will report on our progress on implementation and monitoring in our next report.</p>		

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK’S RESPONSE	REFERENCES/LINKS TO BANK’S FULL RESPONSE/RELEVANT INFORMATION
<b>PRINCIPLE 3: CLIENTS AND CUSTOMERS</b> <b>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</b>		
<b>3.1</b> Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.	<p>Our values and behaviours are how we will deliver on our purpose – to back our customers to achieve their dreams and ambitions. They are underpinned by our Code of Conduct, which sets out a common framework on the standard of conduct that supports our values. It explains what we expect of each other and what others expect of us in our day to day decisions, including managing our business responsibly, treating customers fairly and being accountable for what we do and how we do it.</p> <p>We have a Customer First strategy and, due to the size of our Retail Banking segment, we have a keen focus on employees engaging fairly and compliantly with our customers. In Oct, our Regulatory Compliance team launched a training programme ‘the Compliant Customer Engagement course’ to ensure employees are trained on of the key principles that will enable them to engage with customers in a fair and compliant way.</p> <p>We have a well-established vulnerable customer programme that aims to support customers in vulnerable circumstances, and it is built on the experience of employees who support customers every day and we have delivered over 14,300 hours of vulnerable customer e-learning to our people.</p> <p>AIB holds an annual sustainability conference to share thought leadership and create a call to action among our stakeholders, including our customers. We also sponsor in Climate Finance Week Ireland and key representatives of our senior management chair and participate in its weeklong series of events on Sustainable Finance topics. This year there were over 5,100 attendees virtually throughout the week. AIB sponsors the Dublin Chamber Sustainability Academy which is focussed on training SMEs to understand the transition required for their business and provides guidance and support.</p>	<p>See ‘Ethics and integrity’ on p.77</p> <p>See ‘Supporting vulnerable customers’ on p.58</p>
<b>3.2</b> Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/ implemented, products and services developed, and, where possible, the impacts achieved.	<p>In 2019 we launched a five year Climate Action Fund, committing €1bn each year to support our customers to transition to a low carbon economy. We are continuously working to expand our sustainable finance options for our customers. We launched our Green Mortgage in late 2019, in early 2019 we launched our first sustainability-linked loan and in August we introduced our 0% finance electric vehicle proposition. In September we issued our first Green Bond. In 2020, new Green Lending was €1.46bn which represented 16% of all new lending. In 2020, €0.35bn was drawdown in new Green Mortgages. We have just launched a Green Consumer Loan targeted to help customers to retrofit their homes to achieve a higher energy efficiency rating.</p> <p>We are looking at ways in which we can support our customers in understanding the steps that they can take to transition to a lower carbon footprint. This includes developing partnerships to create seamless journeys in helping the customers undertake the energy efficiency steps required.</p> <p>In July we launched our Excluded Activities list to the Corporate, Institutional &amp; Business Banking (CIB) Wholesale part of our business in July 2020. The Excluded Activities are those which we believe cause irreversible environmental and/or social harm to society and our communities. While CIB does not have any material exposures to the Excluded Activities, it will no longer provide term and/or advisory services to customers who are deemed to engage in Excluded Activities. This list is incorporated into our Know Your Customer due diligence process in CIB. The impact of embedding this at the origination stage means we are ensuring a more sustainable loan book into the future. The Excluded Activities list was recently incorporated into our Group Credit Risk Policy, and which has expanded the excluded activities list further across the Group.</p> <p>With technological innovation one of the key enablers to overcome the sustainability challenge, we partner with key industry stakeholders to support this important agenda. Current innovation-led partnerships we support include NovaUCD (including AgTech), Teagasc, Ludgate and PorterShed.</p>	<p>See ‘Engaging’ on p.17-22</p> <p>See ‘Climate action’ section on p.24-43</p> <p>And see also <a href="https://www.aib.ie/corporate/sector-expertise/excluded-activities">www.aib.ie/corporate/sector-expertise/excluded-activities</a></p> <p>See ‘Innovation and co-creation’ section on p.51 and p.54</p>



