



# Backing our customers to achieve their dreams and ambitions

AIB Group plc  
Detailed Sustainability Report 2018



## About this report

Throughout this report, "AIB Group", "AIB", "the Group" "the bank" or "we" refers to AIB Group plc and its subsidiaries. This is AIB's third report on non-financial activity, disclosing information specifically for the year ended 31 December 2018. Information on operations before and after these dates may be included by way of context, in particular for the first quarter of 2019.

In Q1 2018, with the help of KPMG, we completed our second materiality exercise, engaging 1,376 contributors from across our five key stakeholder groups: our customers, our employees, investors, government and society, and regulators. From this exercise we identified macroeconomic issues and material topics that our stakeholders told us mattered most to them. This report focuses on the top 10 macroeconomic issues and 14 material topics.

### Audience for this report

This report is aimed at our various stakeholder groups who want to know more about our sustainability approach and performance in 2018.

### Reporting standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It includes a GRI Content Index. This is provided on pages 56-72 so that readers can easily find specific data related to the GRI Standards.



#### Cover images

Helen Cheevers with baby Erik outside her new home at Baile na Laochra in Ballymun, Dublin.

Participants at the AIB "DataHack".

Rita Shah, Shabra Plastics & Recycling, Castleblaney Co. Monaghan.

We have published a summary report and a detailed report, both of which are available on our website: [www.aib.ie/sustainability](http://www.aib.ie/sustainability). This site also contains links to our related policies and codes, which are referenced in this report.

Throughout this report we make reference to information contained in our Annual Financial Report 2018 (AFR 2018). This is available on our results centre: <https://aib.ie/investorrelations/financial-information/results-centre/2018>

### Assurance

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

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## About AIB

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

### We operate under the following brands



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



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



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



AIB UK comprises two trading entities: Allied Irish Bank (GB) in Great Britain and First Trust Bank (FTB) in Northern Ireland. In April 2019, we announced that FTB would rebrand as AIB on a phased basis, over the next two years.

### Sustainability at AIB

With 2.7 million customers and almost 10,000 employees, AIB is inextricably linked to the fabric of the economies in which we operate.

We want our business to make a positive impact, creating long-term shared value for our customers, our other stakeholders and the communities in which we live and work.

As a bank we have three basic functions: to convert savings and other deposits into financing; to manage credit and other risks; and to facilitate payments and transactions efficiently and securely. Simple though these tasks appear, they are fundamental to modern, day life. As such, we know that we have a meaningful contribution to make in addressing many of the pressing current and emerging societal issues, including:

- funding the providers and purchasers of housing and homes;
- facilitating access to the digital economy for all via the provision of basic bank accounts;

- backing the wealth- and job-creators within our economy; and
- advancing the transition to a low-carbon environment.

In addressing these issues we must adhere to sustainable business practices. Ultimately our social licence to operate, to contribute and to lead will be determined by the trust our stakeholders place in us. We will therefore continue to report on our progress to international best practice standards and we will foster a culture of accountability and responsibility for our actions and outcomes.

Most importantly, in all that we do, we will be guided by our Purpose:

**To back our customers to achieve their dreams and ambitions.**

## A message from our CEO – Colin Hunt

I am deeply privileged to be leading AIB. It is an exciting – if not challenging time, to be in banking. AIB has emerged post-crisis as financially sound with all core indicators stable. We have also learned – along with our customers and many other stakeholders – many salutary lessons from our recent past.

We have an opportunity and a journey ahead of us to do things differently in AIB: to be true partners to our customers and a strong collaborator with our other stakeholders. This report represents the progress we are making on that journey. As demonstrated on pages 11-13, listening, understanding and responding to stakeholder issues remain at the centre of our agenda.

Our approach to sustainability starts from the inside with our Purpose, which is to back our Customers to achieve their dreams and ambitions. Our business is built on the strength of our people and I am proud of the success we have already achieved together. In 2018, we invested time and resources into continuing to embed our Purpose throughout our organisation and among our people.

My focus, quite rightly, is now concentrated on rebuilding confidence in and the social licence of AIB, embedding standards and behaviours expected by our customers and other stakeholders, which ultimately drives

trust not just in what we do, but equally in how we do it. This demonstrates the value we create and the positive partnership we bring to communities and businesses all over Ireland.

Externally, as the global economy becomes more complex and rapid changes affect the way we all live and work, our primary focus is helping our customers achieve what's important to them, based on building deep, enduring relationships.

Positively we saw increases across our Net Promoter Scores (NPS) in 2018. Our personal relationship NPS increased by 14 points from Q4 2017 to +35 in Q4 2018 and our SME Micro Score increased to +57, which is the highest level since measurement of SME journeys began, demonstrating the strong customer relationships we have built.

Our people are increasingly more engaged and we now rank in the 72nd percentile ranking of Gallup's worldwide database, an increase from 62nd percentile in 2017. We are becoming a more diverse and inclusive workplace. In relation to gender diversity, women currently account for 38.7% of our overall management population, and we are striving to improve on this, to achieve a target of 40% by the end of 2019.

We know we can play a central role in Ireland's programme to address climate change, helping to accelerate the transition to a low-carbon economy. To do this we need to integrate climate change impact considerations across all our decision-making.

While this report demonstrates some of the good progress we have made, we know that there is still more to be done. In the months ahead I will be working with the team to accelerate our sustainability programme, with a particular focus on sustainable finance, cultural transformation and our support of communities and livelihoods across the AIB network.

At a time when trust in the banking industry has been damaged in the court of public opinion, it is more important than ever for AIB to actively demonstrate the value we create for our customers, communities and our people.

I want to thank the Sustainable Banking Advisory Committee and its Chair, Helen Normoyle, for their work to date. This Committee, and the teams that support it, demonstrate the significance we are placing on putting the sustainability agenda at the heart of AIB.

Colin



“We know we can play a central role in Ireland’s programme to address climate change, helping to accelerate the transition to a low-carbon economy. To do this we need to integrate climate change impact considerations across all our decision making.”

## A message from the Chair of our Sustainable Business Advisory Committee (SBAC) – Helen Normoyle



“We have continued to progress our sustainability agenda within AIB during 2018 as highlighted through the many examples in this report. We are actively working to rebuild our social licence to operate, a critical step in our long-term recovery.”

As Chair of the SBAC, I am extremely pleased to present our third Sustainability Report. Assurance has been provided by Deloitte on our preparation of the Detailed Sustainability Report in accordance with the to Global Reporting Initiative (GRI) standards. The AIB Annual Financial Report 2018 highlighted the year as one of continued strong operational performance for us, our core financial metrics are sound, our staff engagement and customer NPS scores are increasing and our enhanced operating model, centred on our customers, is now in place.

Externally, the year brought continued macroeconomic stability to AIB’s core markets, yet geopolitical issues, including Brexit, continue to dominate and bring much uncertainty for many of our customers and other stakeholders. For AIB this means we have a responsibility, as one of the largest banks in Ireland, to reflect on these and the other issues that matter most to our stakeholders, identifying the many ways we can make a meaningful contribution to the economies we serve, and in doing so, continue to build value and trust in our business. A truly sustainable bank is one that is trusted and, as a result, has the social licence to operate what is essential in order to both survive and thrive.

We have continued to progress our sustainability agenda within AIB during 2018 as highlighted through the many examples in this report. We are actively working to rebuild our social licence to operate, a critical step in our long-term recovery. We are listening and responding

to the things that matter to our stakeholders, including through the materiality exercise we did with almost 1,400 stakeholders on highlighting the macroeconomic issues they want us to respond to and how we can rebuild their trust. Throughout this report the outputs of this work are clearly linked to our four pillar business strategy; Customer First, Simple & Efficient, Risk & Capital and Talent & Culture, demonstrating how sustainability is core to AIB.

We are also providing greater transparency of our activities through our reporting. We are, however, acutely aware that we have more to do, holding ourselves to account and allowing our actions and progress be judged by those who are impacted by what we do and how we do it.

We continue to take learnings from the mistakes of the past – including the tracker mortgage examination programme. It is essential for our long-term sustainability that we learn from these mistakes, ensuring our culture and our operations are focused on customers and doing right by them all of the time.

The outcome of the CBI culture review in November 2018 was welcome and, while it was provided to AIB at a time of CEO transition, the outcomes are being reviewed at a range of levels in AIB, starting with clear focus from our Board alongside our new CEO and his Management team. The team, in partnership with the senior leadership of the business, are determined to build an action plan to address

all the recommendations made to us. We are determined to build a culture of accountability, transparency and trust and this programme is a priority for us. The initial review of the findings indicate that, while we have made progress in many areas, we have improvements to make overall on our culture agenda. That said, progress made embedding our Purpose, which gives all of us across AIB a unifying, relevant and ambitious goal, has been a particular highlight in 2018.

We have a focused and clear sustainability agenda and look forward to significantly enhancing our output on this in the period ahead.

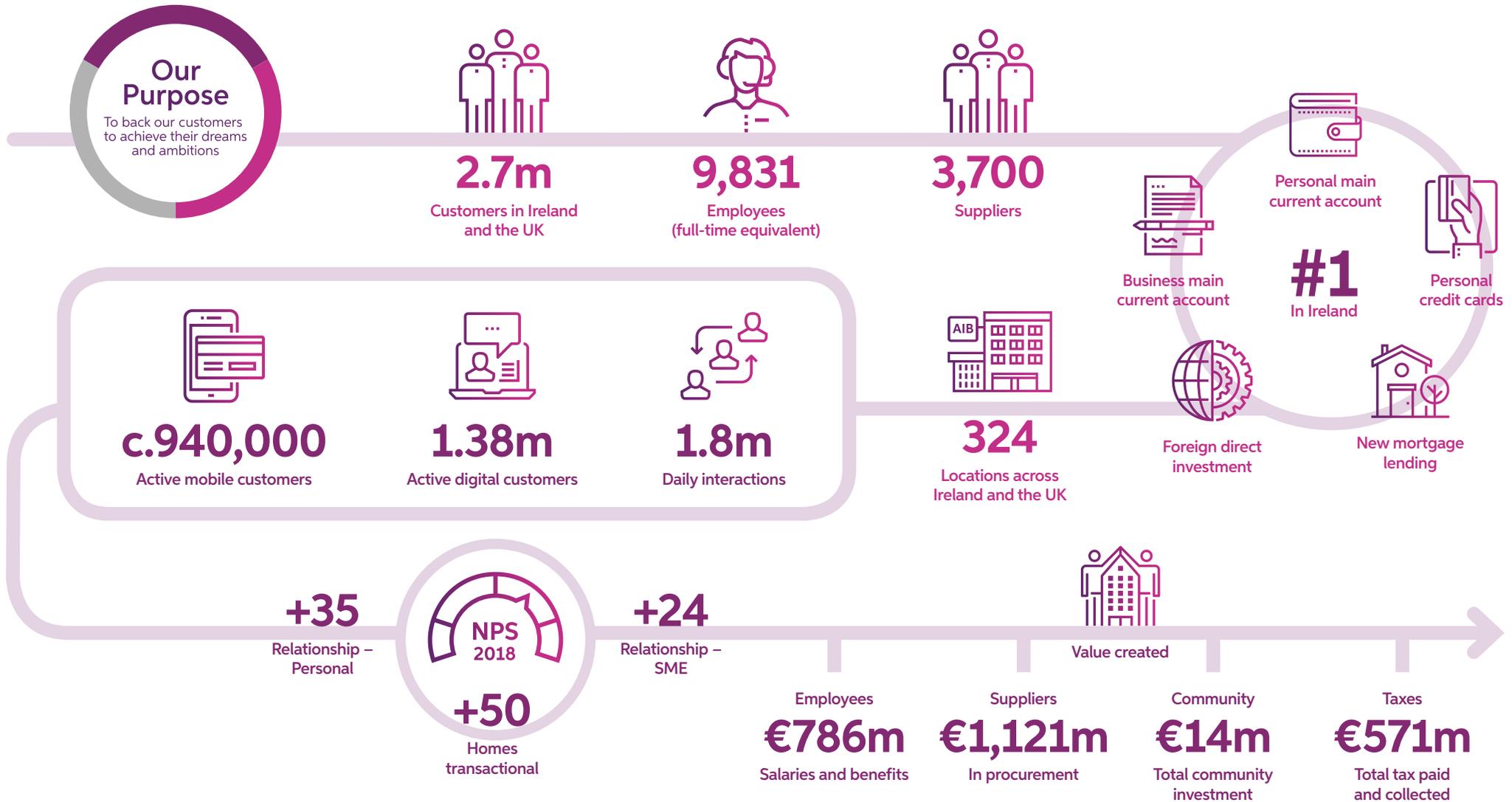
As Chair of the SBAC our focus remains on continuing to support Colin Hunt, our new CEO, and the Executive team as they build-out our strategic and operational sustainability agenda – in alignment with our business strategy.

It is both an honour and a great responsibility to chair the SBAC. It is a role I am privileged to undertake and one that enables me, along with the team, to support and challenge the business in key areas that ultimately drive trust and engagement with all our stakeholders.

I would like to thank my Board colleagues and the Executive team for their support in responding to this important agenda, for the Bank and for our wider stakeholders.

**Helen**

# The value we create



Information as at December 2018.

Sources: AFR 2018, Independent Market Research and Company Information.

# 2018 highlights in key areas

The below issues (1-10) were identified as important to our stakeholders as part of our materiality exercise completed Q1 2018 with input from 1,376 of our stakeholders, more details of which can be found on pages 12-15.

### 1. Housing

- **13,937** homes financed – **€2.8bn** in new lending
- Funding for **4,700+** new housing units in addition to **500+** social units
- **Fair pricing** – same rates for both new and existing mortgage customers
- **250** specialist **Homes Advisors**
- **+50** NPS result for our Homes journey
- Working with **iCare** on mortgage-to-rent solution

### 2. Digitalisation

- **1.38 million** active digital customers
- **940,000** active customers on mobile app (+20% on 2017)
- **45 million** transactions completed online or on mobile
- Expanded our digital wallet to include **Google Pay, Apple** and **Fitbit Pay**
- **Financial Crime Awareness** week held in support of the “**Fraud Smart**” campaign

### 3. Lending

- **No. 1** for foreign direct investment
- **€12.1bn** in new lending drawdowns
- Lending to **29,293** SME and corporate customers totalling **€5.3bn**
- **+57** NPS for the SME Micro journey

### 4. Entrepreneurship

- **€170m** invested in equity funds
- Sponsor of the **UCD Start-Up Programme**
- **500** business owners took part in AIB **Women in Enterprise Programme**

### 5. Sustainable food production and agriculture

- **15** dedicated Agri Advisors
- Ongoing partnerships with **Teagasc**
- **Agri Matters** sent to **15,000** farmers
- **500** attendees at the **Irish Grassland Association** summer tour

### 6. Brexit

- **32** Brexit Advisors now in place
- Quarterly **Brexit Sentiment** indices issued
- Over **19,600** customers utilised our online **Brexit Ready Check**

### 7. Low-carbon economy

- Maintained our **CDP Climate Change A rating**
- Expanded Centre of Expertise for **Energy, Climate Action & Infrastructure**
- Signatories of the **Low Carbon Pledge**

### 8. Financial literacy and inclusion

- **Enhanced support** for vulnerable customers
- Winner of **3** categories in the **Nala Plain English Awards**
- **37,500** basic bank accounts opened
- **5,500** second-level students attended AIB **Future Sparks**
- **129** second-level schools participated in AIB’s **Build a Bank**

### 9. Skills and training

- **86** new graduates joined our business
- Launched our **Transition Year Programme** focused on **STEM**
- **200** students hacked for **Inclusion** in the AIB **DataHack**

### 10. Customers in difficulty

- Agreed **1,575** retail mortgage solutions with our customers
- **c.35,000** customers completed financial health checks
- Reduced NPEs by **41%** to **€6.1bn**
- **1,500 employees** in place to support customers in difficulty

### Our people

- **72nd percentile** on worldwide Gallup database for engagement
- **38.7%** female representation at management level
- **27%** female representation at Board level
- **6** employee resource groups in place for employees
- Launched **Mentor Her**
- **Employer of the Year** at the **Women in Finance Awards**
- **Distinction in Inclusion & Diversity** at the **HRD Awards**
- Member of the **Open Doors** initiative, promoting inclusion in the workforce

### Our communities

- Launched **AIB Together**
- Community partner **SOAR** **increased reach by 60%** as a result of our support
- **3,000** **volunteering hours** recorded
- **€14m** in community investment
- **2 days** per employee to volunteer in their local community
- Sponsorship of **Gaelic Athletic Association** Club and County championships extended by **5 years**
- **AIB Art** lending expanded to third-level institutions and healthcare facilities

## Scorecard and goals

Our Group strategy comprises four pillars: Customer First, Simple & Efficient, Risk & Capital and Talent & Culture. Under each of these pillars we have medium-term financial and non-financial targets. We have also introduced a number of new non-financial targets for 2019, enhancing the transparency of our reporting.

Strategic pillar	Definition	Outcomes 2017	Outcomes 2018	Target 2019
<b>Customer First</b>				
<b>Relationship Net Promoter Score (NPS)</b>	A measure of our customers' overall AIB relationship experience	Personal +21/SME +19	Personal +35/SME +24	> +50
<b>Transaction NPS</b>	Measured after customer transactions for key touch points	+39 (all)	Home +50/SME +57	Homes > +50/SME > +60
<b>Homes – new units and social housing units</b>	The number of new and social housing units funded	N/A	4,700 new units and 500+ social units	c.5,500 new units and c.500 social units
<b>Homes – mortgage journey</b>	The number of customers to receive a mortgage approval in principle within 90 minutes	New	New	7 out of 10
<b>Homes – buyer education programme</b>	Number of national mortgage educational events for home buyers pre-purchase	New	New	12
<b>SME lending</b>	The amount of new lending provided to SMEs	€1.4bn	€1.27bn	€1.48bn
<b>Simple &amp; Efficient</b>				
<b>Active digital customer base</b>	% number of our active customers transacting digitally	53%	57%	62%+
<b>Cost income ratio (CIR)</b>	Financial benchmark of efficiency	49%	53%	<50%
<b>Environmental impact</b>	AIB environmental impact as assessed by the Carbon Disclosures Project (CDP)	Climate Change A rated	Climate Change A rated	Maintain Climate Change A rated status
<b>Risk &amp; Capital</b>				
<b>Cash paid to the State</b>	Cash paid to the Irish State, including value received through the IPO in 2017	€10.5bn	€10.8bn (total to date)	Facilitate full repayment to the State over time
<b>Non-performing exposures (NPEs)</b>	Measures the credit quality of our loan stock	16% of gross loans	9.6% of gross loans	c.5% of gross loans
<b>Talent &amp; Culture</b>				
<b>Diversity</b>	% of women across all management	38.7%	38.7%	40%
	% of women on our Board of Directors	27%	27%	30%
<b>Engagement</b>	Employee engagement relative to Gallup client population worldwide	62nd percentile	72nd percentile	Top quartile (75th percentile)
<b>How employees align to our Purpose</b>	% of employees who strongly agree with the statement: "The mission and purpose of my Company makes me feel my role is important."	70%	82%	To continue this progress >82%
<b>Community investment programme</b>	The community volunteering hours our employees have completed	Not captured	3,000	15,000

# Sustainability governance at AIB

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

## Sustainable Business Advisory Committee

The Sustainable Business Advisory Committee (SBAC) was established in 2016 and is chaired by Non-Executive Director Helen Normoyle. Its membership includes Non-Executive Directors, Carolan Lennon and Jim O'Hara, and members of Senior Management, including the Chief Executive Officer, the Chief People Officer and the Chief Customer & Strategic Affairs Officer. The Head of the Office of Sustainable Business is also in attendance. SBAC meets a minimum of four times every year and met eight times during 2018.