REPORTING AND SELF-ASSESSMENT REQUIREMENTS		HIGH-LEVEL SUMMARY OF BANK’S RESPONSE	REFERENCES/LINKS TO BANK’S FULL RESPONSE/RELEVANT INFORMATION
PRINCIPLE 4: STAKEHOLDERS			
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.			
4.1	Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	<p>In Q4 2019, we completed our most recent materiality exercise, across our 5 stakeholder groups – customers, employees, investors, society and regulator. Through it, we invited them to share with us what they see as the most material topics for AIB. In the stakeholder groups we engaged with in this exercise, we identified that our suppliers were underrepresented. Early in 2020 we set up a Supplier portal to improve transparency in how we operate with them, and in October we launched our Responsible Supplier Code. The Code sets out our expectations for ensuring an inclusive and ethical supply chain and that individuals throughout it work responsibly, sustainably and safely. We engaged over 200 of our largest suppliers in 2020 to launch the code, and share our expectations of them on the wider sustainability agenda and best practices. We will be working further on Supplier engagement in the coming year.</p> <p>In 2020, we reviewed our current partnerships with stakeholders across each of our SDG focus areas to identify areas we wanted to develop further. We also undertook an exercise with the Cambridge Institute for Sustainability Leadership to identify priorities to take the sustainability agenda forward. One theme that emerged was to create an enabling environment at a system level, supporting AIB’s and the national climate action goals. With that in mind, in 2021 we engaged in a new initiative with TASC, a think-tank for action on social change, to pilot Just Transition Community Dialogues. These will provide a forum for deliberative, community-led decision making on climate action at local level. It is hoped that this approach will enable communities to identify and develop a strategy to tackle local development needs and priorities while simultaneously addressing the climate crisis and building their understanding of climate breakdown. If successful, these fora could be rolled out at scale to enable the development of transformative policies needed to address climate change. They would enable social approval by delivering tangible local benefits in tandem with climate mitigation or adaptation measures. Our stakeholder engagement is set out on p.21.</p> <p>Other key stakeholder engagements which are important for us for implementing the Principles include our engagements with the Sustainable Finance Forum, run by the Banking &amp; Payments Federation of Ireland, where we engage with industry experts on sustainable finance matters, and our engagements with the UNEP FI working groups where we actively share and learn from our peers in the global banking community. AIB is active in a number of working groups, and is one of 12 banks that make up the Implementation Leads Working Group which supports the implementation of the Principles amongst all 200+ signatory banks globally.</p>	<p>See ‘Engaging’ on p.17-22</p> <p>See ‘External initiatives’ and ‘Memberships of Associations’ on p.100</p>
PRINCIPLE 5: GOVERNANCE & CULTURE			
We will implement our commitment to these Principles through effective governance and a culture of responsible banking			
5.1	Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	<p>Within our established governance structure, our Sustainable Business Advisory Committee (SBAC) is responsible for overseeing the implementation of the Principles. SBAC is a Board committee comprised of four Non-Executive Directors (one of whom is the Chair), and our CEO is also a member. Implementation of our Sustainability strategy, including the Principles and periodic reporting on same, is the responsibility of the Sustainability Implementation Group (SIG) which is chaired by our Chief Sustainability Officer. SIG’s membership is drawn from the heads of business areas and departments across the bank, including Sustainability, Risk, Treasury, Data &amp; Analytics, Retail, Corporate, Institutional &amp; Business Banking, HR and the UK. SIG reports quarterly on progress to the SBAC. As implementation of the Principles falls within Sustainability Strategy it has oversight from SIG and SBAC. Currently responsibility for overseeing the Bank’s two main areas of impacts, making strategic decisions about how to manage them, setting targets, developing and implementing mechanisms and measures to implement and manage them across the bank resides directly within business-as-usual processes and governance fora for the respective business area. We plan to review the Governance fora in 2021 to determine if this will continue to be the optimal way to manage this. Our SMART Targets will be agreed with our Board of Directors and will be incorporated into our Balance Scorecard and monitored quarterly by our Executive Committee and the Board.</p>	<p>See ‘Our Corporate Governance Structure’ on p.15-16 and ‘Climate governance’ on p.31</p>