Since its establishment, SBAC has continued to enhance AIB's focus on building a long-term sustainable business. It focuses on areas including conduct, culture and sustainability practices across our business and on our community programme.

## Sustainable Business Executive Council

SBAC is supported by the Sustainable Business Executive Council (SBEC), which comprises members of the Executive Committee (ExCo) and senior managers representing a cross-section of the bank's different functions. Its role is to support and implement ongoing sustainability projects in AIB.

## Our sustainability agenda

AIB's Office of Sustainable Business (OSB) works across the bank to provide direction and focus for our sustainability agenda. The OSB also supports our CEO and the ExCo on the development and execution of this agenda. This work is overseen by SBAC, which provides guidance and advice to the Board of Directors.

A key objective for the OSB is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all our activities. This includes understanding, measuring and disclosing the impact of our activities on all our stakeholders, society and the environment. This is a phased and two-way process that also requires us to capture our stakeholders' concerns and expectations for our business.

These expectations are used to help inform and shape our objective setting, performance measurements, policy approach and operational practice, particularly in terms of the provision of credit.

Over the past year we have continued to make progress in integrating ESG ambitions across AIB, and we recognise that we have more to do to fully embed this in all of our activities.

## Building this report

Our 2018 Sustainability Report is built from the feedback we received from our stakeholders throughout 2018, both ongoing and via specific communication from the OSB with our five key stakeholder groups – our customers, our employees, investors, government and society, and regulators – to identify the most pressing challenges and opportunities where we can make a real contribution.

As with our previous reports, we are continuing to report in accordance with the Global Reporting Initiatives (GRI) standards, Core option details of which can be found on pages 56-72.

 For further information on Governance at AIB please see our AFR 2018, located in our results centre: <https://aib.ie/investorrelations/financial-information/results-centre/2018>



## Our Customer First agenda

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

### Conduct

Central to our conduct strategy is our Customer First agenda, which links strongly to our Purpose. Our Customer Advocacy team works to drive positive customer outcomes in our day-to-day business operations.

The activities of our Customer Advocacy team are overseen by the Chief Customer Advocate who is the Chair of the Group Conduct Committee (GCC). This Executive sub-Committee informs the SBAC on all conduct-related matters.

During 2018, we made progress on a number of conduct-related activities, including:

- Supporting the organisational roll-out of the bank’s Purpose;
- Providing training and support to our people on conduct and related areas, such as how best to support vulnerable customers;
- Benchmarking best-in-class organisations’ approach to conduct, to aid our continuing improvement;
- Progressing our vulnerable customer programme, providing better tools and supports for customers and employees;

- New training, including: Introduction to Vulnerability, Living with Dementia and Mood Matters (focusing on mental health);
- Enhanced links with relevant parties including the Health Service Executive (HSE); and
- Contribution to the BPF *Safeguarding Your Money* guide.

### Product governance

Product governance is the process of creating, maintaining and retiring financial products in a way that ensures our customers receive a product that is appropriate for their immediate and future financial goals.

The GCC has primary responsibility to provide oversight and monitoring of the Group’s products and propositions portfolio, as well as related customer protection and conduct issues.

The GCC operates in line with our Product and Propositions Oversight and Governance Policy, which is owned and overseen by our Operational Risk function. This policy consists of four key elements:

- Product approvals process;
- Post-implementation reviews;
- Periodic product reviews (annual, bi-annual or tri-annual reviews); and
- Product withdrawal process.

### Customer Care Limerick

We set up Customer Care Limerick, in 2016 as a central team to manage complex complaints and errors. Customers are provided with an individual case handler who acts as a central point of contact. Here all complex complaints and errors for all our Local Markets – branches, business centres and Homes teams across the Republic of Ireland – are managed centrally.

The expert knowledge of Customer Care Limerick and concentrated focus on resolving complex complaints and errors, has led to faster resolution times for our customers. On average, the team takes 13 days to resolve a complex complaint, which is down from 27 days before this centralisation. The Complaint Journey NPS significantly improved to -11 at the end of 2018, compared to a low of -47 at the end of 2015.

### Enhancing our approach

We continue to improve the way we manage our customer complaints. When things go wrong we do our best to fix them, creating the best and fairest outcome for our customers. This means we put our customers first while meeting our regulatory obligations.

The importance of developing soft skills in our customer-facing staff is recognised throughout the business and our complaints teams, in particular, attend classroom training courses in this area of development. Our aim with these training initiatives is to empower our people to resolve complaints confidently and create a better experience for our customers when they have complaints.

 Please see GRI Content Index page 72.

## Our Customer First agenda continued

### Customers in difficulty

Supporting customers who are in financial difficulty remains a priority for us. We offer the most restructuring solutions in the Irish market and have a dedicated team of over 1,500 staff in place to help customers.

We have updated our website (see link below) to support customers who are worried about missing payments, providing tools that may be helpful and, importantly, encouraging customers to get in touch as early as they can if they have concerns. Further details can be found on page 41.

For customers that engage with us, we aim to restructure and support viable businesses and keep families in homes where sustainable solutions can be agreed.

<https://aib.ie/worried-about-payments>

### The tracker mortgage examination

Since 2015 AIB has undertaken a comprehensive review of customer mortgage accounts with regards to tracker rates in accordance with the Central Bank of Ireland industry-wide Tracker Review Framework. Our review found we fell short on our obligations to some customers, including instances where we were not sufficiently clear with them or where we failed to honour contractual commitments. By the end of 2018, over 11,900 customer accounts had been deemed impacted by our review, and in some of these cases customers were charged too high a rate of interest on their mortgage accounts.

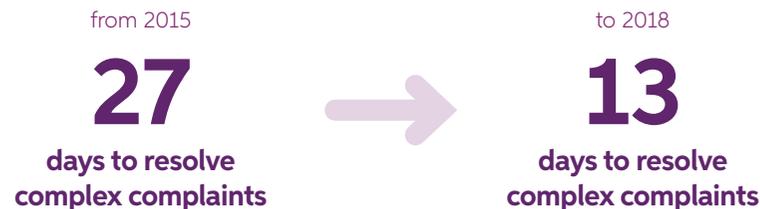
Putting this right for our customers has been and continues to be a top priority for us. Through our review we identify customers impacted by a failure, put these customers back in the position they should have been in and compensate them. By the end of

March 2019, 99% of customer accounts deemed impacted had been paid redress and/or compensation.

We have also given a set payment towards the cost of independent professional advice and have established an independent appeals process. We have appointed an independent third party, KPMG, to review key aspects of our work. These steps are in line with the principles outlines by the Central Bank.

It is clear that these issues should never have happened and our review is now nearing its conclusion. Our priority has been putting things right for those customers impacted by the issue. If customers have any queries, they can call our dedicated Helpline on: 1 800 235 460 (or +353 1 7715888) between 8am and 7pm, Monday to Friday.

### Key points



# Ongoing stakeholder engagement

We know how important it is to listen to, and engage with our stakeholders on an ongoing basis. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service to them.

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



## Continual stakeholder engagement

Customers	Employees	Investors	Regulators	Government & Society
<ul style="list-style-type: none"> <li>Materiality exercise</li> <li>Net Promoter Score (NPS)</li> <li>Ask AIB (social media communications)</li> <li>Complaints monitoring</li> <li>Annual General Meeting (AGM)</li> <li>AIB website (Help Centre, Financial planning tools)</li> <li>Internet Banking Support</li> <li>Focus groups</li> <li>Reputation tracking</li> <li>Quantitative and qualitative research</li> <li>Customer visits and communications</li> </ul>	<ul style="list-style-type: none"> <li>Materiality exercise</li> <li>iConnect employee engagement survey</li> <li>Performance review process</li> <li>Speak Up escalation process</li> <li>Team meetings and management town hall engagements</li> <li>Industrial relations discussions</li> <li>Employee Resource Groups (ERGs)</li> <li>Health and safety monitoring</li> <li>Intranet (internal communications channel)</li> </ul>	<ul style="list-style-type: none"> <li>Materiality exercise</li> <li>Comprehensive Investor Relations Programme</li> <li>Regular and ongoing structured engagement</li> <li>AGM and shareholder services</li> <li>Investor Relations website</li> <li>Financial reporting</li> <li>Industry conferences</li> </ul>	<ul style="list-style-type: none"> <li>Materiality exercise</li> <li>Regular and ongoing structured engagement</li> <li>Site visits</li> <li>Regulatory reporting</li> </ul>	<ul style="list-style-type: none"> <li>Materiality exercise</li> <li>Regular and ongoing structured engagement</li> <li>Direct partnerships</li> <li>AIB Together (volunteering and financial support)</li> <li>Community initiatives</li> <li>Financial reporting</li> <li>Surveys</li> <li>Education and inclusiveness activities</li> </ul>

# Active listening

We want to understand the most pressing challenges and opportunities where we can make a meaningful contribution. In order to do so, we asked our stakeholders to identify the macroeconomic issues and material topics of most importance to them as part of our second materiality exercise in 2018.

With the help of independent advisors KPMG, in early 2018 we engaged with 1,376 individuals across our five stakeholder groups – our customers, employees, investors, government & society, and regulators – to complete AIB’s second materiality exercise.

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

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

We also wanted to understand how we can continue to regain the trust of our stakeholders, in order to carry on the work detailed in our previous sustainability reports. We made this a key component of our materiality exercise by asking stakeholders how we could continue to rebuild our social licence to operate.

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



## Our five stakeholder groups



# Our materiality exercise

## Material topics – continuing to rebuild trust

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

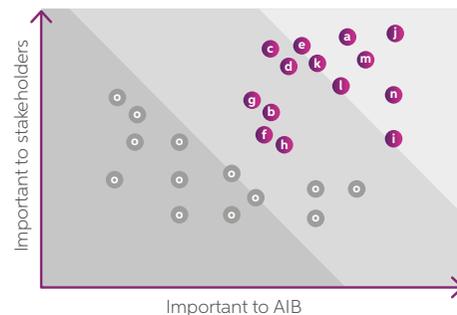
We asked our stakeholders:

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

We have made the material topics of greatest significance – the top 14 material topics out of 32, as illustrated in the graph on this page – our focus. They form the basis of our Global Reporting Initiative (GRI) report, as detailed in the GRI Index appendix.

## Our material topics – top 14 out of 32

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



● Material topics  
● Other items

## Macroeconomic issues – making a meaningful contribution

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

So we asked them:

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

In addition to our stakeholder groups, we conducted interviews with our CEO and members of the ExCo and held workshops with internal and external stakeholders to validate the outputs from this exercise.

## Macroeconomic issues – top 10

1. Housing
2. Digitalisation
3. Lending
4. Entrepreneurship
5. Sustainable food production and agriculture
6. Brexit
7. Low-carbon economy
8. Financial literacy and inclusion
9. Skills and training
10. Customers in difficulty

The chapters of this report are framed around the top 10 macroeconomic issues identified and we have linked each issue to what we feel are the most relevant material topics (although many material topics may be relevant to that issue).

📄 Please see GRI Content Index page 62 – indicators 102-44 and 102-47.

# Responding to macroeconomic issues

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

1. Housing
2. Digitalisation
3. Lending
4. Entrepreneurship
5. Sustainable food production and agriculture
6. Brexit
7. Low-carbon economy
8. Financial literacy and inclusion
9. Skills and training
10. Customers in difficulty

# Linking our approach

We have linked each macroeconomic issue to our material topics and stakeholder groups. These are indicated at the top of each page. Please use the table below as a reference.

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



Material Topics

- h** Providing business leadership and vision
- i** Maintaining a profitable and financially sustainable business
- k** Providing responsible products and services

# 1. Housing

Housing is one of the biggest social issues in Ireland today. AIB plays a critical role at every point in the housing chain: from providing funding for large-scale developments to creating a more efficient journey for home buyers to collaborating with housing associations. Every day we back our customers to have a place that they can call home.

## Our Homes business

A home is much more than bricks and mortar; it is about a sense of belonging and a sense of community. While we are the leading mortgage provider in Ireland, our aim is to do more: to re-imagine how we can back more people to have a place that they can call home.

In 2018, we announced a new operating model in AIB, effective from January 2019, which is centred on being simple, agile and clear while anticipating and delivering value for our customers and other stakeholders.

As part of this new operating model, we created Homes: a new business area with a singular focus on meeting the Homes needs of our customers.



**2018 progress**

---

**13,937**  
homes financed – €2.8bn  
in lending

---

**4,700+**  
new housing units

---

**250+**  
specialist Homes Advisors

---

ongoing partnerships with  
Approved Housing Bodies  
including iCare

Source: Company information.





Material Topics

- h** Providing business leadership and vision
- i** Maintaining a profitable and financially sustainable business
- k** Providing responsible products and services

# 1. Housing continued

## Our multi-brand strategy

We are the leading mortgage provider in Ireland with a 32% share of the market, extending c.€2.8bn in new mortgage loans in 2018.

Our mortgage expertise is spread across the country with over 250 specialist advisors either in branch or on the phone to support our customers. We know that customer choice is important. That's why we have a multi-brand mortgage strategy that includes AIB, EBS and Haven.

Our AIB brand offers the lowest Standard Variable Rates (SVR), passing on variable rate reductions to both new and existing SVR customers. In May 2018, as part of our multi-brand strategy, EBS announced significant reductions across all its fixed mortgage rates for new and existing Private Dwelling Home mortgage customers while continuing to provide a cashback offer. All fixed rates from one to five years were reduced to 3%.



## A Centre of Excellence

During 2018 we focused on simplifying and streamlining our mortgage process under our Mortgage Customer Experience (MCX) programme. The vision of the MCX programme is to create a more convenient, faster and simpler mortgage process enabled by increased digital capability and an expert community of Homes Consultants.

We created the Homes Centre of Excellence (HCoE), developed an Express mortgage journey, which is currently being rolled out, and introduced the My Mortgage web app, which enables customers to upload documents, download bank form templates, send and receive messages to/from AIB, and view their mortgage application status.

## Social housing development fund

In February 2018, we launched a new €100m social housing development fund: dedicated funding for developers with housing projects sold to local authorities or large Approved Housing Bodies. Together with our support for affordable housing schemes, this underscores our commitment to operate as a key stakeholder in all aspects of the residential sector.



Helen Cheevers with baby Erik outside her new home at Baile na Laochra in Ballymun, Dublin.

## Ó Cualann Cohousing Alliance

AIB provided finance to Ó Cualann Cohousing Alliance to build houses in Ballymun/Poppintree in Dublin 11. Ó Cualann sourced the land from Dublin City Council at a nominal fee per house, and in turn are selling them to the new owners on a cost basis, which can be more than 30% lower than the market value of similar properties in the area.

There will be 49 houses in total in the estate, which have all been allocated. In the Ó Cualann model, social and

affordable homes are mixed together to form fully-integrated communities. Moreover, community spirit is engendered long before the homes are complete.

There were already 17 families living in Ó Cualann's Baile na Loachra development in Ballymun when an additional 11 families received their keys on 2 August 2018 at a ceremony on the estate. Ó Cualann is now in discussion with other local authorities and agencies around the country.



Stakeholder Groups

Material Topics

- h** Providing business leadership and vision
- i** Maintaining a profitable and financially sustainable business
- k** Providing responsible products and services

# 1. Housing continued



The launch of AIB, IMHO & iCare initiative.

## AIB, IMHO & iCare initiative

AIB, the Irish Mortgage Holders Organisation (IMHO) and iCare Housing have a joint initiative, focused on keeping customers in their own homes who have financial difficulty with mortgage repayments and who qualify for social housing. 514 mortgage-to-rent cases have been approved across a number of financial institutions so far. This initiative has the potential to positively impact about 2,000 people.

If a customer's mortgage debt is deemed unsuitable following an affordability assessment, they may then qualify for mortgage-to-rent, which allows them to

stay in their own home while ownership transfers to iCare Housing. Any residual mortgage debt following the transfer is fully written off.

“This is a ground-breaking example of the private sector and the housing charity sector coming together to provide a practical sustainable solution to an acute social crisis.”

David Hall, CEO of the IMHO and iCare

More can be found at:  
[www.icarehousing.ie](http://www.icarehousing.ie),  
[www.aib.ie/icare-housing](http://www.aib.ie/icare-housing)  
 and [www.ebs.ie/icare-housing](http://www.ebs.ie/icare-housing)

2019 – looking ahead

**90 mins**

for 70% of customers to receive a decision in principle

**c.5,500**

Planned funding for new housing units

Ongoing partnerships with Approved Housing Bodies

**12**

new buyer education events

**New**

10-year fixed rate mortgage

Please see GRI Content Index pages 64, 65 and 72.



- c Protecting our customers' privacy and data
- n The stability, security and continuity of our business services

## 2. Digitalisation

**Digitalisation presents both enormous opportunity and challenge. AIB is at the forefront of digitally-enabled banking in Ireland with ongoing investment in our technology, supported by a resilient and agile platform. We will continue to offer innovative services while protecting our customers' data.**

### Progress on digital sustainability

Our 2018 investment programme focused on ongoing system resilience, regulatory compliance, productivity enhancements and enhanced data and analytical capability to improve customer satisfaction. Through automation, we have made efficiencies in areas that had been traditionally resource-heavy, allowing our customer-facing employees to focus on adding value.



### Reliable

We invest annually across our technology infrastructure to ensure it is reliable and resilient, meeting the needs of all our customers.

Throughout 2018 we significantly invested in new technology to underpin our core services. This has resulted in absorbing a 20% increase in transaction volumes and improving transaction times by up to 30%. We continued the roll-out of our new payments engine, with 60% of

payments migrated by the end of the year, along with a new Digital Business Banking platform. We now have 80% of our Treasury business working off our new platform. These improvements to our infrastructure have been made while maintaining high levels of service and without any significant customer services outages over the past two years.

### Channel enhancements

We want to simplify and improve the experience for customers across all of our channels. At the end of 2018, we had 1.38 million active digital customers (Ireland), representing a 10% increase year-on-year. 940,000 of these are active mobile customers, representing significant year-on-year growth of 20%.

Our mobile app is one of the market's leading apps, up to 55% of all AIB personal lending and applications and 45% of lending approvals were conducted through the app in 2018. The 2018 Christmas period was the busiest ever on our mobile banking app, peaking with over 1.6 million interactions in one day, a 25% growth on the busiest day in 2017. In 2018 we launched new-to-bank account opening capability via smartphone: a unique capability for new customers to open an AIB account in

minutes using just their smartphone. Of all eligible new current accounts, 23% were opened using the mobile app. We also became the first Irish bank to offer customers the ability to purchase travel insurance through the mobile banking app; an option that 5,250 customers used in 2018.

### Our Digital Wallet

In 2018 we added Fitbit Pay to our Digital Wallet, in addition to both Apple Pay and Google Pay options. Fitbit Pay uses existing contactless functionality to make payments with a Fitbit device – no wallet or smartphone necessary.

### GDPR ready

The General Data Protection Regulation (GDPR) came into force on 25 May 2018, replacing the existing data protection framework under the EU Data Protection Directive. The changes implemented as a result of GDPR enabled AIB to build on the data protection safeguards we already have in place. This strengthened our relationships with our customers and employees through enhanced transparency, security and accountability in line with our Values and Purpose.

### 2018 – key highlights

**1.38m**

active digital customers

**940k**

active mobile customers  
(+20% from 2017)

**64%**

of key products sold online

**45m**

the number of customer transactions completed online or on mobile

Source: Company information.



Material Topics

- c** Protecting our customers' privacy and data
- n** The stability, security and continuity of our business services

## 2. Digitalisation continued

### Protecting data

As part of protecting our customers' data, we invest heavily in tools and services to counteract the increasing threat of cyber crime. We partner with other institutions across Europe, the UK and Ireland (including Cyber Defense Alliance which comprises of eight UK and Irish banks) to foster an open, knowledge-sharing and mutual-protection culture. We design and operate our systems to remain secure, while providing products and services that are fit for purpose. We actively manage and continuously test cyber threats to prevent unauthorised parties from accessing, manipulating or acquiring private information.