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCES/LINKS TO BANK'S FULL RESPONSE/RELEVANT INFORMATION
<p><b>5.2</b> Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Our approach to responsible and sustainable banking is led by our CEO, who is a passionate advocate and regularly addresses employees on the topic. In late 2019, Sustainability was enshrined in our Group strategy as the fifth pillar 'Sustainable Communities'. Under our 2021 Group Strategy refresh, Culture is one of the core areas of focus, and a key enabler of our sustainability strategy.</p> <p>We have a comprehensive suite of training for employees. In 2020 we developed a new training course for employees about sustainability and it refers to the Principles for Responsible Banking. Roll-out of the training commenced in January 2021. Completion is mandatory for all employees.</p> <p>AIB has received significant support from the Irish State in the context of the financial crisis due to our systemic importance to the Irish financial system. The State holds 71.12% of the issued ordinary shares of AIB Group plc. The relationship between AIB and the State is governed by a Relationship Framework and AIB is precluded from introducing any new bonus or incentive schemes, allowances or other fringe benefits without prior agreement with the State. This, combined with the requirement to operate within an overall cap on individual salaries and allowances of €500k, precludes AIB from aligning the remuneration of key executives and other key employees with the achievement of longer term customer, financial and strategic targets.</p> <p>We are continuing to explore options to further foster a culture of responsible banking among our employees.</p>	<p>See 'Introduction from the CEO' on p.8-9</p> <p>See 'Culture programme' on p.76 and 'Code of Conduct' on p.77</p> <p>See Relationship Framework at <a href="http://www.aib.ie/investorrelations/about-aib/relationship-with-the-irish-state">www.aib.ie/investorrelations/about-aib/relationship-with-the-irish-state</a></p> <p>See 'Performance incentives' and 'Climate-related responsibilities' on p.31</p>
<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>Our Sustainability Implementation Group (SIG) is responsible for developing targets, monitoring progress towards their achievement to ensure we are on track, and identifying and addressing any unexpected negative impacts. Our Sustainable Business Advisory Committee (SBAC) has oversight over target-setting, measures put in place to achieve the targets, and determining remedial action where targets are not on track, or where measures need to be put in place to address unforeseen negative impacts.</p> <p>SBAC reports quarterly to the Board on progress made with achieving our targets, and any remedial action taken to ensure achievement of targets and/or how negative impacts were addressed. We track our progress towards achieving our key Sustainability metrics via our Group Balanced Scorecard which is regularly reviewed and challenged quarterly by our Executive Committee and at scheduled Board meetings.</p>	<p>See 'Our Corporate Governance Structure' on p.15-16, 'Climate governance' on p.31 and 'Climate governance' on p.43</p>
<p><b>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</b></p> <p>We have progressed substantially in fulfilling this requirement. Our well-established Sustainability Implementation Group is in charge of the day to day implementation of the Principles. We will monitor progress quarterly and plan to review our existing governance processes in 2021 to determine the optimal way manage and monitor the implementation of the Principles going forward.</p>		
<p><b>PRINCIPLE 6: TRANSPARENCY &amp; ACCOUNTABILITY</b></p> <p><b>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</b></p>		
<p><b>6.1 Progress on Implementing the Principles for Responsible Banking</b></p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>Through the SIG we are working to implement the sustainability strategy enterprise-wide. In relation to the major impacts we identified under our impact analysis 'Climate action' is the area of our strategy that focuses on climate change, and Economic &amp; social inclusion includes access to housing.</p> <p>We are continuously considering good practices aligned with Sustainability objectives. In 2018 we signed up to the Low Carbon Pledge and report annually on our progress. In 2019, we were a founding signatory of the Principles for Responsible Banking and became a Supporter of the Task Force on Climate-related Financial Disclosures (and in this report have begun to make disclosures in line with their recommendations). In 2019 we achieved the Business Working Responsibly (BWR) mark. BWR is the only independently audited standard for Sustainability in Ireland (audited by the National Standards Authority of Ireland). It is based on ISO 26000 the international Social Responsibility standard. We also make a submission to the CDP annually, and have maintained Leadership status for the last 5 years. In our Annual Financial Report, and in line with the Non-Financial Reporting Directive, we report annually on environmental matters, social &amp; employee matters, respect for Human Rights and Bribery &amp; Corruption. There is a significant amount of regulatory activity in the European Union and the UK in relation to the ESG/Sustainability agenda and we will be working over the coming years to incorporate and align with these in due course.</p> <p>Through interactions with some of our stakeholders during 2020, and with the focus on respect for Human Rights in the Non-Financial Reporting Directive, we identified the development of a specific human rights policy commitment, in line with the UN Guiding Principles on Business &amp; Human Rights, as a good practice and launched our first Human Rights Commitment in AIB in February 2021.</p> <p>In February 2021, we committed to the UN Global Compact.</p>	<p>See 'Climate action' section on p.24-43 and 'Economic &amp; social inclusion' section 'Housing' on p.57</p> <p>See also:</p> <p>'Commitments' on p.22 and 'External initiatives' on p.100</p> <p>'Task Force on Climate-related Financial Disclosures' on p.91</p> <p>'Non-Financial Statement' on p.40-42 of our Annual Financial Report 2020</p> <p>See our 'Human Rights Commitment' at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a></p>
<p><b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</b></p> <p>AIB has made good progress over the first 18 months of implementing the Principles. Climate action and Economic &amp; social inclusion are two key areas of focus in our sustainability strategy which will guide our decision-making on lending and investment associated with them. We are continuously working to improve our disclosures on responsible and sustainable banking practices, and to align our business with national/international good practices.</p>		