### Open Banking

The introduction of the Payment Services Directive II (PSD2) in Europe and Open Banking in the UK in early 2018 allows customers to grant third-party companies access to their financial data. It also enables third parties to initiate payments from a customer's account. Subsequent regulation has followed, seeing banks increase the capabilities that third parties can utilise for consenting customers. AIB successfully met the January 2018 deadline to be compliant with these standards. Our digital architecture has allowed us to securely open our platforms, enabling customers to take full advantage of this new banking paradigm if they wish.

### Anti-Money Laundering protection

In March 2018 we replaced AIB's Anti-Money Laundering engine with a new, more robust system, helping us meet our Anti-Money Laundering (AML), Counter Terrorist Financing (CTF) and Sanctions regulatory requirements in a more efficient manner.

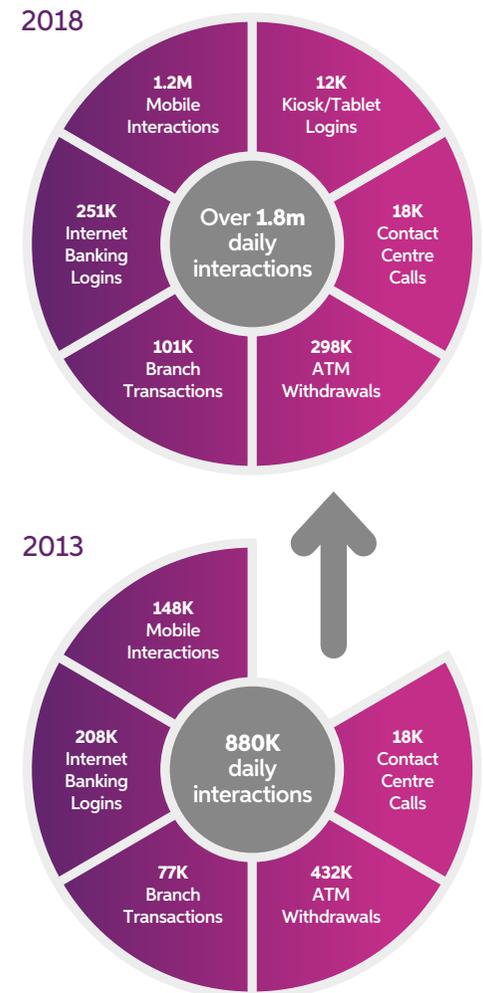
### Robotics and artificial intelligence

We have started to use artificial intelligence (AI) to improve customer experience and deliver operational efficiencies. In 2018, AIB delivered leading biometric capabilities in facial recognition on mobile, and we were the first bank in Ireland to apply voice biometric recognition (Voice ID) across our telephony. To date, 20,000 customers have signed up to Voice ID.

We are developing a personalisation platform that uses data and AI to make every customer interaction smarter and provide an enriched personalised experience for customers across all our channels. We use robotics for repeatable processes across a lot of service lines in our back office. The resulting efficiencies have ultimately improved our service for the benefit of our customers.



### Daily user interactions



Source: Company information.



Stakeholder Groups

Material Topics

- c Protecting our customers' privacy and data
- n The stability, security and continuity of our business services

## 2. Digitalisation continued

### The National Project Awards 2018

Our Head of Enterprise Change, Declan Rundle, won the top prize at the National Project Awards as he was named Project Professional of the Year. He was acknowledged for his role in reinvigorating the bank's Change Governance and Project Management, which contributed to AIB's transformation agenda from 2015 to 2017.



National Project Awards – Industry Professional of the Year Declan Rundle and the GDPR team.

AIB also received the Private Sector Project of the Year award on the same night. Indeed, we had two finalists in this competitive category: GDPR and our Mortgage Customer Experience Programme. The award went to our GDPR team for their work on the roll-out of the GDPR change across AIB.

### AIB Sponsors DCU Chair in Data Analytics

With increased focus on data analytics across business and society, AIB teamed up with Dublin City University (DCU) to sponsor a Chair in Data Analytics in 2018.



L-R: Yvonne Holmes, Head of Customer Analytics and Engagement Systems, AIB; Bernard Byrne, AIB; Professor Brian MacCraith, President, DCU; Professor Tomas Ward, AIB Chair in Data Analytics, DCU.

This new position, the first of its kind in Ireland, reflects the growing importance of data analytics in enabling both private and public sector organisations to gain valuable insights from the large volumes of data that they collect.

Using this data to improve competitiveness, products and profitability is a priority for business, with research firm IDC predicting that revenue from commercial purchases of big data and business analytics hardware, software and services will grow to \$210bn by 2020.

The person taking up the position of AIB Chair in Data Analytics is Professor Tomas Ward. Professor Ward is an internationally-renowned scholar in the field of data analytics as applied to human behaviour monitoring and joins DCU from Maynooth University.

### Financial Crime Awareness week

In November 2018 we held a Financial Crime Awareness week across AIB. This was in support of the Banking and Payments Federation of Ireland's (BPF) wider "Fraud Smart" campaign which aims to raise consumer and business awareness of financial fraud threats.

We focused on the key aspects of financial crime (which include AML, fraud and sanctions) to highlight how it impacts our staff, our customers and our society.

Topics and training over the week included:

- Human trafficking;
- Financial abuse of the elderly;
- Terrorist financing;
- Anti-money laundering; and
- The changing face of fraud.

This was a great way to better understand how financial crime impacts all of us and how, by working more collaboratively across our business, we can protect our customers and society.



- n Fraud Smart details can be located at the following link: <https://www.fraudsmart.ie/>

### 2019 – looking ahead

# €50m

investment in improved system performance in 2019

Extension of new-to-bank account opening process

PSD2/  
Open Banking  
Enhanced payment and system functionality

- n Please see GRI Content Index pages 70 and 71.



- d** Pricing our products and services fairly
- e** Improving our customer experience and satisfaction levels

- k** Providing responsible products and services
- m** Our business culture and ethical behaviour

### 3. Lending

**AIB has more customers in Ireland than any other financial institution in the marketplace. We increased lending by 15% in 2018, thanks to our expertise, our digital offerings and our sector-led strategy. With a new focus on energy, climate action and infrastructure lending and using a strengthened risk management framework, we aim to be the lender of choice for both personal and business customers.**

In 2018, AIB saw growth in new lending across our corporate, mortgage and personal markets. New lending of €12.1bn in 2018 was up from €10.5bn in 2017. This includes new term lending of €10.7bn and new transactional lending, such as revolving credit facilities (RCFs), of €1.4bn. Corporate term lending was up 24% and transactional lending was up 26% from 2017 levels. Mortgage lending was up 16% and personal lending was up 5% despite the backdrop of an increasingly competitive market and a constrained supply of new housing. We achieved this success with a sector-led strategy and expertise across all our distribution channels, over the phone and across our local markets.

#### Personal customers

In 2018, over 70% of all personal loans were applied for online, via mobile, tablet or internet banking. Customers can complete personal loan applications end-to-end on their mobile device, and over 90% receive a decision within three hours. We know this is how our customers like to bank, as it received a Net Promoter Score (NPS) of +76 in 2018.

#### SME customers

Small and medium-sized enterprises (SMEs) are the backbone of the Irish economy, with over 238,000 SMEs employing over 900,000 people. We continue to be the bank of choice

for SMEs, thanks to our wide range of products, our sector specialists, our digital offering and our excellent relationship management. 2018 was a challenging year for our SME customers as Brexit uncertainty saw many of them delay long-term investments until there is a known outcome. Our SME lending in 2018 was down 5% compared to the 2017 (For details on the support we provide for customers concerned with Brexit, see pages 29-30). In our UK business, while still impacted by Brexit concerns, we saw growth in new lending – up 9% from 2017 levels – but our balance sheet remained static year-on-year.

#### Shabra Plastics & Recycling

Shabra Plastics & Recycling is the largest plastics recycler in Ireland, recycling 100,000 tonnes of plastics annually. Based in Castleblaney, Co. Monaghan, the business was founded over 30 years ago by Rita Shah and the late Oliver Brady.

The company is a manufacturer and printer of polythene bags and tubing. It also supplies disposables, janitorial supplies and chemicals for catering and industrial applications. It is

a great example of closed-loop recycling via polyethylene (PE) reprocessing, and is on a mission to decrease the volume of unrecycled waste in Ireland.

Shabra is a long-time AIB customer, and in 2018 we approved funding of €800,000 to the company to purchase additional recycling equipment, improve output and undertake a large expansion.



Rita Shah, Shabra Plastics & Recycling.

**2018 – key highlights**

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**No.1**  
bank in Ireland for foreign direct investment

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**€12.1bn**  
new lending drawdowns

---

**€5.3bn**  
to 29,293 SME and corporate customers

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**+57**  
NPS – Micro SME

---

**+76**  
NPS – Personal lending

Source: Company information.



- d** Pricing our products and services fairly
- e** Improving our customer experience and satisfaction levels

- k** Providing responsible products and services
- m** Our business culture and ethical behaviour

### 3. Lending continued

#### Strengthened risk management

Risk-adjusted return on capital (RAROC) is the framework AIB uses to make consistent and informed decisions, adjusting the return from lending with all associated costs of that lending, and expressing that return in relation to capital required. In 2018, we implemented a new RAROC calculator to ensure we have the best possible decision-making support.

#### Corporate banking

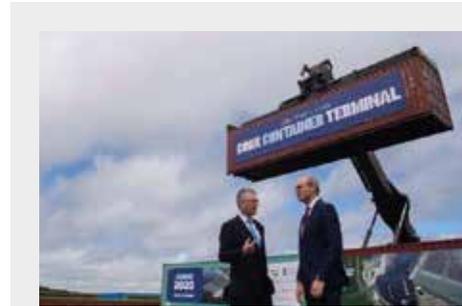
With market-leading positions in Ireland, and participation in US and European syndicated lending markets, we deliver the full spectrum of banking solutions to medium and large businesses, multinational corporations, financial institutions and partnerships. Products and services include debt finance, asset finance, invoice financing, corporate credit cards and case management.

With customers spanning every sector of the economy and our long-established track record of supporting businesses to meet their growth plans, we are a bank with a reputation for strategic partnership.

Our real estate finance team is a multidisciplinary team with an established market position. Overall we operate a relationship model approach, providing a full range of products and services.

#### A focus on climate

We have created a Centre of Expertise covering Energy, Climate Action and Infrastructure with particular focus on supporting Ireland's decarbonisation. The team consists of 15 professionals with a



Port of Cork, Ringaskiddy.

#### From Ringaskiddy to the World

In June 2018, construction began on a new €80m container terminal for the Port of Cork in Ringaskiddy, which will help secure Cork as an international gateway for trade well into the future. The development includes the construction of a 13.5-hectare terminal and associated buildings as well

diverse array of backgrounds including advisory, corporate and commercial banking, private equity and engineering. This ensures we have a balanced approach to understanding the specific funding requirement, and can tailor flexible and unique solutions for our customers.

Our Energy and Climate Action division manages a diverse portfolio which includes investments in all asset classes across the power and energy sectors. We provide

as two ship-to-shore gantry cranes and container handling equipment. Construction began in June 2018, and it is anticipated that it will become operational by 2020.

AIB joined the European Investment Bank and the Ireland Strategic Investment Fund (ISIF) in creating an innovative and award-winning financing structure for the Port of Cork company. We provided €30m senior debt funding for the project and acted as global agent for the total funding package.

The Ringaskiddy development represented the most significant single investment in marine infrastructure and superstructure in the history of the Port of Cork Company. It secures the future for the Port of Cork, and the trade gains will result in significant economic benefits for the people of Cork and the Munster region, as well as the national economy.

solutions to energy companies across both conventional power and renewable energy (e.g. wind, solar, hydro, biomass and waste to energy).

In the infrastructure sector, which includes roads and buildings, oil & gas storage, telecom, healthcare, social housing and energy efficiency projects, we provide value by combining our expertise across the entire spectrum of financing and in close co-operation with other teams within the bank.

2019 – looking ahead

**€1.5bn**  
planned lending to SME

Continued focus on energy, climate action and infrastructure lending

Ongoing support and insights as Brexit develops

Please see GRI Content Index pages 65, 66, 69 and 72.



- h** Providing business leadership and vision
- m** Our business culture and ethical behaviour

## 4. Entrepreneurship

**Entrepreneurs can change the way we live and work, creating jobs and innovative solutions. In 2018 AIB continued to support entrepreneurs, start-ups and expansions, with a particular focus on women-led companies. We aim to provide both the funding and supports necessary for enterprises of all sizes to thrive.**

### Backing you from the start

It takes bravery to start and grow a business and we're backing brave. Our Business Start-up Package offers all the daily banking products our customers need to get set up as well as the supports and tools necessary to grow their business.

AIB has 185 Business Customer Advisors available in branches across Ireland as well as a Direct Banking Business Advisor Team that is accessible during and outside of working hours, Monday to Saturday. AIB UK operates 20 Business Centres across the UK, including a centre specifically for small- and micro-businesses in Northern Ireland.

### Seed funding

We have invested over €170m into a number of equity funds to support seed and growth investment across the Irish market. The AIB Seed Capital Fund and the AIB Start Up Accelerator Fund 2 were set up with the support of Enterprise Ireland and are managed independently by a team of professional fund managers. The portfolio includes businesses in the internet, software, marine, media, healthcare, food and services sectors from all around the country.

### Backing Women in Enterprise

The AIB Women in Enterprise Growth Masterclass and Growth Academy provides tools, support and guidance for the specific challenges facing business owners. Masterclasses are each led by three trainers who are specialists in the areas of finance, marketing and sales, and leadership. And the academy, which ran over six full days during January to June in 2018, provides intensive in-depth sessions focusing on leadership and growth strategies.

The Women in Enterprise programme also aims to make business funding options more visible and accessible. In particular, the programme focuses on AIB's €100m Senior Loan Fund and the €3m AIB Discovery Programme.

In all, over 500 business owners took part in the programme in 2018, with 40 of these participating in the Academy. One significant outcome for AIB was a rise in women-owned business accounts:



L-R: Conor Timoney, Muireann Fitzmaurice, Margaret Hoctor and Catherine Moroney at a recent Women in Enterprise Masterclass.

women-led businesses now make up 50% of all business accounts with AIB – up from 33% in 2017. And one in two business loans opened between March 2018 and December 2018 were for women-led businesses.

We will deliver this programme to a further 200 business owners across the country throughout 2019.

**i** More details can be located at the following link: <https://business.aib.ie/my-business-is/women-in-enterprise>

### 2018 progress

**50%**  
of all business accounts are now held by women

**500**  
participants in the Women in Enterprise programme

**185**  
Business Customer Advisors available

**20**  
Business Centres across the UK

Source: Company information.



Material Topics

- h Providing business leadership and vision
- m Our business culture and ethical behaviour

## 4. Entrepreneurship continued



Naiad founders, Professor Emmanuel G. Reynaud and Professor Brian Rodriguez receiving their award.

### AIB sponsors the 2018 UCD Start-Up of the Year Award

The University College Dublin (UCD) VentureLaunch Accelerator Programme Awards took place on 21 November 2018. The event showcased the latest high-tech ventures emerging from UCD and AIB was on hand to ensure we experienced, first-hand, the impact we have in backing our customers to achieve their dreams and ambitions, through supporting research in technology and innovation.

Naiad, an emerging life sciences venture, won the Start-Up of the Year Award along with a €32,000 prize fund, after being declared the overall winner of the 2018 UCD VentureLaunch Accelerator Programme. Naiad was presented with a cheque for €10,000, and a professional services package to the value of €10,000. Naiad also received incubation space at NovaUCD to the value of €12,000.

Naiad is developing a novel liquid-based 3D bio-printing technology that helps researchers fabricate highly-reproducible 3D tissue models that better mimic the rich complexity of human tissues. In replacing ineffective models currently used, Naiad’s technology will help to improve drug toxicity and efficacy trials, thereby reducing the high attrition rates associated with drug discovery.

The overall objective of the UCD VentureLaunch Accelerator Programme, which is an annual three-month programme, is to support the creation, and accelerate the launch, of sustainable and profitable new ventures based on intellectual property emerging from UCD. The programme aims to equip UCD researchers with the knowledge, skills and understanding that is required to successfully lead a new commercial venture with global potential.

### Backing a tech hub in Galway

Located just off Eyre Square in Galway City, PorterShed opened its doors two years ago and has grown into a truly special place. Backed by AIB, the co-working space set out to support start-ups and has become a hive of activity and interaction for innovative companies with hot desks for visiting entrepreneurs.

PorterShed has gone from strength to strength, creating job opportunities, hosting several tech events for Galway start-ups and adding c.€5.8m to the local economy through the average salaries of its tenants.

From starting out small to now managing a packed house, Mary Rodgers, PorterShed’s Community Manager, describes the journey she has been on: “PorterShed opened its doors with 24 members in May 2016. I remember thinking the Board were ambitious in their vision but, never one to shy away from a challenge, I accepted the opportunity.

“The growth in membership and engagement has steadily increased over the 24 months. Hosting community and tech events over the two years has increased our outreach and created a foundation for innovation. We are excited about the future growth of PorterShed. This is only the start of our story!”

<https://portershed.com/>



### A digital city in west Cork

The Ludgate Hub in Skibbereen, Co. Cork is located on the periphery of the south west of Ireland. With a 1,000MB connection, the Hub has created an entrepreneurial eco-system focused on digital innovation. As such, it is aptly named after Skibbereen native Percy Ludgate (1883-1922), who invented one of the world’s first computers.

The Hub’s long-term objective is the creation of 500 direct jobs and 1,000 indirect jobs via a sustainable digital economy for Skibbereen and the wider area. It is often cited as an example of innovation occurring in rural Ireland and a blue print for other rural areas. Selected as a pilot town for SIRO – ultrafast, 100% fibre broadband – Skibbereen became a “Digital City” and one of Ireland’s first 1 Gigabit communities.

<https://www.ludgate.ie/>

### 2019 – looking ahead

**200 additional participants in the Women in Enterprise programme**

**Ongoing support of Ludgate and PorterShed**

Please see GRI Content Index pages 66 and 72.

## 5. Sustainable food production and agriculture

Ireland is known around the world as a quality, safe and sustainable food producer. There is a depth of appreciation, knowledge and experience in AIB when it comes to dealing with the food and drink industries. Exports are expected to reach €19bn per annum by 2025, and we aim to be a strategic partner in reaching that goal.

### Farm finance

We back our customers with a range of farm financial products designed to help grow and develop businesses in a planned and sustainable manner. We have loans to support land purchase, farm development and grant-aided investment, and offer flexible repayment options. We offer working capital solutions such as our Farmer Credit Line and Asset Finance options to support short-, medium- and long-term needs.

### Quality, safe and sustainable

Ireland's reputation as a quality, safe and sustainable food producer is built on our ability to produce milk and meat (beef and sheep) from a grass-based production system.

Irish farmers have a competitive advantage compared to many other countries: a lower cost of production. Research undertaken by Teagasc identifies a direct correlation between the level of grass utilised across farms and on farm profitability. Every extra tonne of grass used on dairy farms increases net profit by €181/ha and €105/ha to drystock farmers. AIB supports a number of events and industry initiatives aimed at promoting increased growth and utilisation.

### Grass 10 Programme

The Grass 10 Programme is an industry initiative that aims to promote sustainable grassland production. AIB has partnered with Teagasc, the Department of Agriculture, Food and Marine, Grassland Agro, the Irish Farmers Journal and FBD on this four-year campaign to increase grass utilisation on Irish livestock farms (dairy, beef and sheep), with the objective of achieving 10 tonnes grass DM/ha/year utilised and 10 grazings/paddock/year.