# NON-FINANCIAL INFORMATION

EMPLOYEES	2020	2019	2018	2017	2016
FTEs BY GENDER @ 31 DECEMBER <sup>1</sup>					
Female	5,017 (55%)	5,201 (55%)	5,403 (55%)	5,517 (57%)	
Male	4,078 (45%)	4,229 (45%)	4,345 (45%)	4,203 (43%)	
Total	9,095	9,429	9,831	9,720	

PERMANENT & TEMPORARY FTEs BY GENDER @ 31 DECEMBER <sup>1</sup>					
Permanent	Female	4,612	4,647	4,834	4,991
	Male	3,682	3,693	3,681	3,589
Temporary	Female	405	553	652	526
	Male	396	536	664	614

PERMANENT & TEMPORARY FTEs BY REGION @ 31 DECEMBER <sup>1</sup>					
Permanent	Ireland	7,330 <sup>3</sup>	7,370 <sup>3</sup>	7,507 <sup>3</sup>	7,485
	Northern Ireland (NI)	473	472	487	545
	Great Britain (GB)	491	498	521	550
Temporary	Ireland	779 <sup>3</sup>	1,056 <sup>3</sup>	1,279 <sup>3</sup>	1,124
	Northern Ireland (NI)	6	9	4	1
	Great Britain (GB)	16	24	33	15

FULL-TIME & PART-TIME FTEs BY GENDER @ 31 DECEMBER <sup>1</sup>					
Full-time	Female	4,453	4,573	4,802	4,918
	Male	4,054	4,209	4,320	4,186
Part-time	Female	564	628	684	599
	Male	23	20	25	17

Notes: FTE = Full Time Equivalent.

- <sup>1</sup> Information is collected on employees through our internal HR systems. There are no significant seasonal variances. Data at 31 December 2020. Excludes 98 FTEs in Payzone. The actual number of FTEs as at 31.12.2020 reported in our AFR was 9,193, which includes Payzone employees. Source: AFR 2020 p.350 and Company information.
- <sup>2</sup> Includes FTEs in our US operations – 2020: 51 (2019: 53, 2018: 58).
- <sup>3</sup> This is the average number of FTEs in the financial year. It excludes employees on career breaks and other unpaid long-term leaves, as well as Payzone employees in 2019 and 2020. The Average FTEs for 2020 reported in our AFR was 9,356, which includes 95 Payzone employees. Source: AFR 2020 p.350, (AFR 2019 p.364, AFR 2018 p.362 and AFR 2017 p.366) and Company information.

EMPLOYEES	2020	2019	2018	2017	2016
AVERAGE NUMBER OF FTEs BY COUNTRY <sup>3</sup>					
Country	Ireland	8,210	8,755	8,681	8,840
	United Kingdom (i.e. GB & NI)	997	1,026	1,066	1,244
	United States of America	54	59	54	53
Total	9,261	9,840	9,801	10,137	10,226

TOTAL HIRES					
Age	<30	312	811	1,154	852
	30-49	73	327	485	331
	50+	9	63	44	26
Gender	Female	172	546	789	549
	Male	222	655	894	660
Region	Ireland	370	1,113	1,566	1,118
	Northern Ireland (NI)	9	41	35	39
	Great Britain (GB)	15	47	82	52
Total hires		394	1,201	1,683	1,209
Total annual hire rate**		4.2%	12.2%	17.3%	11.7%

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

TOTAL LEAVERS					
Age	<30	397	663	746	686
	30-49	257	657	584	748
	50+	130	320	256	440
Gender	Female	416	877	826	1,082
	Male	378	763	760	792
Region	Ireland	743	1,507	1,329	1,556
	Northern Ireland (NI)	19	54	120	221
	Great Britain (GB)	32	79	107	97
Total leavers		794	1,640	1,586	1,874
Total annual leaver rate**		8.4%	16.7%	16.3%	18.1%

\*\*Based on the total number of leavers divided by the number of FTE staff at the start of the year. Leavers include voluntary attrition, contract expirations, retirements and voluntary severance.

Employee turnover rate***	8.6%	16.7%	16.2%	18.5%	13.6%
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\*\*\*Based on the total number of leavers in the year divided by the average number of FTEs in the year



DIVERSITY	2020	2019		BOARD	EXCO	EMPLOYEES
FEMALE REPRESENTATION @ 31 <sup>ST</sup> DEC		AGE PROFILE @ 31 <sup>ST</sup> DEC 2020				
Board <sup>4</sup>	56%	50%	<30 years	0%	0%	16%
Executive Committee (ExCo)	56%	45%	30 – 49 years	0%	44%	62%
All management <sup>5</sup>	41%	42%	50+ years	100%	56%	22%
All management in revenue generating functions	39%	30%	Female – <30 years	0%	0%	14%
Senior management	34%	33%	Female – 30 – 49 years	0%	40%	62%
Junior management	44%	45%	Female – 50+	56%	60%	24%
Non-management	60%	60%	Male – <30 years	0%	0%	19%
All employees	55%	55%	Male – 30 – 49 years	0%	50%	61%
			Male – 50+	44%	50%	21%

ACCESSIBILITY & CUSTOMER EXPERIENCE	2020	2019	2018	2017
ACCESSIBILITY OF OUR PRODUCTS & SERVICES				
Daily interactions <sup>6</sup>	2.57m	1.93m	1.8m	1.5m
Locations across Ireland and the UK <sup>7</sup>	324	324	324	327

NUMBER OF DIGITAL CUSTOMERS & APP USERS <sup>8</sup>				
Active digital customers	1.72m	1.4m	1.38m	1.4m
Active mobile customers	1.39m	1.3m	0.94m	0.7m

CUSTOMER SATISFACTION <sup>9</sup>				
Relationship – Personal NPS	+25	+34	+35	+21
Relationship – SME NPS	+25	+20	+24	+19
Transactional – Homes NPS	+45	+53	+50	-
Transactional NPS	+49	+48	n/a	n/a

<sup>4</sup> Figures for Board include one member of our ExCo for 2020 and two for 2019.

<sup>5</sup> Includes all members of our ExCo.

<sup>6</sup> Daily interactions include internet banking logins, branch transactions, ATM interactions, contact centre calls, Kiosk logins and mobile interactions. Mobile inter-actions include quick balance checks and logins. In previous years, when a customer completed a quick balance check followed by a full login to mobile banking within a short period of time this was counted as one interaction, however in 2020 this is counted as two interactions. Source: Company information.