As part of the programme, the Grassland Farmer of the Year Awards were introduced to recognise farmers who are achieving high levels of grass utilisation in a sustainable manner. This year's winner was John MacNamara, a dairy farmer from Limerick. He won the award for his approach to grazing infrastructure, environmental impact and sustainability, soil fertility and management, grass measurement and grass production – resulting in maximising grass growth on his farm.



John MacNamara receiving his award.

### IGA Dairy Summer Tour

Over 500 farmers attended the 2018 Irish Grassland Association (IGA) dairy summer tour, which was sponsored by AIB. The aim of the IGA is to support the development of profitable farming systems from grassland in Ireland. This is achieved by organising annual farm tours and conferences to discuss excellence in grass and animal production efficiency. The focus of 2018's dairy summer tour was on high profit and high return on investment.

Delegates on the day got the opportunity to visit two progressive dairy farms, where owners spoke openly and honestly about their farming experiences. Maximising the use of grazed grass in cows' diet featured prominently on both farms.

**2018 progress**

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**15**  
dedicated Agricultural Sector Specialists in place

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Ongoing partnerships with Teagasc

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**15,000**  
Agri Matters circulated to customers

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**500**  
attendees at the Irish Grassland Association Summer Tour

Source: Company information.



## 5. Sustainable food production and agriculture continued



Samco Manufacturing Ltd in Adare.

### Samco Manufacturing Ltd

AIB customer Samco Manufacturing Ltd is an innovative company involved in the manufacture of agricultural machinery primarily used in forage maize growing. The company also manufactures biodegradable mulch film that is used with the machinery and holds a patent for same.

This technology has been crucial in facilitating the growth of maize in the Irish and similar climates. Previously, Ireland would not have been an ideal location for growing maize. As a result of improving the

quality of the maize grown here, Samco helps farmers to reduce costs and increase profits in an ever-challenging agricultural industry. Importantly, this biodegradable mulch film is also a replacement for plastic. The company supplies into the UK, the EU, New Zealand and Chile.

In 2018, the company was approved part-funding of €1.6m to develop a large purpose-built manufacturing plant in Adare, Co. Limerick.

### Agri Matters

We produce our sector magazine, *Agri Matters*, twice a year. Each issue includes a range of articles on the current and future issues in farming and contains valuable market and financial information. *Agri Matters* is circulated to c.15,000 customers and industry stakeholders and is also available online at: [www.aib.ie/farming](http://www.aib.ie/farming). 2018's editions contained articles on Brexit, maximising fodder on farms and dealing with the additional costs associated with Winter 2017/Spring 2018. We also produced a special edition to support farmers in planning their winter fodder and cash flow requirements.

### The National Ploughing Championships

The National Ploughing Championships is one of AIB's largest customer engagement Ploughing Championships 2018.

events of the year. In 2018 the event attracted 240,000 people to Screegan, Tullamore, Co. Offaly over the course of the three-day event. An AIB team, with representatives from Local Markets, Direct Channels, Finance & Leasing, Marketing and the Agri Advisors Team were on hand to discuss personal and business queries, current agricultural issues, farm financial requirements and future plans with both customers and prospective customers alike.

AIB's presence at the event included "Shed Talks", a series of short, interesting panel discussions involving well-known industry personnel. Talks focused on a number of topics such as grass, succession, work-life balance, young farmers, the agri market outlook and the GAA.





## 5. Sustainable food production and agriculture continued



Elaine Shaw, Operations Manager – Northway Mushrooms.

### Northway Mushrooms: Growing stronger together

Irish growers produce 70,000 tonnes of mushrooms a year, 80% of which is sold in the UK. Near Cabragh in Co. Tyrone, supported by AIB, a £25m investment (of which AIB provided £12.7m) is near completion. It is a huge mushroom composting facility owned by Northway Mushrooms, Northern Ireland’s largest grower company, which is run along co-operative lines. This was a large-scale complex deal that involved support from AIB from a finance but also a sector expertise perspective, involving relevant

external advisors to get this project to completion. The new facility will allow a guaranteed supply of compost for growers, increasing stability. The compost is produced from mostly waste materials, such as used straw, which is mashed and mixed with mushroom spawn to produce the end product. Northway facilitates employment by growers on both sides of the border, supporting jobs and acting as a lobbying force for the agri-food sector in both Ireland and the UK.

### Meeting global demands

As global requirements for food continues to increase, Ireland is well positioned to meet these demands. Food and drink exports are expected to reach €19bn in 2025 (Food Wise 2025). While Brexit may pose short-to-medium-term challenges for some food companies, the long-term outlook for the Irish food and drink sector remains positive and we aim to be a strategic partner.

### A long history supporting the Irish fishing sector

According to Bord Iascaigh Mhara (BIM), the Irish seafood industry contributes €890m annually to national income and employs 11,000 people, mainly in coastal counties. The Food Harvest 2020 strategy from the Department of Agriculture, Food and the Marine sets a clear and ambitious target for the Irish seafood sector to increase its revenue to €1bn. We want to be a strategic player in enhancing the sustainability of the Irish seafood sector.

AIB has long been a supporter of the commercial fishing sector which, since the 1990s, has received significant investment to position the Irish fleet as one of the most capable in Europe. AIB has a presence in all of the principal fishing ports; our people are knowledgeable about all aspects of the fishing industry and can advise on different financing options for the sector.

2019 – looking ahead

**500**

expected attendees at the IGA Dairy Summer Tour

**50**

planned farm walks as part of Grass 10 Programme

Please see GRI Content Index page 65.



Material Topics

- b** Engaging with all our stakeholders regularly
- l** Managing our business risks effectively

## 6. Brexit

**Brexit is the most significant geopolitical events to take place in recent history. Throughout the uncertainty and difficult planning conditions, we continue to support and inform all our impacted customers.**

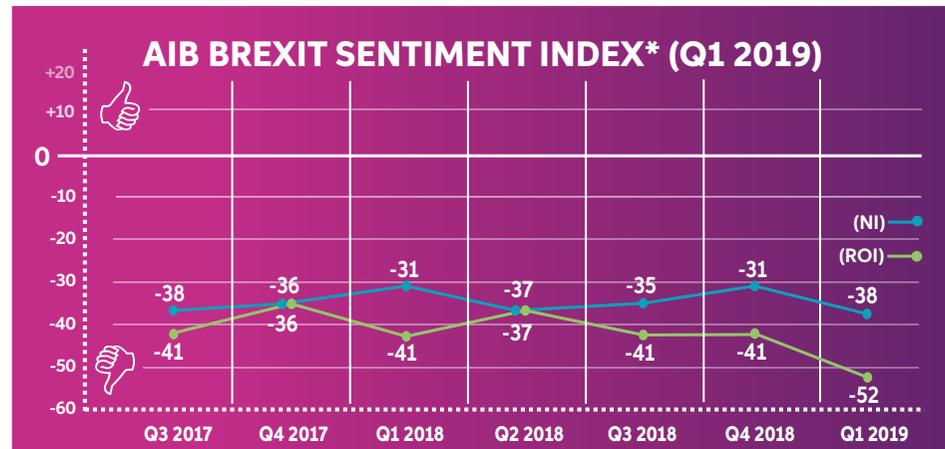
We implemented and expanded a number of initiatives during 2018 to help our customers prepare for the implications of Brexit. From our dedicated team of Brexit Advisors to providing practical services such as the Brexit Ready Check and market analysis available on our Brexit Centre, we aimed to help customers navigate their way through extraordinary and uncertain times as best as possible.

To access our Brexit Centre please follow the link: <https://business.aib.ie/my-business-is/brexit-support>

### Brexit Sentiment Index Q1 2019

The latest AIB Brexit Sentiment Index reports a new low for SMEs in the Republic of Ireland, falling from -41 in Q4 2018 to -52. Northern Ireland also reports a drop in this period, down to -38 which is equal to the score first registered in Q3 2017 when the sentiment research began.

In the Republic of Ireland, 23% of SMEs are reporting a negative impact on sales (up from 12% in Q3 2017) with 21% in Northern Ireland also reporting lower sales. Both jurisdictions are showing high negative scores for the likely impact of Brexit on business now, business in the future and wider economic impact.



\* The Index reflects and measures the sentiment of Irish SMEs in the Republic of Ireland and Northern Ireland towards Brexit, summarised as a single number, with a potential range +100 to -100. It takes the difference between the positive and negative responses across four key measures: impact to business now, impact on future business (next five years), level of visibility and the wider economic impact of Brexit.

66% of SMEs in Northern Ireland who planned to invest or expand have reviewed, cancelled or postponed those plans with a corresponding 53% in the Republic of Ireland. On the plus side, the sentiment reports that nearly two-thirds of SMEs in the Republic of Ireland have started investigations into Brexit planning or have formal plans already in place, an increase of 16% on Q4 2018. In contrast, 56% of SMEs in Northern Ireland have yet to begin any Brexit planning.

### Strategic Banking Corporation of Ireland (SBCI) Brexit Loan Scheme

In 2018, we were able to offer customers the SBCI Brexit Loan Scheme, which provides competitively priced, flexible funding to micro-businesses, SMEs and small midcap enterprises to fund innovation, change or adaptation of the business to mitigate the impact of Brexit. AIB provided €122m of the €300m SBCI Brexit Loan scheme.

### 2018 progress

Brexit Sentiment Index issued quarterly

**€122m**  
of the SBCI Brexit Loan Scheme

**26**  
dedicated Brexit Advisors

**19,600+**  
customers completed Brexit Ready Checks

Sponsorship of the DCU Brexit Institute

Source: Company information.



Material Topics

- b** Engaging with all our stakeholders regularly
- l** Managing our business risks effectively

## 6. Brexit continued



The launch of the DCU Brexit Institute.

### Sponsorship of the DCU Brexit Institute

In 2018, AIB announced a three-year agreement with the Dublin City University (DCU) Brexit Institute, joining Arthur Cox as an official sponsor of the Institute. The first centre of its kind in Europe, the DCU Brexit Institute was launched on 23 June 2017, a year after the referendum in which the UK voted to leave the EU.

Analysing the major legal, political and economic challenges raised by the withdrawal of the UK from the EU, the Institute comprises experts from a number of DCU's faculties and schools, connecting them with specialists in Ireland, the EU and beyond. The Institute has firmly established itself as a leading platform for

documenting and debating developments in relations between the UK and EU.

In its first 12 months, the DCU Brexit Institute held many high-profile events in Dublin and other European capitals, featuring over 30 keynote speakers comprising current and former Prime Ministers, Presidents, EU Commissioners, Ministers for Foreign Affairs, leaders of independent institutions, such as the Central Bank of Ireland and World Trade Organisation, and prominent members of the EU, UK and Irish parliaments. In addition, the Institute's members have produced a series of books, institutional reports and working papers, together with regular blogs on breaking developments.

### Dedicated Brexit Advisors

We now have 32 Brexit Advisors (as at April 2019) deployed countrywide, working with 500 SME Advisors and support staff. Helpful expertise ranges from full foreign exchange and trade finance to interest rate management assistance.

In 2018, we hosted monthly Brexit-focused customer events and offered practical solutions such as a 50% discount on transport for one year to AIB business customers who sign up for DHL Express.

If you want to talk about how Brexit may impact your business, contact your branch or call the AIB Brexit Helpline on: 0800 300 801, 8am to 9pm Monday to Friday.

### Getting Brexit-ready

The AIB Brexit Ready Check is a simple online tool launched in 2018 that enables our SME customers to understand how Brexit might affect their business. Accessible by mobile, customers receive valuable support in less than five minutes.

Designed to cover six core areas – Sector Overview, Direct Trade, Indirect Trade, Foreign Exchange, Supply Chain and People – the AIB Brexit Ready Check enables SMEs to assess the potential impact of Brexit on their business within each of these areas. Users are provided with a tailored report for their business, offering practical and wholly applicable advice. Customers can also request a call-back to discuss the report.

- u** To check if your business is Brexit Ready, follow the link: <https://business.aib.ie/brexit-ready-check>

### 2019 – looking ahead

32

dedicated Brexit Advisors now in place

Ongoing support through our Brexit Ready Check and helpline

Continued funding for customers via SBCI Brexit Loan Scheme

- u** Please see GRI Content Index pages 64 and 72.

## 7. Low-carbon economy

**Decisive action on climate change is needed in order to meet goals set by the Paris Agreement. AIB can support the transition to a low-carbon economy in many significant ways in our own operations and the services we provide to our customers. We recently established a Centre of Expertise for Energy, Climate Action and Infrastructure to further support Ireland’s decarbonisation.**

### A Centre of Expertise

We established the Energy, Climate Action and Infrastructure Centre of Expertise to allow us to take a leadership role in delivering Ireland’s sustainability and decarbonisation goals. AIB is active across the entire renewable energy mix including waste to energy, solar and wind, across the island of Ireland and beyond. The team consists of 15 dedicated professionals holding a diverse range of backgrounds such as advisory, corporate and commercial banking, private equity and engineering. This ensures we have a balanced approach to truly understanding our renewables customers and their specific funding requirements, tailoring flexible solutions and ultimately delivering tangible value.

### Supporting Ireland’s first Climate Week

In November 2018, AIB became headline sponsor of the Sustainable Nation/Climate KIC inaugural Climate Week Ireland. Over 1,000 attendees (of which 600 were European financial and climate innovators) attended a range of events in Dublin.



Representatives at the launch of joint equity fund during Climate Week Ireland 2018.



With support from the government, Climate Week Ireland focused on capital markets, covering banking, insurance, responsible investment, corporate reporting and sustainable finance innovation among other topics.

Commenting on Climate Week Ireland, Colin Hunt, AIB, said:

“We were delighted to partner with Sustainable Nation during Climate Week Ireland 2018, which positioned AIB as the leading Irish bank in this sector during a week of climate-aligned ideas, innovations and important debates about how these can positively impact our financial systems.”

### Investing in renewables

At the end of Climate Week Ireland 2018, AIB, ISIF, Temporis and Encavis (a German renewables specialist) announced their investment in a €100m equity fund: the Temporis Aurora Fund LP. This will be for the development of pre-construction renewable energy projects in Ireland. It will develop over 1,000MW renewable energy generation capacity, adding to the operational capacity in Ireland of 3,500MW. All this will help Ireland to become a low-carbon economy and attract more international capital into the Irish renewables sector. This will be achieved by working closely with developers, local communities, green energy buyers and strategic partners to the fund.

**2018 progress**

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**CDP Climate Change A list**

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**Sponsors of Climate Week Ireland**

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**Signatories of the Low Carbon Pledge, to reduce Scope 1 & 2 emissions by 50% by 2030**

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**Published the Energy Outlook for SMEs**

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**Launch of €100m joint equity fund**

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**Eliminated single-use plastics from head office locations**

Source: Company information.

## 7. Low-carbon economy continued

### The outlook for energy

During Climate Week Ireland 2018, we also issued the AIB Energy Efficiency Outlook Report for SMEs. It focused on providing information to support SMEs investing in energy and resource efficiency projects to improve their competitiveness. The launch of the report coincided with a Climate Week Ireland event: Financing Irish Energy Efficiency Efforts to 2030.

 The full report can be located at the following link:  
[www.aib.ie/outlook](http://www.aib.ie/outlook)



### Scoring A for climate action

The international environmental impact non-profit organisation CDP highlighted AIB as a global leader in corporate climate action. For the second year running, we achieved a place on the CDP Climate Change A List. From over 6,500 companies participating, only 2% have received an A rating.

Every year, thousands of companies give data about their environmental effects to CDP for assessment. They receive scores of A to D for how effectively they are tackling climate change, deforestation and water security. Those that don't give any, or give insufficient information, are marked with an F.

CDP recognised AIB for our actions to cut emissions, mitigate climate risks and assist in the development of a low-carbon economy.

 The full report can be located at the following link:  
[www.cdp.net/en/scores](http://www.cdp.net/en/scores)



“Many more large energy users are waking up to the real long-term benefits of having a wind turbine on-site.”

Dominic Costello, MD of Wind Energy Direct

### Supporting clean power for Irish business

In 2018, with the support of AIB, Wind Energy Direct Ltd installed a €4m wind turbine at Grady Joinery in Charlestown, Co. Mayo. The 2.35MW wind turbine will generate about 6.2GWh a year and supply Grady Joinery with over 60% of their total energy requirements. It will generate enough energy to power the equivalent of 1,476 houses and displace 2,902 tonnes of carbon every year.

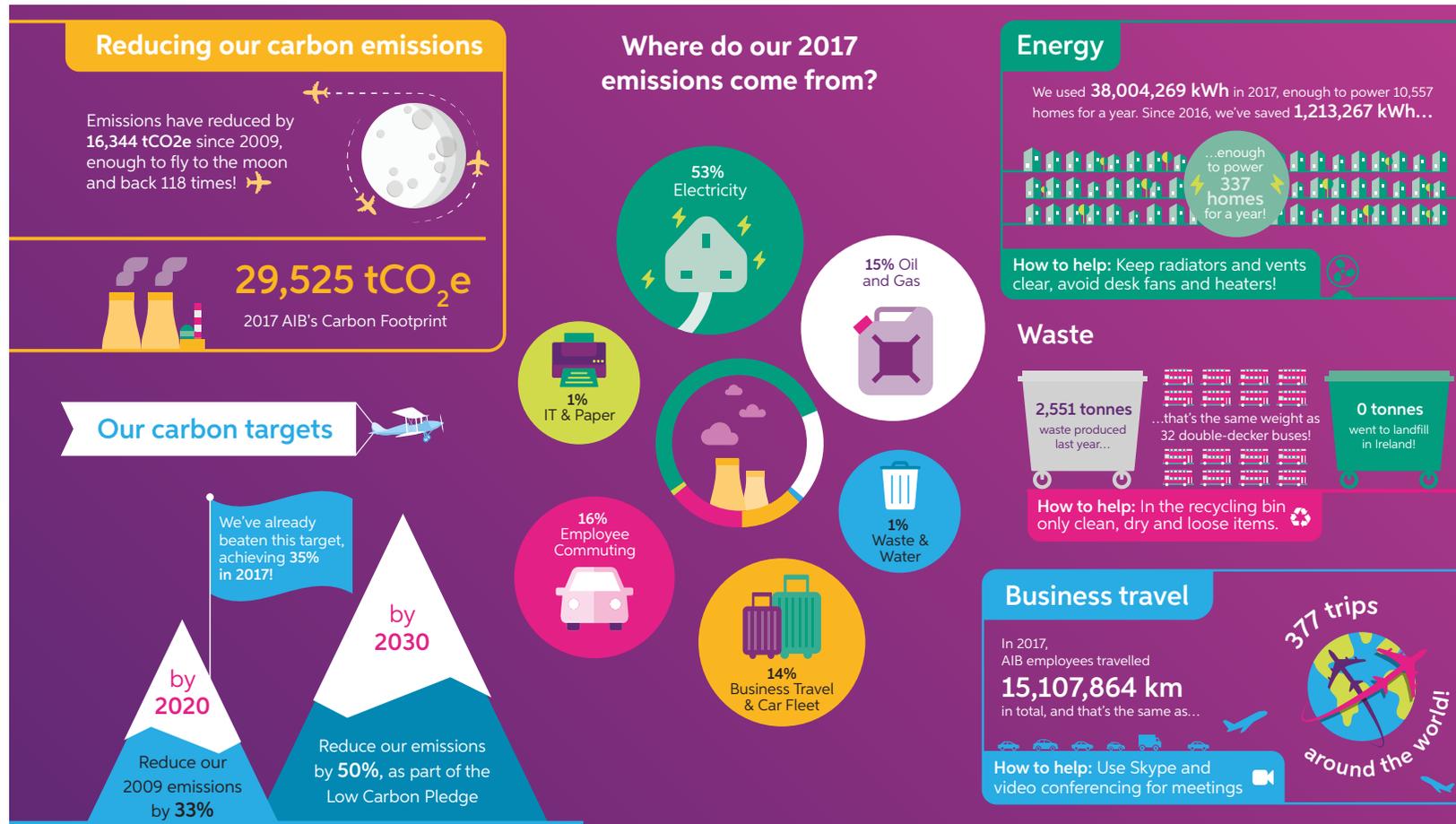
Wind Energy Direct Ltd build wind turbines on the sites of large energy users and supply fixed-price green energy for 25 years to the on-site consumer through a Power Purchase Agreement (PPA). This provides a long-term hedge for large energy users for a significant portion of their energy demand. It also allows them

to reduce their carbon emissions and demonstrate their corporate social responsibility in a constructive and visible way.