<sup>7</sup> Source: AFR 2020, p.5-6. Also refer to our Detailed Sustainability Report for 2019, 2018 and 2017 respectively.

<sup>8</sup> Source: AFR 2020, p.5. Also refer to our Detailed Sustainability Report for 2019, 2018 and 2017 respectively.

<sup>9</sup> Source: AFR 2020, p.3 and Company information. Also refer to our Detailed Sustainability Report for 2019, 2018 and 2017 respectively. Please note: NPS is Net Promoter Score. 2020 and 2019 are aggregated yearly scores, whereas 2018 and 2017 are Q4 scores. Transactional Net Promoter Score (NPS) is an aggregation of 20 Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking journeys.

CO <sub>2</sub> EMISSIONS (1 January to 31 December)	2019	2018	2017	2016	Baseline 2009
LOCATION-BASED CARBON EMISSIONS					
Total tCO <sub>2</sub> e	29,269	34,831	29,525	32,788 <sup>10, 11</sup>	45,869 <sup>10, 11</sup>
Total Scope 1	4,784	5,212	5,160	5,471	11,514
Total Scope 2	10,025	14,316	15,663	16,557	21,272
Total Scope 3	14,460 <sup>13</sup>	15,304 <sup>12</sup>	8,702	10,760	13,082
Out of Scope	16	–	–	–	–

MARKET-BASED CARBON EMISSIONS					
Total tCO <sub>2</sub> e	18,233	19,204	13,911	21,575 <sup>10, 11</sup>	28,509 <sup>10, 11</sup>
Total Scope 1	4,784	5,212	5,160	5,471	11,514
Total Scope 2	64	45	49	5,344	3,912
Total Scope 3	13,385 <sup>13</sup>	13,947 <sup>12</sup>	8,702	10,760	13,082
Out of Scope	16	–	–	–	–

Emissions in tonnes of CO<sub>2</sub> (tCO<sub>2</sub>e) in line with the GHG Protocol: A Corporate Accounting and Reporting Standard and Defra Voluntary Reporting Guidelines. Emissions are reported one year in arrears.

**Scope 1 emissions:** include Fuels combustion, AIB’s fleet, Fugitive emissions  
**Scope 2 emissions:** include consumption of all purchased electricity  
**Scope 3 emissions:** We have calculated emissions for the following relevant Scope 3 categories: Purchased goods and services, Capital goods, Waste generated in operations, Business Travel, Employee commuting and Fuel-and-energy-related activities. Note that the category of Fuel-and-energy-related activities (WTT and T&D) has been calculated from 2018 onwards. More information on our Scope 3 data can be found in our 2020 CDP report (Section C 6.5).  
**Out of Scope:** CO<sub>2</sub> Emissions from biomass combustion

A third-party verification (ISO 14064-3) was completed for reported emissions. For financial years 2019 and 2018, this was completed by EcoAct Limited, and a copy of their GHG verification statements for 2019 and 2018 GHG emissions is available at [www.aib.ie/sustainability](http://www.aib.ie/sustainability). Please note that 2019 Scope 3 market-based emis-sions are not in the 2019 or 2018 verification statement.

<sup>10</sup> Restated 2016 and 2009 emissions data to improve the accuracy of reporting.

<sup>11</sup> Restated all historic years to reflect improved methodology in calculation of all categories of emissions reported.

<sup>12</sup> In 2018, we expanded our Scope 3 reporting boundary to include well-to-tank (WTT) and transport-and-distribution (T&D) emissions from our business activities and this is why our footprint appears to have increased. WTT and T&D emissions are the upstream emissions associated with extracting, refining and transporting fuel/energy to the end-user. WTT and T&D emissions in 2017 footprint were: 5,074 tonnes of CO<sub>2</sub> (market-based). 6,663 tonnes of CO<sub>2</sub> (location-based). Taking these into consideration, our footprint has decreased from 36,188 tonnes of CO<sub>2</sub> to 34,831 tonnes of CO<sub>2</sub> (location-based).