Grady Joinery is Ireland's leading manufacturer and supplier of high-quality windows and doors. It supplies homeowners, trade and commercial customers in both Ireland and the UK. The Managing Director of Grady Joinery explained that the decision to install the wind turbine was driven by their commitment to give their customers value for money, in a carbon-friendly way, for their best-in-class energy-saving windows and doors.

# 7. Low-carbon economy continued

The chart below outlines the progress we are making in reducing our carbon emissions and our approach to waste management.



## AIB Group Environmental Performance | 2018



2017 information included as per CDP reporting timeframes.



## 7. Low-carbon economy continued

### Commitment to low-carbon

In November 2018, AIB signed up to the Low Carbon Pledge. The Pledge is a commitment for Irish businesses to invest time and resources into creating a more sustainable operation, by being more energy efficient and reducing carbon emissions. Specifically, we pledged to reduce our Scope 1 and 2 greenhouse gas emissions intensity by 50% by 2030.



We are on track to meet this target and have already reduced emissions by 35% against a 2009 baseline.

### A more sustainable footprint

We want to be an industry leader when it comes to achieving efficiency across our office buildings. Our new buildings – Central Park, 10 Molesworth St and Heuston South Quarter in Dublin (occupied from H1 2019) – have LEED (Leadership in Energy and Environment Design) and WELL (the leading tool for advancing health and well-being in buildings globally) certification. Through air, water,

nourishment, light, fitness, comfort and mind, these certifications put a focus on features of the built environment that affect human health and well-being.

To achieve these certifications we designed our buildings with a philosophy that focuses on increasing the efficiency of how we use our resources. To maximise the positive effects on health and environment, these buildings provide better design, ergonomics, construction, operation and maintenance.



### Sustainable forestry

Castle Forest Lands (CFL) is a privately owned entity, acquiring semi-mature private forestry across Ireland. Many of these assets were established in lower-yield lands without the intervention of management to improve the crop. In 2018 AIB provided CFL with finance to support the acquisition and development of sustainable forestry in Ireland. As part of a approach to long-term forestry establishment, management and market

### Bye-bye plastics

In 2018, we committed to turning the tide on plastic by eliminating single-use disposables from our catering services. This removed 11.5 million disposable plastic containers from our waste.

To do this, we installed a new waste segregation system along with guiding signage. As a result, we achieved a reduction of 70 tonnes in waste volumes from recycling and general waste. This is just one of AIB's many proactive initiatives to reduce our own carbon footprint.

supply, CFL have committed significant funds into the private estate and coupled their approach with the new establishment of Short Rotation Coppice (SRC) material to improve the indigenous supply of biomass and raw material. CFL has employed Green Belt Ltd to manage their assets. Green Belt, Ireland's largest private forestry group, are tasked with sourcing suitable assets and managing and improving them in a sustainable manner. Environmental, social and economic criteria are the foundation of the enterprise and a strict adherence to long-term sustainability and regulatory authority underpin the portfolio.

Maurice Ryan, Manager at Green Belt, lauds the presence of CFL in the market as:

"...an essential disruptor in the evolving Irish private estate."

## 2019 – looking ahead

Maintain CDP Climate Change A rated status

Pledged to reduce Scope 1 & 2 greenhouse gas emission intensity by 50% by 2030

Continued focus on lending in Energy, Climate Action and Infrastructure

Main sponsor of Climate Week Ireland 2019

Please see GRI Content Index page 65.



- a** Making our services and products transparent to consumers
- e** Improving our customer experience and satisfaction levels

- k** Providing responsible products and services
- m** Our business culture and ethical behaviour

## 8. Financial literacy and inclusion

Financial inclusion – both access to banking facilities and the understanding of them – is a key enabler to boosting prosperity. In 2018 we focused in particular on improving our support for customers who may be vulnerable, on championing the use of plain English and on educating young people about banking and their own development. We will continue to focus on this area to ensure that all of our products and services are accessible and clear.

### Understanding vulnerability

Every one of us faces times of stress and difficulty. When something goes wrong, we can end up unable to cope with our day-to-day lives and responsibilities, and this can leave us vulnerable. It can be sudden, such as the diagnosis of a serious illness, or gradual, like caring for a family member with dementia.

As a financial institution, we need to understand the effect vulnerability has on the way our customers interact with us. Difficult circumstances can affect our customers' ability to manage their finances and make decisions, potentially leaving them open to fraud or financial abuse.

When we know our customers are experiencing vulnerable circumstances, we can take greater care when dealing with them.

### Equipping our people

We review and update our training regularly, so that our employees are fully equipped to support our customers in achieving the best possible outcomes at times of vulnerability.

Understanding and recognising customer vulnerability is important. To help this understanding, we provide practical information and guides to support our people.

In 2018, we launched three new courses:

- Introduction to Vulnerability;
- Living with Dementia;
- Mood Matters (focusing on mental health).

Our Living with Dementia course, which increases understanding of how to help customers with dementia, was joint winner of Best Use of Video for Learning at the Brandon Hall Excellence Awards 2018.

### HSE Safeguarding teams

We began working with the HSE Safeguarding and Protection teams in 2018. The HSE has Safeguarding Committees around Ireland to support people at risk of abuse, including financial abuse. If a referral is made to the teams, they will investigate and work with the person to put protections in place. This allows us to work with the HSE to support and protect customers.



Mental Capacity



Suicide Ideation and Mental Health



Accessibility



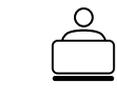
Bereavement



Financial Abuse



Addiction



Redundancy & Illness



Separation & Divorce



New to Money

### Progress in 2018

**Winner**  
in 3 categories at the NALA  
Plain English awards

**9**  
areas of vulnerability  
identified, focusing our  
support for customers

Contribution to the BPF  
Safeguarding your  
Money Guide

**c.37,500**  
basic bank accounts opened

**c.5,500**  
students at Future Sparks

Source: Company information.



- a** Making our services and products transparent to consumers
- e** Improving our customer experience and satisfaction levels

- k** Providing responsible products and services
- m** Our business culture and ethical behaviour

## 8. Financial literacy and inclusion continued



L–R: Declan Black, Managing Partner of sponsors Mason, Hayes and Curran, Dr. Laura Mackey, UCD and Mike Gogan.

### Crystal for being clear

Our use of Customer Language won in three of five categories at the Plain English Awards organised by NALA, the National Adult Literacy Agency.

We won the Best Impact of Plain English Award for a series of letters rewritten by Mike Gogan, AIB's Head of Customer Language. Mike was also awarded for being a Champion of Plain English for his work in training, writing and editing. The third award was presented to our legal

team, who were highly commended for clarity in a set of terms and conditions.

"They have won this award for thinking of the people who use their services and putting them first," Inez Bailey, CEO of NALA, said in congratulating the winners.

Mike had this to say:

"Through good communication, customers get the sense that we do put them first."

### Safeguarding your money guide

In 2018 we worked with the Banking & Payments Federation Ireland (BPF) on the development of *Safeguarding your Money Now and in the Future*, a guide designed to help customers protect themselves from fraud and financial abuse.

The guide provides information on: managing everyday banking (electronic payments, statements, etc); setting up another person to help with banking (using a joint bank account, third-party mandate or power of attorney); and recognising and guarding against financial abuse and fraud.

We have distributed over 4,000 copies of this to date. Follow the link under the image to download a copy of the report.

### Basic bank accounts

We opened over 37,500 basic bank accounts in 2018, as part of an EU-wide initiative to bring unbanked customers into the financial system. These accounts give customers easy access to their money and provide international transfers with no maintenance or transaction fees.



**f** The full guide can be located at the following link:  
<https://www.bpfi.ie/wp-content/uploads/2018/06/BPFI-Guide-to-Safeguarding-Your-Money-Now-and-in-the-Future.pdf>



- a** Making our services and products transparent to consumers
- e** Improving our customer experience and satisfaction levels

- k** Providing responsible products and services
- m** Our business culture and ethical behaviour

## 8. Financial literacy and inclusion continued



### Igniting Future Sparks

In March 2018, we welcomed over 5,500 second-level students to the RDS in Dublin for the inaugural AIB Future Sparks Festival, igniting the dreams and ambitions of tomorrow's leaders. The event gave students the chance to hear from business leaders across a number of industries and disciplines.

Through inspiring panel discussions across four stages and over 20 exhibitors within an interactive career zone, the AIB Future Sparks Festival helped young people in attendance discover the power of their own potential. Featuring panel discussions from over 45 trailblazers across music, technology, marketing, food, sport and social entrepreneurship, we brought the best in business to spark conversation with students about their futures.



In recent years we have created programmes and events with an educational focus for second-level students throughout the country. And, using social media platforms such as Snapchat, we meaningfully engaged with over 500,000 students in 2018.

The AIB Future Sparks Festival is supported by the Business Studies Teachers Association of Ireland (BSTAI) and the Design & Craft Council of Ireland (DCCOI).

**i** For more information on the event, visit: [www.aib.ie/events/future-sparks-festival](http://www.aib.ie/events/future-sparks-festival)



### Build a Bank

2018 marked the 16th year of the AIB Build a Bank challenge, with over 129 schools and 775 students participating. The national finals took place in the RDS on 21 March with 48 teams and over 1,300 students in attendance.

The 2018/19 Overall Winners were Confey College, Lexlip, who were recognised for their entry Martial Arts Bank Confey. The judges commented that this winning project was innovative and user-friendly and an impressive example of money management.

**i** For highlights please follow this link: <https://aib.ie/build-a-bank/introduction>

### 2019 – looking ahead

**2nd Future Sparks Festival took place March, 2019**

**Ongoing focus on our vulnerable customer supports**

**Increased focus on use of plain English to improve clarity**

**i** Please see GRI Content Index pages 65, 66, 69 and 72.



Stakeholder Groups

Material Topics

- f** Talent attraction, retention and development
- g** Employee engagement and satisfaction
- h** Providing business leadership and vision

## 9. Skills and training

**As the working environment evolves, there is a growing demand for new practical and soft skills. Along with initiatives such as the AIB DataHack, we developed a Science, Technology, Engineering and Mathematics (STEM), work experience opportunity and enhanced our own graduate programme, while continuing to support third-level education institutions. We aim to prepare our own people and others for the workplace of tomorrow.**

### Graduate skills

In 2018 we welcomed 86 recent graduates to different business areas across the bank, including Group Technology Services, Finance and Treasury. In 2019 we hope to increase the number of graduates joining our business to 100.

Our Graduate Training and Development Programme focuses on providing the behaviours and skills necessary for new entrants to achieve success throughout their career, whether within AIB or elsewhere.

During 2018 we enhanced our programme by adapting our learning and development (L&D) options to further support our new entrants. We've taken a blended learning approach: a mix of online and classroom-based learning.

Over the course of the two-year programme, the graduates cover topics that include:

- effective communication;
- self-awareness;
- collaboration;
- networking;
- resilience and adapting to change; and
- leadership development.

We designed a new online Graduate Hub, a one-stop shop that is easy to access and navigate, covering all themes and topics in the graduate programme.

In 2018 we enlisted with Gradireland, Ireland's largest graduate employer directory, and took part in the Graduate Fair of the Year in October.

 More information about the AIB graduate programme can be found here: <https://gradireland.com/graduate-employers/aib>

### Supporting third-level education

Education is one of our core community themes, and we enjoy partnerships with a variety of third-level institutions. In particular, we have partnered with University College Dublin (UCD) to establish the AIB Chair in Behavioural Economics along with a new UCD-AIB Behavioural Economics Lab. This partnership has also established a PhD scholarship programme and an MSc programme.

### Best Farm Business Plan Awards

An initiative between AIB and the Teagasc Agricultural Colleges, the All-Ireland Best Farm Business Plan Awards places a strong emphasis on farm planning and financial planning – key skills necessary for effective management of a farm.

As part of the initiative, an AIB Agri Advisor delivers a presentation on farm finance, applying for finance, maintaining a good banking relationship and an outlook for the agri sector to students on selected courses in Teagasc, Greenmount and private agricultural colleges. Students have to complete a six-year business plan as part of their course requirements. The top-graded students (based on their plan) are invited to complete a formal interview with an AIB Agri Adviser and Teagasc representative, replicating a formal credit request. The student offering the best farm plan and interview receives the AIB/Teagasc Best Farm Business Plan College Award and is invited to participate in the National Awards.





Stakeholder Groups

Material Topics

- f** Talent attraction, retention and development
- g** Employee engagement and satisfaction
- h** Providing business leadership and vision

## 9. Skills and training continued

In the 2018 programme, five students represented their respective colleges and competed for the All-Ireland Award which took place in Birr, Co. Offaly. Similar to the College Awards, the five finalists were interviewed on their farm plan. The student offering the best farm plan and interview, as adjudicated by a national panel, received the overall national award and €1,000.

In 2018, the All-Ireland Best Farm Business Plan was awarded to Paul Bowden, from Urlingford, Co. Kilkenny.



Paul Bowden, from Urlingford Co. Kilkenny, being awarded the AIB/Teagasc All Ireland Best Farm Business Plan Award.

### STEM for TY

As science and technology advances, there is a growing need in the workplace for graduates in STEM subjects. A key issue in this sector is also the representation of women in STEM careers, which currently stands at less than 25%.

Transition year (TY) is a great time for students to broaden their understanding and learn about STEM jobs to see if it is a potential career path for them. Research has shown a clear and important link between participation in the TY work experience programme and the subjects chosen thereafter by students for their senior cycle education as well as their subsequent career.

With this in mind, the Family Matters Employee Resource Group (ERG) alongside staff members from the Business Performance and Analytics teams developed a week-long interactive transition year programme in 2018. The programme was designed to give students the opportunity to experience a number of workshops and facilitated sessions that will provide them with an insight into the world of analytics and digital innovation. As part of the programme, the students also visited Dublin City University (DCU) to complete some practical exercises in areas such as coding.

As this was the first of its kind in AIB, applications for the programme were operated through internal employee referrals. Three weeks of the programme have been completed so far – in October 2018 and February 2019 – and a total 111 students have taken part. The places were predominantly allocated to female students.

### Why I joined AIB: Paige Fitzgibbon, graduate

Paige Fitzgibbon is a Commerce graduate from University College Dublin (UCD), who joined the two-year AIB graduate programme in 2017. With the option of pursuing a well-trodden post-undergraduate path in accountancy, Paige said she was attracted to AIB because of its links to communities and society.

“I was interested in topics like corporate social responsibility, ethical business and the links between business and society,” she said. “AIB attracted me because I realised I could join a company that was trying to learn from the mistakes of the past; a company that was becoming increasingly aware of how the decisions it makes has a direct impact on Irish society.”

Over the course of the graduate programme, Paige has developed her leadership skills. “An intense two-day session every eight-to-12 weeks has resulted in me gaining skills in concepts like Design Thinking, Decision Making Models and Corporate Communications. A key focus of this training is on us as individuals, and how we must be balanced in ourselves in order to lead others effectively.

“We have also been given the tools to challenge everything we observe within AIB life in such a way that promotes an openness to exploring new ways of thinking and eliminates group-think, without alienating people along the way.”

For today’s graduates, Paige has this advice: “Be flexible – success is not a straight line. There is opportunity in everything: be it new skills or new networks. Do not shy away from your mistakes: if you own your mistakes and are honest about them, it allows you to learn.”



At the AIB Purpose Talks in 2018, Paige took to the stage with her talk entitled “Living our Purpose When You’re Invisible to the Customer.”



- f** Talent attraction, retention and development
- g** Employee engagement and satisfaction
- h** Providing business leadership and vision

## 9. Skills and training continued



### Hacking for Inclusion

In November 2018, 200 third-level students of computer science, engineering, data analytics, maths and physics from across Ireland gathered in our Central Park office to participate in the 2018 AIB DataHack. DataHack comprises two separate programming competitions: a Datathon and a Hackathon.

For the Hackathon, students were asked to design and build a problem-solving website around this year's theme of Inclusion. This could be an imaginary company or service, an educational website or a social activist/volunteer site. Suggested themes were (but not limited to): accessibility, ability, race, gender, sexuality, age, wealth, education and vulnerability.

The winners of the Hackathon were Team Goofy Bois: Sam O'Neill of Maynooth



University and Akhil Voorakarra of Dublin City University (DCU) who designed the Muffler app, which helps people with autism and sensory difficulties navigate the city by offering the most quiet route available. Sam and Akhil won €2,000 between them.

The winners of the Datathon were Team Dan: Daniel Lenehan and Daniel Maguire, both University College Dublin (UCD) students, who spent eight hours solving a data problem on the theme of Inclusion, and also won €2,000.



We also ran a shorter Webathon competition for second-level students, also on the theme of Inclusion. The winners were Gareth Nomayo and Joshua Eyinagho from BAMEtech Ireland, a voluntary organisation set up to increase the number of people of colour in the Irish digital space, who each took home an iPad and €1,000 for their club. Their winning website, Traffiq, aims to help victims of human trafficking.

### 2019 – looking ahead

Recruitment of  
**100**  
new graduates

Ongoing support of  
third-level institutions

**STEM TY**  
programme to be expanded

Please see GRI Content Index pages 67, 68 and 72.



- d** Pricing our products and services fairly
- e** Improving our customer experience and satisfaction levels

- h** Providing business leadership and vision
- m** Our business culture and ethical behaviour

## 10. Customers in difficulty

**AIB is committed to working with our customers in financial difficulty in order to reach sustainable solutions. We deploy a broad suite of forbearance solutions to enable customers to stay in their own homes and to keep viable businesses operating.**

### Normalising our NPE levels

AIB's Financial Solutions Group (FSG) is a dedicated department that supports business and personal customers who find themselves in financial difficulty. Our core objective is to support our customers and get them back to financial health where feasible, all the while ensuring that they are treated with fairness and respect.

There are over 1,500 people working in FSG whose focus is on achieving resolutions and deleveraging initiatives on a case-by-case basis. By the end of 2018, this team had agreed and implemented 1,575 retail mortgage resolutions and enabled a further c.6,700 borrowers to complete the restructure lifecycle throughout the year.

Overall this restructuring and deleveraging activity resulted in a reduction in AIB's non-performing exposures (NPEs) to €6.1bn, representing a year-on-year reduction of €4.1bn, or 41%. The normalisation of NPEs remains a key focus for us and we remain on track to reach this milestone of c.5% of loans by the end of 2019.

### Working with advocacy groups

Outside of our own operations, we support and work with independent debt advocacy groups, including the Irish Mortgage Holders Organisation (IMHO), Stepchange, Money Advice and Budgeting Service (MABS), in addition to strong engagement with the Insolvency Service of Ireland (ISI).

We are always exploring innovative solutions to distressed credit. The iCare initiative that was launched in late 2017 is a good example of the kind of partnerships we look for. Over 230 of our customers have selected iCare as their Approved Housing Body (AHB) of choice. Upon completion, iCare will bring a resolution to those customers' financial difficulties, ensuring that families can continue to reside in their homes.

### Digital and face-to-face assistance

As we move towards more normalised levels of NPEs, we are developing technological and process improvements to deliver faster resolutions and a better customer experience. Improvements in 2018 included the ability to submit financial information and supporting documentation online and enhanced communications such as proactive repayment reminders.

At the same time, in addition to our dedicated and centralised FSG team, we have expert Financial Advisors available in every branch who can help customers understand their finances and explore options to ease the burden.

### Working with the Housing Agency

As part of the Government's aim to meet Ireland's housing needs, we were approached in mid-2016 to provide suitable vacant housing stock for purchase by the Housing Agency (HA). To date, a total of 750 vacant assets have been identified and submitted to the HA for consideration, a further 273 assets sales have completed and transferred to the HA and 101 sales have been agreed and are in the legal process for completion. Indeed, the project has been such a success that the HA acknowledges AIB as its preferred provider of assets.

### Worried about payments?

If our customers are experiencing financial difficulties, they can find helpful information on the following websites:

-  <https://aib.ie/worried-about-payments>
-  <https://www.ebs.ie/mortgages/asu>

### 2018 progress

**1,575**

**retail mortgage solutions agreed with customers**

**NPEs reduced by**

**41%**

**year-on-year**

**c.35,000 customer financial health checks completed**

### 2019 – looking ahead

**Ongoing reduction of NPEs to**

**c.5%**

 Please see GRI Content Index pages 66, 69 and 72.

# Our people and our communities

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

To back our customers to achieve their dreams and ambitions.



- b** Engaging with all our stakeholders regularly
- f** Talent attraction, retention and development
- g** Employee engagement and satisfaction

- h** Providing business leadership and vision
- m** Our business culture and ethical behaviour

# Our people

We know that our people and our culture play a large part in regaining trust and our social licence to operate. In 2018, we took steps to embed our Purpose and modernise our workplace. We want to create an environment where employees are rewarded for both what they achieve and the way in which they achieve it.

## Living our Purpose

Our Purpose is to back our customers to achieve their dreams and ambitions. We launched this Purpose in late 2017, and took the first steps to embed it across AIB in 2018.

We aimed to ensure our people understood our Purpose and why it is important. As such, beginning with senior leaders, employees took part in Purpose Workshops: a formatted team exercise that aimed to connect everyone working in AIB with our Purpose and our customers, no matter what their role. Each team came out of their workshop with a practical commitment – a change or action – that would bring our Purpose to life.

Throughout the year ExCo members went “Out & About”, visiting different locations and branches around Ireland and the UK to see for themselves just how AIB employees are living our Purpose. By the end of the year, we shared the “AIB Purpose Talks” on our intranet: talks from employees across the business – both customer-facing and non-customer-facing areas of the bank – about what our Purpose means to them.

On 6 December, we held our first Purpose Day: a day of celebrating our customers. We hosted 10 Customer Christmas Markets in central offices and branches located in Dublin, Waterford, Kilkenny, Cork, Limerick and Belfast, and took some time as teams to consider the positive change the first year of embedding our Purpose has made.

## Employee engagement

In 2018 we had our highest ever participation rate for our employee engagement survey, iConnect. 89% of our employees participated, giving us real, actionable insights on how our people feel about different aspects of the employee experience in AIB.

Since 2013, we have partnered with global experts Gallup in the management of our engagement journey. In our first year, AIB ranked in the 5th percentile of Gallup’s worldwide database of companies; in 2018, we were in the 72nd percentile – a marked improvement in just five years. One of our key non-financial medium-term targets is to reach the top quartile.

2018 progress

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**72nd**

percentile of Gallup global employee engagement database

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Roll-out of our Purpose

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Introduction of our new career structure

---

**86%**

participation in our Appreciate programme

Source: Company information.





- b** Engaging with all our stakeholders regularly
- f** Talent attraction, retention and development
- g** Employee engagement and satisfaction

- h** Providing business leadership and vision
- m** Our business culture and ethical behaviour

# Our people continued

## Aspire

Our career and performance development programme, Aspire, was rolled out in 2016 to all AIB employees. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both **what** was achieved during the year and **how** it was achieved.

This encourages performance as well as behaviours in line with our Values, which are:

- We put our customers first.
- We are better together.
- We are empowering.
- We are building trust and appreciation.
- We keep it simple.



## Developing our people

On average, each of our employees completed 18 training hours in 2018.

All employees were required to complete seven courses:

- Code of Conduct.
- Conflicts of Interest.
- Health & Safety.
- Information Security.
- Anti-Money Laundering, Countering the Financing of Terrorism and Economic Sanctions.
- Data Protection.
- Risk Appetite.

As well as continuing professional development (CPD) programmes available internally through our iLearn platform, all employees are encouraged to complete CPD programmes through appropriate bodies such as the Institute of Banking.

iLearn provides online and instructor-led courses in a wide range of topics, from Excel skills to Lean Six Sigma.

As for our leaders, in 2018 we launched two new courses: Leading with Purpose Programme (LPP) and Emerging Leaders Programme (ELP). In total, 56 leaders completed these programmes.

## Empowering careers

In 2018, we developed a new career structure focusing on three elements:

- Transparency: providing a clear and consistent view of roles with related skills and capabilities across the bank.
- Empowerment: empowering our people to take accountability for their career in AIB.
- Opportunity: highlighting the opportunities for both vertical and lateral progression in AIB.

This new career structure, which came into effect in January 2019, is a key step towards modernising the bank and is aligned to industry best practice.

## Appreciating our colleagues

In 2018, we launched Appreciate, our peer-to-peer recognition programme, enabling our people to reward colleagues on their team, a project or any fellow employee across the bank.

Appreciate allows us to recognise success and encourage behaviours advocating our Purpose and our Values. We can recognise our colleagues with five Appreciate award levels, depending on the scope of the contribution, the level of initiative and ownership, the time invested and, most importantly, the overall impact for our customers. We finished the first year of this initiative with an impressive 86% participation rate, granting c.20,000 Appreciate awards.

## Our culture

The Central Bank of Ireland (CBI) culture review of Irish banks, completed in the summer of 2018, provided us with a great opportunity to pause and reflect on our cultural journey and take input from a number of sources to determine our next steps and key actions as we evolve. Aligning to our Purpose is one way everyone working in AIB can have a clear focus on our customers.

The Irish Banking Culture Board (IBCB) was established by CEOs and executives from the five retail banks in Ireland in September. We look forward to having a key role in rebuilding trust and confidence in the Irish banking industry.

## Key points

**9,831**

employees (FTE)

**1,683**

total hires

**89%**

participation in engagement survey

**86%**

participation in Appreciate



- b** Engaging with all our stakeholders regularly
- f** Talent attraction, retention and development
- g** Employee engagement and satisfaction

- h** Providing business leadership and vision
- m** Our business culture and ethical behaviour

## Our people continued

### D&I in AIB

In 2018, AIB was recognised with a Distinction in Diversity & Inclusion at the HRD Awards and as Employer of the Year at the Women in Finance Awards.

We have six Employee Resource Groups (ERGs) for: Pride, Abilities, Women, Men, Families and Roots. Each ERG operates appropriate events and support initiatives for its members and the wider AIB employee network. We held our second annual Diversity & Inclusion Week in March 2018, during which all AIB employees were encouraged to Pledge for Inclusion. Our people walked in the Dublin, Belfast and New York Pride Marches. During Deaf Awareness Week, Internal Communications committed to including subtitles on all videos made internally. And we turned our buildings green in support of Mental Health Awareness Month.

### Minding the gap

The percentage of women in our overall manager population is currently 38.7%. We are striving to improve on this and are

on track to achieve a target of 40% by the end of 2019. We concluded the first year of a new mentoring programme, Mentor Her, in November with great success. As a pilot, it provided mentoring to 50 women in AIB, enlisting both men and women mentors. The results of the programme were striking, with instrumental changes for all those involved. As such, we are looking forward to running it again and developing it further in 2019.

Under the Capital Requirements Directive, we are required to specifically address the underrepresented gender on our Board. In the case of AIB, and many other organisations, the underrepresented gender is female.

Our Board Diversity Policy aims to reach a minimum of 30% female representation on the Board by the end of 2020. As at 31 December 2018, the percentage of women on the Board was 27%. In Q2 2019, after the appointment of two new Directors, the percentage of women on the Board has increased to 38%, exceeding our original target.

### Opening doors for inclusion

In September, we announced AIB's participation in Open Doors, an initiative for some of Ireland's leading employers to promote greater inclusion and diversity in their workplaces. It increases access to the labour market for marginalised groups through work experience placements, employability training and other structured supports.

The primary focus is on three groups:

- those with a disability;
- refugees and asylum seekers; and
- young people under 25 with an educational barrier to employment.

All companies involved in Open Doors will support and develop specific industry training projects, provide work experience programmes, share knowledge and understanding and promote awareness throughout supply chains and business networks.

**2019 – looking ahead**

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**40%**

**female management population**

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**Top quartile**

**for employee engagement**

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**30%**

**female representation at Board**

Please see GRI Content Index pages 66-68 and 72.





- b** Engaging with all our stakeholders regularly
- f** Talent attraction, retention and development
- g** Employee engagement and satisfaction

- h** Providing business leadership and vision
- m** Our business culture and ethical behaviour

# Our people continued

Our people continue to be recognised in the marketplace for their work.



**1**

**The Banker Magazine Awards**  
Bank of the Year 2018

**The Euromoney Awards for Excellence**  
Best Bank in Ireland

**Finance Dublin**  
Deal of the Year

**GloboCapital Equity Capital Market Awards**  
Privatisation of the Year; UK and Ireland Deal of the Year

**Lending Forum Awards**  
Innovation in Lending

**Spider Awards 2018**  
Best in Mobile Commerce and Transactions

**InBusiness Recognition Awards 2018<sup>1</sup>**  
Businesswoman of the Year Award – Catherine Moroney



**2**

**The Marketing Institute All Ireland Marketing Awards**  
Marketing Team of the Year

**Audit & Risk Awards, UK & Ireland 2018**  
Inspirational Leader – Gareth Cronin

**National Project Awards<sup>2</sup>**  
Project Professional of the Year – Declan Rundle;  
Private Sector Project of the Year – GDPR

**CCMA 2018**  
Best Use of Social Media

**Irish Sales Champion Awards**  
TeleSales Champion (In house) – Jade Brewin; Champion Sales Advisor, Financial Services – Michelle Malone;  
Digital Sales Champion – Gráinne Redmond



**3**

**Women in Finance Awards<sup>3</sup>**  
Employer of the Year 2018

**2018 Irish HR Champion Wellness Strategy Award**  
Customer Services Be Well at Work

**Brandon Hall Awards**  
Best use of Video for Learning – Living with Dementia; Best Advance in Compliance Training – COMeT Health and Safety

**Nala Plain English Awards**  
Best Impact of Plain English; Champion of Plain English – Mike Gogan

**HRD Awards**  
Distinction for Inclusion & Diversity



**4**

**Facilities Management Award**  
CSR Initiative of the Year

**Pakman Awards<sup>4</sup>**  
Excellence in Waste Management; Energy Management Insight Award



- b** Engaging with all our stakeholders regularly
- e** Improving our customer experience and satisfaction levels

- g** Employee engagement and satisfaction
- h** Providing business leadership and vision

## Our communities

We have a key role to play in every community in which we operate. In 2018, we launched our community programme AIB Together, providing two volunteer days per year to employees and supporting our partners FoodCloud and SOAR. AIB Together will both complement and strengthen our people’s long history of supporting worthy causes.

### Encouraging volunteers

Having launched in March 2018, by the end of the year employees gave c.3,000 volunteering hours to communities around the country as part of AIB Together.

### FoodCloud

We established a €1.8m three-year partnership with FoodCloud, a multi-award-winning social enterprise that enables the redistribution of surplus food from industry to the charity sector. This funding is part-matched by Government funding channelled through the Social Innovation Fund Ireland (SIFI).



FoodCloud has helped to ensure 45 million meals have gone to people and not to waste, moving more than 28 meals every minute of every day. In 2018, FoodCloud distributed over 19 million meals to almost 9,000 charities across Ireland and the UK.

Since AIB Together volunteers started working with FoodCloud, a record amount of food has been given to charities who need it. In particular, AIB volunteers have played a key role in the Fund for European Aid (FEAD), an EU-wide initiative operated by FoodCloud in Ireland that distributes food to the most deprived. 500,000 meals have been prepared using products packed by AIB volunteers, and the top beneficiaries were Crosscare, Depaul, Dublin Simon and SVP.



### SOAR

Our other community partner, SOAR, is an organisation dedicated to young people and delivers early-intervention, preventative, wellness workshops for 12-to-18-year-olds from all backgrounds. Its workshops empower young people to thrive, believe in themselves and fulfil their potential. Within a safe and supportive environment, they can explore the challenges that hold them back.

SOAR has worked with over 27,000 young people since 2012 and in 2018, with AIB’s support, increased its reach by 60%, working with over 7,000 teenagers in schools across Ireland.



### 2018 progress

Launch of AIB Together – two volunteering days for every employee

Key community partners: FoodCloud and SOAR

**c.3,000**  
volunteering hours recorded

GAA sponsorship extended by  
**5 years**

**€14m**  
community investment

Source: Company information.



- b** Engaging with all our stakeholders regularly
- e** Improving our customer experience and satisfaction levels

- g** Employee engagement and satisfaction
- h** Providing business leadership and vision

## Our communities continued

### Connecting with our communities

Time and again, employees across AIB get together to arrange a variety of events and initiatives that raise much-needed funds for charities close to their hearts. 2018 was no different, with just three examples being: employees and customers in the Clonakilty branch rowed 50km – from Clonakilty to Marymount – on two rowing machines, raising funds for the Marymount Hospice; winners of the inaugural AIB Dublin Charity Golf Cup ensured their prize money went to Spina Bifida Ireland; and our Direct Service teams in Naas and Airside held a fundraising raffle for the Éist Cancer Support Centre.

### Supporting junior achievers

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 20+ years, benefitting more than 27,000 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.

### Art and AIB

The AIB Art Collection began in 1980, acquiring works in order to preserve and support this key aspect of Ireland’s cultural heritage. From the outset, we wanted to build a representative collection, including works by Irish artists based at home and abroad and works by foreign artists operating in Ireland.

For the past number of years, we have had an extensive art lending programme in place to make this important collection available to a wider audience. Artworks have been made available for public exhibition, in art galleries at home and abroad, and many State institutions.

One excellent example is the selection of artworks from the AIB collection exhibited in Tallaght University Hospital. Titled *Approach*, this exhibition captures the essence of “Arts and Health” by promoting wellbeing and cultural access through engagement with the arts in a healthcare setting.

### and the Women voted

The Municipal Gallery hosts five exhibition programmes every year, each involving the public in various ways, but only one actively engages people in all aspects of an exhibition, from selecting the work to placing it in the gallery. The all-inclusive exhibition for 2018 was *and the Women voted*.

*and the Women voted* took place over seven weeks and involved members of the Women4Women network, who were asked to work with artist and curator Claire Halpin to select an exhibition from the AIB Art Collection.

A cornerstone of the exhibition was its inclusivity. There was something for everyone, with opportunities to improve artistic skills, to learn more about the role of portraiture of women through the ages and to attend dementia-friendly gallery tours.





- b** Engaging with all our stakeholders regularly
- e** Improving our customer experience and satisfaction levels

- g** Employee engagement and satisfaction
- h** Providing business leadership and vision

## Our communities continued

### Five more years of backing Club and County

We have partnered with the Gaelic Athletic Association (GAA), Ireland's largest community organisation, in various guises for more than 30 years. Since 1991 we have sponsored the All-Ireland Club Championships, a competition we are very proud of, and in 2015 we also became proud sponsors of the All Ireland Football Championship, giving us the opportunity to engage with the 1,700 GAA clubs and communities in Ireland all year round. In May 2018, we were delighted to reaffirm our position as the GAA's main sponsor by committing to a further five-year sponsorship agreement that will continue the partnership up to the end of 2022. The partnership now incorporates: Title Sponsor of AIB GAA Club Championships in Hurling, Football and Camogie, across Junior, Intermediate and Senior levels; and sponsor of the Senior Football Championships.

Our involvement with the Club Championships for more than 28 years has given us a real understanding of the hard work at club level. This hard work is what fuels the County Championship and the enjoyment that it provides to communities right around the country. The importance of community is central to us and we reflect this in our commitment to GAA. We passionately believe we share a deep understanding of what GAA means to Ireland as a nation.

This long-term partnership between AIB and the GAA has always extended well beyond the sponsorship. A huge amount of our people are members of a GAA club, many of which are also members of the AIB GAA club. In 2016, in recognition of the many Inter-County players working within the bank, we created a National Sports Ambassador programme.

From October 2016 to October 2018, the AIB GAA Home Insurance Offer contributed €50 to any GAA club nationwide when a new home

insurance policy was purchased by a member or supporter of that club. In total, the initiative invested more than €140,000 into grassroots clubs, along with €1,000 jersey vouchers that were allocated to a further 12 clubs.

In December 2018, AIB presented the Jack and Jill Foundation with a cheque for €11,000, the result of a surplus from the AIB GAA Home Insurance Offer.

On the field of play in 2018, we celebrated the success of our colleagues James McCarthy, Niall Scully and Conor McHugh, who won All-Ireland Senior Football Championship medals with Dublin. We were also very happy with the AIB GAA All-Ireland Senior Football Club Championship Final on St. Patrick's Day, which saw success for our colleagues Daithi Burke and Ian Burke from the Corofin GAA Club in Galway.

### 2019 – looking ahead

**15,000**  
employee volunteer hours

**GAA**

ongoing support of Club and County

Expanded AIB art lending programme to education and health facilities

Please see GRI Content index pages 68 and 72.



# Risk and tax

Ensuring we have an increasingly proactive approach to risk and regulatory engagement is a focus for us, across our entire business.

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



- i Maintaining a profitable and financially sustainable business
- i Complying with laws, codes and regulations

- l Managing our business risks effectively
- n The stability, security and continuity of our business services

# Managing risk

**AIB’s governance arrangements include structures and processes to identify, manage, mitigate, monitor and report the risks to which AIB is exposed, including a three lines of defence risk management model.**

## Managing risk

We apply an enterprise risk management approach to identify, assess and manage risks in AIB. Risk is defined as any event that could damage the core earnings capacity of AIB, increase cash flow volatility, reduce capital, threaten business reputation or viability and/or breach regulatory or legal obligations. The first line of defence (Business Lines) owns the risks and is responsible for identifying, recording, reporting and managing them, and ensuring that the right controls and assessments are in place to mitigate them. The second line of defence (Risk & Compliance) sets the frameworks and policies for managing specific risk areas, approves all large credit exposures, provides advice and guidance in relation to the risk and also provides independent review, challenging and reporting on AIB’s risk profile. The third line of defence is the Internal Audit function, which provides independent and objective assurance of the adequacy of the design and operational effectiveness of the risk and control environment.

## Sustainability and risk

Managing the sustainability of our organisation involves identifying and managing all risks that relate to both day-to-day and future operations. We recognise the need to align our operational and lending risk frameworks, policies and practices to environmental, social and governance (ESG) principles. This is an ongoing focus for us.

Having considered our key risk issues from an ESG perspective, our approach is to consider relevant ESG issues within our existing material risks and underlying policies and/or controls. They inform how we manage Credit, People & Culture and Business Model risks. Risk Appetite Statement metrics are in place to monitor key sustainability considerations such as financial stability, responsible lending, IT resilience and employee satisfaction.

Specifically in relation to climate change, we have identified it as a risk driver for Business Model, Credit Risk and Operational Risk. Within our material risk assessment process we consider its impact for us, our customers and society at large.