<sup>13</sup> In 2019, we expanded our Scope 3 reporting boundary further to include hotel stays emissions.

EXTERNAL INITIATIVES	VOLUNTARY (V)/ MANDATORY (M)	FIRST ADOPTED	APPLIED
Business Working Responsibly Mark –Business in the Community	V	2019	Group-wide
Carbon Disclosures Project (CDP)	V	2012	Group-wide
Disclosure of Non-Financial and Diversity Information for Certain Large Undertakings and Groups Regulations 2017 (SJ. 360/2017)	M	Q1 2019, for 2018 AFR	Group-wide
Global Reporting Initiative (GRI)	V	2017, for 2016 Sustainability Report	Group-wide
ISO 50001 (energy) and ISO 14001 (environmental) management	V	2014	Group-wide
Low Carbon Pledge – Business in the Community, Ireland	V	2018	Ireland
National Energy Efficiency Action Plan	V	2010	Ireland
Task Force on Climate-related Financial Disclosures (TCFD)	V	2019	Group-wide
UK Equality Act (Gender Pay) Regulations 2017	M	2017	UK
UNEP FI Principles for Responsible Banking	V	2019	Group-wide
UN Global Compact	V	2021	Group-wide

Source: Company information.

MEMBERSHIP OF ASSOCIATIONS	POSITION ON THE GOVERNANCE BODY	PARTICIPATES IN PROJECTS/ COMMITTEES	PROVIDES SUBSTANTIVE FUNDING BEYOND MEMBERSHIP DUES	MEMBERSHIP IS STRATEGIC
Banking & Payments Federation of Ireland (BPFI)	Y	Y	N	Y
European Banking Federation (through BPFI)	N	Indirectly through BPFI	N	Y
Irish Business and Employment Confederation (IBEC)	N	Y	N	Y
Irish Paper Clearing Company (IPCC)	Y	Y	N	Y
Irish Payments Council (IPC)	Y	Y	N	Y
UK Finance	N	Y	N	Y
UNEP Finance Initiative	N	Y	N	Y
30% Club	N	Y	N	Y
Open Doors	N	Y	N	Y
The Valuable 500	N	N	N	Y

Source: Company information.

# ASSURANCE REPORT



**Independent limited assurance report to AIB Group Plc (“AIB”) on the preparation of the 2020 Detailed Sustainability Report for the year ended 31 December 2020 (the “Report”), in accordance with the Global Reporting Initiative Standards: Core Option (the “GRI”).**

**What we looked at: scope of our work**

AIB has engaged Deloitte to perform limited assurance procedures on their self-declaration of preparing the Report in accordance with the GRI.

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

We carried out limited assurance procedures over AIB’s compliance with core level reporting in respect to the application of the Global Reporting Initiative (GRI) Standards in accordance with the International Standard on Assurance Engagements 3000 (Revised) ) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000”). To achieve limited assurance, ISAE 3000 requires that we review the processes, systems and competencies used to compile the Report, on which we provide limited assurance. It does not include detailed testing for each of the indicators reported, or of the operating effectiveness of processes and internal controls. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. 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.

We are not required to carry out an audit conducted in accordance with International Standards on Auditing (Ireland). Consequently, our conclusion is not expressed as an audit opinion.

**What we did: key limited assurance procedures**

To form our conclusion, we undertook the following procedures:

- Interviewed management and those with operational responsibility for sustainable business performance to assess the application of the GRI 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, including review of reasons for omission; and
- Reviewed the content of the Report 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**

- 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, limitations and the limited assurance procedures we performed, nothing has come to our attention that causes us to believe that the Report has not been prepared, in all material respects, in accordance with the GRI.

**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 provide a limited level of assurance on the subject matters as defined within the scope of work above to AIB in accordance with our letter of engagement, and report thereon. In conducting our limited assurance engagement, we have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code).
- We confirm that we apply 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.
- Our work has been undertaken so that we might state to AIB those matters we are required to state to them in this limited 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 conclusion we have formed.

**Eileen Healy**  
**Partner**  
**For and on behalf of Deloitte Ireland LLP**  
02 March 2021