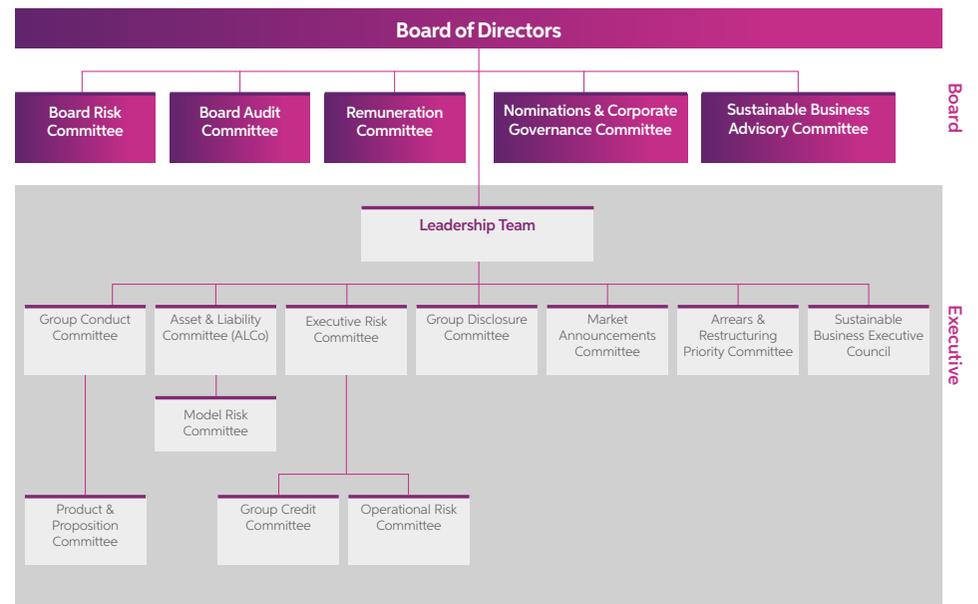
Ensuring we have an increasingly proactive approach to risk and regulatory engagement is a focus for us, across our entire business. We are conscious of the evolving ESG regulatory agenda and the need to comply with new requirements when they come on stream. We are contributing to the evolution of this regulation through consultation on proposed EU regulation for sustainable finance and in the roundtable discussions in the UK on PRA’s consultation process for their proposed new supervisory statement on climate-related financial risks.

## Risk governance structure

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

- Board Risk Committee.
- Board Audit Committee.
- Group Risk Committee (Executive Risk Committee in 2018).
- Asset & Liability Committee.
- Operational Risk Committee.
- Group Credit Committee.

### Risk governance structure 2018





- i Maintaining a profitable and financially sustainable business
- i Complying with laws, codes and regulations

- l Managing our business risks effectively
- n The stability, security and continuity of our business services

## Managing risk continued

### Risk appetite

The Board approves AIB's Risk Appetite Statement (RAS), which is an articulation of the Group's tolerance and philosophy for risk-taking. The RAS is aligned to our strategy in protecting risk and capital, and is cascaded to the business segment level. This is a key part of embedding risk culture and fostering responsible risk-taking and risk management behaviours throughout the organisation. AIB's compliance with the RAS limits is reported to the Board on a monthly basis.

AIB's RAS is built on the following overarching qualitative statements:

1. We have low appetite for income volatility and target steady, sustainable earnings to enable appropriate regular dividend payments.
2. We do not have an appetite for large market risk positions.
3. We accept the concentration risk arising from our focus on markets in Ireland and the UK. Within these markets we seek to avoid excessive concentrations to sectors or single names, and test repayment capacity in stress conditions.
4. We seek to attract and retain skilled staff and reward behaviours consistent with our brand values and Code of Conduct.
5. We offer our customers transparent, consistent and fair products and services, and always seek to deliver fair customer outcomes.

6. We seek to maintain the highest level of availability of key services for our customers.
7. We seek to comply with all relevant laws and regulations; our business is underpinned by a strong control framework.
8. We hold capital in excess of the regulatory requirements while achieving returns on capital in line with stakeholder and market expectations.
9. We seek resilient, diversified funding, relying significantly on retail deposits.

### Viability of the Group

In accordance with provision C.2.2 of the UK Corporate Governance Code published in April 2016, the Directors have assessed the viability of the Group taking into account its current position and principal risks facing the Group over the next three years to 31 December 2021.

The assessment considered the current financial performance, funding and liquidity management, and capital management of the Group and the governance and organisation framework through which the Group manages and seeks, where possible, to mitigate risk. A robust assessment of the principal risks facing the Group, including those that would threaten the business operations, governance and internal control systems, was also undertaken and considered.

On the basis of the above, the Directors believe, taking into account the Group's current position, and subject to the identified principal risks, the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment. The full Viability Statement, including details of the key processes in place during the year which support the Director's assessment, is set out in the Governance and Oversight section of our Annual Financial Report (AFR) on pages 168-214.

i For further information on managing risk in AIB please see our AFR 2018, which is available on our results centre: [www.aib.ie/investorrelations/financial-information/results-centre](http://www.aib.ie/investorrelations/financial-information/results-centre)

i Please see GRI Content index pages 64, 70 and 71.

## Tax compliance

### Tax compliance

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

### Tax contribution

We make a significant tax contribution in our two main countries of activity, Ireland and the UK. Opposite is a summary of taxes and levies paid on our own behalf and taxes collected from other parties in both countries during the reporting period of 2018.

 Please see GRI Content index pages 64, 70 and 71.

### Tax 2018

	Republic of Ireland (€m)	UK (€m)
Paid on own behalf	277	38
Collected and paid on behalf of other parties	237	19
<b>Total</b>	<b>514</b>	<b>57</b>



**Independent assurance report by Deloitte to Allied Irish Bank Plc (AIB) on the preparation of the 2018 Detailed Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards: Core Option.**

**What we looked at: scope of our work**

AIB has engaged Deloitte to perform limited assurance procedures on their self-declaration of preparing the 2018 Detailed Sustainability Report (the "Report") in accordance with the Global Reporting Initiative's (GRI) Standards: Core Option, for the year ended 31 December 2018.

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

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

**What we did: key limited assurance procedures**

To form our conclusions, we undertook the following procedures:

- Interviewed management and those with operational responsibility for sustainable business performance to assess the application of the GRI Standards Reporting Principles in the preparation of the Report;
- Understood, analysed and assessed the key structures, processes, procedures and controls relating to the preparation of the Report;
- Evaluated whether the management approach for the material sustainability issues presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at AIB;
- Assessed the completeness and accuracy of the GRI Standards content index with respect to the GRI Standards: Core option; and
- Reviewed the content of the Report, the 2018 Annual Financial Report and AIB's Sustainability website content against the findings of the aforementioned procedures.

**Limitations**

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

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

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

**Our independence and competence in providing limited assurance to Allied Irish Bank**

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

**What we found: our assurance conclusion**

Based on the scope of our work and the assurance procedures we performed, nothing has come to our attention that causes us to believe that the AIB 2018 Detailed Sustainability Report has not been prepared, in all material respects, in accordance with the GRI Standards: Core Option.

**Roles and responsibilities**

**AIB:**

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

**Deloitte:**

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

**Eileen Healy,**  
**Partner,**  
**For and on behalf of Deloitte Ireland LLP**  
17 May 2019

# Conclusion

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

We will report further on our progress in H1 2020.

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

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

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

# 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. Reporting organisations can then select from the set of topic-specific GRI Standards (GRI 200 – economic, GRI 300 – environmental or GRI 400 – social) for reporting on its material topics, which are identified through the materiality assessment exercise conducted with its key stakeholders. Our top materiality topics in the most recent exercise were:

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

The main body of the report addresses our management approach to each of the key macroeconomic issues also captured in the materiality exercise. The GRI disclosures below have been prepared in accordance with the GRI Standards: Core Option and have been independently assessed by Deloitte in accordance with the ISAE 3000 (Revised) Standard. The report covers the period January to December 2018, unless otherwise stated, and references material already published for that period such as the AIB Group plc Annual Financial Report (AFR) 2018 and our Carbon Disclosure Project (CDP) response, the latter addressing data for 2017.

Disclosure	Description	Response																				
<b>a. Organisational profile</b>																						
102-1	Name of the organisation	AIB Group plc																				
102-2	Activities, brands, products and services	<p>AIB is a financial services group operating predominantly in the Republic of Ireland. Our Purpose, as a financial institution, is to back our customers to achieve their dreams and ambitions. We provide a comprehensive range of services to retail, business and corporate customers, and hold market-leading positions in key segments in the Republic of Ireland. AIB also operates in Great Britain, as Allied Irish Bank (GB), and in Northern Ireland, under the trading name of First Trust Bank.</p> <p>Our primary brands are "AIB", "EBS" and "Haven" in the Republic of Ireland, "First Trust Bank" and "Allied Irish Bank GB" in the United Kingdom, and we also operate "US Syndicated &amp; International Finance" and branch activities in our New York office. On 8 April 2019, "First Trust Bank" announced it will rebrand as "AIB" on a phased basis.</p> <p>Our products and services cover personal, SME and corporate lending, mortgage provision and credit card services. When it comes to the provision of non-core banking products, for example, general insurance and bancassurance, we typically partner with market leaders. See AFR 2018 pages 2-3 (<a href="http://www.aib.ie/investorrelations">www.aib.ie/investorrelations</a>).</p>																				
102-3	Location of headquarters	AIB Group plc, PO Box 452, Bankcentre, Ballsbridge, Dublin 4, Ireland																				
102-4	Location of operations	Our most significant operations are in the Republic of Ireland and the United Kingdom. The principal operating subsidiary, Allied Irish Banks, p.l.c., established branches, within the meaning of EU Council Directive 89/666/EEC (implemented in Ireland by the European Communities (Branch Disclosures) Regulations 1993), in the United Kingdom, and the United States of America. The branch of Allied Irish Banks, plc. previously established in the Grand Cayman Islands was closed on 2 January 2019.																				
102-5	Ownership and legal form	<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. Its current issued ordinary shareholding of 2,714,381,237 shares is held 71.1% by the Irish State through the Ireland Strategic Investment Fund, with the balance held by other shareholders.</p> <p>A Relationship Framework document details the bank's relationship with the Irish State (<a href="http://www.aib.ie/content/dam/aib/investorrelations/docs/about-aib/relationship-framework-agreement.pdf">www.aib.ie/content/dam/aib/investorrelations/docs/about-aib/relationship-framework-agreement.pdf</a>).</p>																				
102-6	Markets served	We operate a retail, corporate and business banking offering in the Republic of Ireland, a retail, corporate and business banking offering in the United Kingdom, and we also operate US Syndicated & International Finance and branch activities in our New York office.																				
102-7	Scale of the organisation	<ul style="list-style-type: none"> <li>Total number of employees:</li> </ul> <p><b>Average number of staff full time equivalents (FTE)</b></p> <table border="1"> <thead> <tr> <th>Countries</th> <th>2018</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>8,681</td> <td>8,840</td> <td>8,797</td> </tr> <tr> <td>United Kingdom</td> <td>1,066</td> <td>1,244</td> <td>1,376</td> </tr> <tr> <td>United States of America</td> <td>54</td> <td>53</td> <td>53</td> </tr> <tr> <td><b>Total</b></td> <td><b>9,801</b></td> <td><b>10,137</b></td> <td><b>10,226</b></td> </tr> </tbody> </table> <p>The average number of employees excludes employees on career breaks and other unpaid long-term leaves. Actual FTE numbers at 31 December 2018 were 9,831 (compared to 9,720 at the end of 2017).</p> <p>Source: AFR 2018, page 362 (AFR 2017, page 366).</p>	Countries	2018	2017	2016	Republic of Ireland	8,681	8,840	8,797	United Kingdom	1,066	1,244	1,376	United States of America	54	53	53	<b>Total</b>	<b>9,801</b>	<b>10,137</b>	<b>10,226</b>
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		<ul style="list-style-type: none"> <li>Total average assets for year ended 31 December 2018 were €92.022bn (average balance) (2017: €91.619bn).</li> </ul> <p>Source: AFR 2018, page 43</p> <p><b>Significant shareholding – Ireland Strategic Investment Fund</b></p> <table border="1"> <thead> <tr> <th>Holder</th> <th>Number of ordinary shares</th> <th>% of shares in issue</th> </tr> </thead> <tbody> <tr> <td>Ireland Strategic Investment Fund</td> <td>1,930,436,543</td> <td>71.12%</td> </tr> </tbody> </table> <p>Source: AFR 2018, page 169.</p> <ul style="list-style-type: none"> <li>Net revenues and costs:</li> </ul> <p><b>Net revenues and costs (€m)<sup>1</sup></b></p> <table border="1"> <thead> <tr> <th>Segment</th> <th>2018 Income</th> <th>2018 Costs</th> <th>2017 Income</th> <th>2017 Costs</th> </tr> </thead> <tbody> <tr> <td>Retail &amp; Commercial Banking</td> <td>1,753</td> <td>750</td> <td>1,968</td> <td>769</td> </tr> <tr> <td>Wholesale, Institutional &amp; Corporate Banking</td> <td>386</td> <td>100</td> <td>316</td> <td>91</td> </tr> <tr> <td>AIB UK</td> <td>305</td> <td>121</td> <td>308</td> <td>132</td> </tr> <tr> <td>Group</td> <td>282</td> <td>477</td> <td>375</td> <td>436</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,726</b></td> <td><b>1,448</b></td> <td><b>2,967</b></td> <td><b>1,428</b></td> </tr> </tbody> </table> <p>1. Before Bank levies and regulatory fees, and exceptional items.</p> <p>Source: AFR 2018, pages 280-281.</p> <ul style="list-style-type: none"> <li>Total capitalisation</li> </ul> <p>See AFR 2018, pages 57 and 231.</p> <ul style="list-style-type: none"> <li>Sales:</li> </ul> <p><b>Operating contribution<sup>1</sup></b></p> <table border="1"> <thead> <tr> <th>Segment</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Retail &amp; Commercial Banking</td> <td>68%</td> <td>75%</td> </tr> <tr> <td>Wholesale, Institutional &amp; Corporate Banking</td> <td>19%</td> <td>14%</td> </tr> <tr> <td>AIB UK</td> <td>13%</td> <td>11%</td> </tr> <tr> <td><b>Total</b></td> <td><b>100%</b></td> <td><b>100%</b></td> </tr> </tbody> </table> <p><b>Total (€bn)<sup>2</sup></b></p> <table border="1"> <thead> <tr> <th></th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td></td> <td><b>1.5</b></td> <td><b>1.6</b></td> </tr> </tbody> </table> <p>1. Pre-provision operating contribution. 2. Excludes the Group segment.</p> <p>Source: AFR 2017 and AFR 2018, page 3.</p>	Holder	Number of ordinary shares	% of shares in issue	Ireland Strategic Investment Fund	1,930,436,543	71.12%	Segment	2018 Income	2018 Costs	2017 Income	2017 Costs	Retail & Commercial Banking	1,753	750	1,968	769	Wholesale, Institutional & Corporate Banking	386	100	316	91	AIB UK	305	121	308	132	Group	282	477	375	436	<b>Total</b>	<b>2,726</b>	<b>1,448</b>	<b>2,967</b>	<b>1,428</b>	Segment	2018	2017	Retail & Commercial Banking	68%	75%	Wholesale, Institutional & Corporate Banking	19%	14%	AIB UK	13%	11%	<b>Total</b>	<b>100%</b>	<b>100%</b>		2018	2017		<b>1.5</b>	<b>1.6</b>
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Information is collected on employees and other workers through our internal HR systems and data is compiled in the Data Analytics Centre of Excellence. There are no significant seasonal variances.

Source: Company information.

Disclosure	Description	Response
102-9	Supply chain	<p>We contracted with 3,166 suppliers in 2018 and maintain a supplier database of over 3,700 entities. Suppliers must adhere to all legal obligations in each jurisdiction, e.g. environmental, labour law, etc. as well as any specific requirements of our environmental policy. We conduct a due diligence process for supplier selection, prioritised according to the value, complexity and criticality of the service being procured. In the case of high value/risk services, specific diligence checks will be performed on the supplier and the proposed service model.</p> <p>Market intelligence provides us with information on the best-in-class service providers in a specific commodity and we construct specific selection criteria when deciding on the most appropriate supplier. We also use well refined and best-in-class supplier selection tools. Lower value/risk suppliers are subject to routine Company financial and sanction scanning checks.</p> <p>Key suppliers are required to attest on an annual basis to a number of our policies and/or clauses therein that are relevant to our supplier chain. These policies include, but are not limited to: Conflicts of Interests, Code of Conduct, Anti-bribery &amp; Corruption and Data Protection. We also require that, where relevant, key suppliers conform to the UK Modern Slavery Act.</p> <p>In 2018, we introduced a new supplier management platform to augment supplier governance, including supplier performance. Our principal spending categories are for professional services, business services and information technology. We subdivide our suppliers into four segments:</p> <ol style="list-style-type: none"> <li>1. Outsourcing: The use of a third party to perform activities that would normally be undertaken by AIB, now or in the future. This also includes the provision of a core customer-related business activity by a third party instead of developing the capability in-house.</li> <li>2. Tier 1: Supplier provides critical products or services where failure of this product or service could or will result in considerable impact to the business or to customers.</li> <li>3. Tier 2: Suppliers who provide low business impact products or services with whom we have selected, due to a number of favourable conditions, e.g. lower cost, speed of supply, location, extensive portfolio offering, niche expertise.</li> <li>4. Tier 3: Routine low-value commoditised purchases where disruption risk is low as alternatives are available.</li> </ol> <p>Source: Company information.</p>

Disclosure	Description	Response
102-10	Significant changes to the organisation and its supply chain	<p>A new operating model became effective on 1 January 2019. It has three new separate “vertical” business units that are responsible for the development of end-to-end customer strategy and propositions for our Homes, Business and Consumer customers. The UK continues to operate, at a customer level, on a stand-alone basis. We have amalgamated all our distribution activity with our operational and technology functions into an enlarged horizontal service delivery unit called Business &amp; Customer Services, that serves all our customer and operational needs. Other key horizontal functions such as Finance, Risk and HR support the business verticals. An enhanced Customer &amp; Strategic Affairs function ensures that we maintain the correct focus on each of our key stakeholders and supports the CEO in delivery of the pan-bank agenda. The heads of the vertical and horizontal functions are the core of the new Executive Committee. An Operating Committee with a broader representation of senior leaders has also been established. It is responsible for delivering on the agreed strategy and ensuring our key priorities are progressed in a collaborative manner.</p> <p>In 2018, Mark Bourke, our Chief Financial Officer (CFO), tendered his resignation in September and Bernard Byrne, our Chief Executive Officer (CEO), in October. Colin Hunt was recently appointed as our new CEO and Donal Galvin as our new CFO. Both are existing AIB management.</p> <p>Under our Property Strategy, we are in the process of moving from one prime location, Bankcentre, where almost 50% of staff worked, to a distributed model spread across a number of smaller, more flexible locations.</p> <p>We have also implemented a new career model that has streamlined the levels within the organisation from 13 to seven. We are aiming for less hierarchy and more empowerment.</p>
102-11	Precautionary principle or approach	<p>AIB recognises the need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effect. Our business lines, in collaboration with the Office of Sustainable Business (OSB), the Sustainable Business Executive Committee (SBEC) and the Board’s Sustainable Business Advisory Committee (SBAC), together provide focused governance on this issue on an ongoing basis.</p>

Disclosure	Description	Response
102-12	External initiatives	<ol style="list-style-type: none"> <li>1. The Global Reporting Initiative (GRI)                             <ol style="list-style-type: none"> <li>a. Voluntary</li> <li>b. First adopted 2017, for 2016 Sustainability Report</li> <li>c. Group-wide</li> </ol> </li> <li>2. The Disclosure of Non-Financial and Diversity Information for Certain Large Undertakings and Groups Regulations 2017 (S.I. 360/2017)                             <ol style="list-style-type: none"> <li>a. Mandatory</li> <li>b. First adopted for 2018 AFR (Q1, 2019)</li> <li>c. Group-wide</li> </ol> </li> <li>3. Carbon Disclosures Project (CDP)                             <ol style="list-style-type: none"> <li>a. Voluntary</li> <li>b. First adopted 2012</li> <li>c. Group-wide</li> </ol> </li> <li>4. ISO 50001 (energy) and ISO 14001 (environmental) management                             <ol style="list-style-type: none"> <li>a. Voluntary</li> <li>b. First adopted 2014</li> <li>c. Group-wide</li> </ol> </li> <li>5. The National Energy Efficiency Action Plan (NEEAP)                             <ol style="list-style-type: none"> <li>a. Mandatory</li> <li>b. First adopted 2010</li> <li>c. Group-wide</li> </ol> </li> <li>6. The UK Equality Act (Gender Pay) Regulations 2017                             <ol style="list-style-type: none"> <li>a. Mandatory</li> <li>b. First adopted 2017</li> <li>c. UK only</li> </ol> </li> <li>7. ISO 26000 Social Responsibility Guidance Standard                             <ol style="list-style-type: none"> <li>a. Voluntary</li> <li>b. First adopted 2018</li> <li>c. Group-wide</li> </ol> </li> <li>8. Business in the Community, Ireland – Low Carbon Pledge                             <ol style="list-style-type: none"> <li>a. Voluntary</li> <li>b. First adopted 2018</li> <li>c. Ireland</li> </ol> </li> </ol>

Source: Company information.

Disclosure	Description	Response
102-13	Membership of associations	<ol style="list-style-type: none"> <li>1. Banking &amp; Payments Federation Ireland (BPFI)                             <ol style="list-style-type: none"> <li>a. Holds a position on the governance body: Yes</li> <li>b. Participates in projects or committees: Yes</li> <li>c. Provides substantive funding beyond routine membership dues: No</li> <li>d. Views membership as strategic: Yes</li> </ol> </li> <li>2. Irish Payments Council (IPC)                             <ol style="list-style-type: none"> <li>a. Holds a position on the governance body: Yes</li> <li>b. Participates in projects or committees: Yes</li> <li>c. Provides substantive funding beyond routine membership dues: No</li> <li>d. Views membership as strategic: Yes</li> </ol> </li> <li>3. Irish Paper Clearing Company (IPCC)                             <ol style="list-style-type: none"> <li>a. Holds a position on the governance body: Yes</li> <li>b. Participates in projects or committees: Yes</li> <li>c. Provides substantive funding beyond routine membership dues: No</li> <li>d. Views membership as strategic: Yes</li> </ol> </li> <li>4. British Bankers Association (BBA)                             <ol style="list-style-type: none"> <li>a. Holds a position on the governance body: No</li> <li>b. Participates in projects or committees: Yes</li> <li>c. Provides substantive funding beyond routine membership dues: No</li> <li>d. Views membership as strategic: Yes</li> </ol> </li> <li>5. European Banking Federation (through BPFI)                             <ol style="list-style-type: none"> <li>a. Holds a position on the governance body: No</li> <li>b. Participates in projects or committees: Indirectly through BPFI</li> <li>c. Provides substantive funding beyond routine membership dues: No</li> <li>d. Views membership as strategic: Yes</li> </ol> </li> <li>6. Irish Business and Employment Confederation (IBEC)                             <ol style="list-style-type: none"> <li>a. Holds a position on the governance body: No</li> <li>b. Participates in projects or committees: Yes</li> <li>c. Provides substantive funding beyond routine membership dues: No</li> <li>d. Views membership as strategic: Yes</li> </ol> </li> <li>7. 30% Club                             <ol style="list-style-type: none"> <li>a. Holds a position on the governance body: No</li> <li>b. Participates in projects or committees: Yes</li> <li>c. Provides substantive funding beyond routine membership dues: No</li> <li>d. Views membership as strategic: Yes</li> </ol> </li> </ol>

Source: Company information.

Disclosure	Description	Response
<b>b. Strategy</b>		
102-14	Statement from senior decision-maker	See "A Message from our CEO – Colin Hunt" on page 3.
102-15	Key impacts, risks and opportunities	<p>We have determined that our principal risks and uncertainties fall under the following categories:</p> <ul style="list-style-type: none"> <li>• Macroeconomic and geopolitical risk (e.g. Brexit, market risk, geopolitical development).</li> <li>• Regulatory and legal risks (e.g. impact of the Single Resolution Mechanism).</li> <li>• Risks relating to business operations, governance and internal control systems.</li> </ul> <p>In the AFR 2018 you will find summary details of the composition of each material risk on page 19 and further details on individual risks on pages 62-68.</p> <p>The bank:</p> <ul style="list-style-type: none"> <li>• Serves 2.4 million SME and personal customers in the Republic of Ireland (RoI), from 295 locations, with over 1.38 million active digital customers, with net loans of €52.4bn.</li> <li>• Services c.306,000 retail, corporate and business customers in the UK from 29 locations, with over 123,000 active digital customers, with net loans of £7.4bn.</li> <li>• Is a leading brand in RoI and a challenger brand in the UK in its market segments.</li> </ul> <p>AIB has a sound capital base, comfortably above minimum regulatory requirements, which gives us the ability to support our customers, to grow our business and to reward our shareholders. The Irish economy remains strong and the key metrics around economic growth and employment currently remain supportive. Brexit clearly presents a risk for both our core Irish market and our UK position. However, AIB has a great team working at all levels of the organisation. The business has invested well in its technology and customer initiatives and this is evident in our strong market shares across the key segments. Our new operating model should support these positions. There are other complexities and challenges including the necessary enhancements to meet continuously rising regulatory prudential and conduct agendas, as well as cyber risks.</p> <p>Further detail on economic impact can be found on page 5 "The value we create" and in the AFR 2018 pages 2-3, available at: <a href="http://www.aib.ie/investorrelations">www.aib.ie/investorrelations</a></p>
<b>c. Ethics and integrity</b>		
102-16	Values, principles, standards and norms of behaviour	<p>The core values, principles, standards and norms of behaviour of our bank and staff are contained in our Code of Conduct, available on our website (<a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>).</p> <ul style="list-style-type: none"> <li>• The Code has been developed and evolved over a number of years; it is approved by the Board, and subject to annual review and re-approval.</li> <li>• The Code is mandatory for all employees.</li> <li>• Annual training on the Code is mandatory for all employees, and training completion is recorded and tested.</li> <li>• Employees, individually and collectively, are required to adhere to the Code, and breaches are subject to disciplinary action, up to and including dismissal.</li> <li>• The CEO is the policy sponsor of the Code.</li> </ul>

Disclosure	Description	Response
102-17	Mechanisms for advice and concerns about ethics	<p>The Code of Conduct sets out our standards of behaviour and it is supported by a variety of more specific policies, including our Speak Up policy:</p> <ul style="list-style-type: none"> <li>• The Chief People Officer is the sponsor of our Speak Up policy.</li> <li>• We also operate an Executive Leadership Team sub-group which has responsibility for reviewing all Speak Up cases and their follow up actions.</li> <li>• It provides for advice and confidential reporting of wrongdoing or suspected wrongdoing through a number of channels, without retaliation.</li> <li>• The channels include reporting issues to local management, to nominated senior management, or to an internal phone line or e-mail address. Additionally there is an external phone and e-mail facility operated by an international specialist charity. The mechanism can be used anonymously, but this is not encouraged as it limits investigations and whistle-blower protection.</li> <li>• In 2018 all advice requests and concerns raised were successfully concluded.</li> <li>• Investigations are conducted by the HR function, with technical support as necessary; in cases of potential fraud, a specialist unit undertakes the initial investigation, and regulatory and policing authorities are notified as appropriate if substantiated.</li> <li>• Staff surveys include a question on the ability to raise issues of concern; relevant training modules notify staff of the Speak Up channels and contact details.</li> </ul> <p><i>Source: Company information.</i></p>
<b>d. Governance</b>		
102-18	Governance structure	<p>The AFR 2018 provides details on the governance of AIB on pages 26-37, commencing in the Section "Governance in AIB" and on pages 167-214. The AFR 2018 is available on our investor relations website at: <a href="http://www.aib.ie/investorrelations">www.aib.ie/investorrelations</a>. The AFR describes:</p> <ul style="list-style-type: none"> <li>• The governance structure.</li> <li>• The Board and committee members and their biographies.</li> <li>• The diversity levels.</li> <li>• The Executive Committee members and their biographies.</li> <li>• Governance in action.</li> <li>• The Sustainable Business Advisory Committee (SBAC).</li> </ul> <p>The SBAC governance is also described on page 8 of this report.</p>

**General disclosures 102-19 to 102-39 are not required under the Global Reporting Initiative (GRI): Core Option**

Disclosure	Description	Response
<b>e. Stakeholder engagement</b>		
102-40	List of stakeholder groups	<p>In 2018, we undertook our second materiality exercise to validate the continuing relevance and accuracy of the material topics and to provide a more focused set on which to base key performance indicators to measure our sustainability progress. It was conducted with independent advice and oversight. The exercise focused on the following stakeholder groups:</p> <ul style="list-style-type: none"> <li>• Customers.</li> <li>• Employees.</li> <li>• Regulator.</li> <li>• Investors.</li> <li>• Government &amp; Society.</li> </ul> <p>A total sample of 1,376 respondents participated in the exercise in Q1, 2018 across the different stakeholder groups. The underlying survey was complemented by in-depth interviews with Leadership Team members, and two validation and development workshops with internal and external stakeholders. Details of the materiality exercise outcome are on page 13.</p>
102-41	Collective bargaining agreements	Approximately 80% of employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	<p>The selection process was guided by independent consultants on the best practice approach to stakeholder selection. Key considerations in selecting the stakeholder selection were:</p> <ul style="list-style-type: none"> <li>• Best practice among peer banks.</li> <li>• Those charged with management of our business e.g. Board, senior executives and management.</li> <li>• Those impacted directly by our business e.g. customers, staff and suppliers.</li> <li>• Those who invest in our business, e.g. shareholders, bondholders.</li> <li>• Those providing oversight of our business, e.g. analysts, regulators and government.</li> <li>• Those impacted indirectly by our business, e.g. communities and non-governmental organisations.</li> </ul>
102-43	Approach to stakeholder engagement	<p>In 2016 we conducted our first materiality exercise to canvass the views of key stakeholder groups on material issues of significance to each group in terms of the Bank's operations. It was conducted for the purpose of supporting the scope, content and focus of the publication of our initial Sustainability Report "Backing a Sustainable Future" in October 2017.</p> <p>The materiality analysis is being reviewed and updated on a limited basis annually, and completely every two years, through a specific exercise. Outputs from the 2018 update are contained on page 13.</p> <p>In addition we have specified a range of feedback channels on page 11 which provides a broad-based and continuous feedback on the accuracy and validity of our materiality assessment.</p>

Disclosure	Description	Response
102-44	Key topics and concerns raised	<p>The most material topics emerging from the stakeholder engagement exercise were:</p> <ol style="list-style-type: none"> <li>Making our services and products transparent to consumers.</li> <li>Engaging with all our stakeholders regularly.</li> <li>Protecting our customers' privacy and data.</li> <li>Pricing our products and services fairly.</li> <li>Improving our customer experience and satisfaction levels.</li> <li>Talent attraction, retention and development.</li> <li>Employee engagement and satisfaction.</li> <li>Providing business leadership and vision.</li> <li>Maintaining a profitable and financially sustainable business.</li> <li>Complying with laws, codes and regulations.</li> <li>Providing responsible services and products.</li> <li>Managing our business risks effectively.</li> <li>Our business culture and ethical behaviour.</li> <li>The stability, security and continuity of our business services.</li> </ol> <p>The GRI Content Index provides a Disclosure of Management Approach (DMA) and disclosure on each of these in keeping with the Core reporting option.</p> <p>The key macroeconomic issues that have been raised through stakeholder engagement are:</p> <ol style="list-style-type: none"> <li>Housing</li> <li>Digitalisation</li> <li>Lending</li> <li>Entrepreneurship</li> <li>Sustainable food production and agriculture</li> <li>Brexit</li> <li>Low-carbon economy</li> <li>Financial literacy and inclusion</li> <li>Skills and training</li> <li>Customers in difficulty</li> </ol> <p>The key macroeconomic issues are the focus of this report. We have linked our stakeholder groups and material topics to them. See pages 14-41.</p> <p>Stakeholder groups are identified on page 12. While there was some variations among stakeholder groups on key topics, there was a very high consistency among all stakeholder groups on priority areas.</p>

Disclosure	Description	Response
<b>f. Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	A listing of the principal businesses and their locations that are included in the consolidated financial statement is provided in the AFR 2018 on page 333: <a href="http://www.aib.ie/investorrelations">www.aib.ie/investorrelations</a> . All entities are covered by the report.
102-46	Defining the report content and topic boundaries	<p>The report covers AIB Group plc and its constituent operations in the Republic of Ireland, the United Kingdom and the United States of America. While the report refers to 2018, information is provided on material developments in 2019 considered relevant to an understanding of our business.</p> <p>The message on page 3 from Colin Hunt, our Chief Executive Officer, and on page 4 from Helen Normoyle, Chair of our Sustainable Business Advisory Committee (SBAC), provides an explanation of what sustainability means for AIB. See our stakeholder groups listed on page 12. Stakeholder consultation was complemented by reputation tracking and media coverage review.</p> <p>To devise and implement a successful sustainability strategy, we must have an understanding and an awareness of the environmental, social and governance issues of most concern to our stakeholders. We need to identify and define these issues so that we can begin to report on them effectively.</p> <p>The Global Reporting Initiative (GRI) is an international independent organisation that provides sustainability reporting guidance. We conducted our materiality exercise and subsequent reporting in accordance with the core approach of the GRI.</p> <p>In early 2018, we consulted for a second time with our internal and external stakeholders to identify and rank the most material concerns facing AIB using the GRI-recommended approach of identification, prioritisation and validation.</p> <p>1,376 separate contacts were undertaken with stakeholders through which we identified those issues that were of most concern to our stakeholders from a master list prepared with independent advice and based on international best practice among peer banks. Additionally, in preparing this report, the local and international context – economic, geographic and social – for our business was considered and, where information was available, the impacts both within and outside the bank were reviewed.</p> <p>In all instances we have striven to adhere to the GRI Content Principles in preparing our Sustainability Report – stakeholder inclusiveness, sustainability context, materiality and completeness, within the limitations and scope of the information currently available.</p>
102-47	List of material topics	See "Our materiality exercise" on page 13.
102-48	Restatements of information	There have been no restatements of information provided in previous reports.

Disclosure	Description	Response
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	<p>We completed our first materiality exercise in 2016 and our second in 2018. The outputs from our second materiality exercise are on page 13. We have chosen to focus on a smaller set of material topics within our topic boundaries to more realistically reflect the scale and ambitions of our business within the Group. There are no significant changes from the previous reporting periods in the list of material topics and topic boundaries.</p> <p>It is our intention to continue to conduct a limited review of our materiality assessment annually, and a complete reassessment biannually.</p>
102-50	Reporting period	1/1/2018-31/12/2018, other than where specified.
102-51	Date of most recent previous report	" <i>Backing a Sustainable Future</i> ", published 30 June 2018.
102-52	Reporting cycle	Annual.
102-53	Contact point for questions regarding the report	Sarah Dempsey, Head of the Office of Sustainable Business: <a href="mailto:Sarah.M.Dempsey@aib.ie">Sarah.M.Dempsey@aib.ie</a>
102-54	Claims made of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI Content Index	The Disclosures section of the report, which incorporate the GRI Content Index, runs from page 56 onwards. Page numbers and URLs are provided within the index for individual disclosures. Omissions have been explained where relevant.
102-56	External assurance	<p>This report has been compiled in accordance with the Global Reporting Initiative's Standards for sustainability reporting to a core level. Assurance has been provided by Deloitte on our preparation of the report in accordance with these guidelines.</p> <ol style="list-style-type: none"> <li>i. The Deloitte assurance report can be found on page 54 of this report.</li> <li>ii. The external assurer is currently our financial auditor.</li> <li>iii. The Board's Sustainable Business Advisory Committee has commissioned an independent assurance process aligned to ISAE 3000 through Deloitte.</li> </ol>

## GRI 201 – Economic Performance 2018

Disclosure	Description	Response
<b>Material topic: Maintaining a profitable and financially stable business</b>		

Disclosure of management approach

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

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

Our strategy comprises four pillars: Customer First, Simple & Efficient, Risk & Capital and Talent & Culture. Under each of these pillars we have set medium-term financial and non-financial targets. Each of these pillars and the targets within them, along with our progress towards those targets, is outlined in the AFR 2018 on pages 12-13.

201-1 Direct economic value generated and distributed

### i. Economic value added (€m)

Factor	2018	2017	2016	2015	2014
<b>Economic value generated</b>	<b>2,866</b>	<b>3,020</b>	<b>2,954</b>	<b>2,656</b>	<b>2,595</b>
Gross income	2,874	3,001	2,919	2,628	2,532
Associated undertakings	12	19	35	25	23
Profit on disposal of property	2	–	–	3	6
Loss on disposal of business	(22)	–	–	–	34
<b>Economic value distributed</b>	<b>1,904</b>	<b>1,912</b>	<b>1,722</b>	<b>2,145</b>	<b>1,605</b>
Total operating expenses	1,823	1,835	1,571	1,678	1,638
Taxation – corporation tax	44	40	114	21	(33)
Dividend paid on 2009 preference shares	–	–	–	446	–
Distribution paid on other equity interests	37	37	37	–	–
<b>Economic value retained</b>	<b>962</b>	<b>1,108</b>	<b>1,232</b>	<b>511</b>	<b>990</b>
Dividend	326	250	–	–	–
<b>Economic value retained post-dividend</b>	<b>636</b>	<b>858</b>	<b>1,232</b>	<b>511</b>	<b>990</b>

Source: AFR 2014-2018 (see <https://aib.ie/investorrelations/financial-information/results-centre/2018> for each report and information within). In AFR 2018 see pages 227, 230 and 288. Dividend is recorded in the year in which it is paid, e.g. 2017 dividend paid in 2018.

### ii. Economic value distributed (€m) Total operating expenses

Expenses type	2018	2017
Salaries and benefits	786	823
Bank levies and regulatory fees	82	105
Impairments, amortisation and depreciation	162	141
Other administrative expenses	815	799
<b>Total</b>	<b>1,845</b>	<b>1,868</b>

Source: AFR 2018 pages 280-281 and 285.

Disclosure	Description	Response
<b>Material topic: Managing our business risks effectively</b>		

201-2 Financial implications and other risks and opportunities due to climate change

We recognise the potential negative impacts and opportunities presented by climate change risks. No systematic assessment of these risks across our lending portfolio to determine their potential financial impact has been undertaken, however, we continue to work with the business to progress this. A preliminary assessment undertaken within the Office of Sustainable Business has focused on events which are likely to impact our business lines directly. These have included events such as:

- Drought or flooding.
- Crop pollination or agricultural production issues.
- Supply chain disruption.
- Energy or water supply issues.
- Impacts on economic output.

The principal lending-related activities likely to be affected, either positively or negatively, by climate change are:

1. Agricultural production, in terms of potential regulatory or economic restrictions on output in production areas with significant greenhouse gas emissions; this could curtail lending to these sectors, which could be counterbalanced by new lending to low emission intensity alternatives.
2. Energy production, particularly of renewable energy such as wind energy, where Climate Accord Goals at national level are likely to create new opportunities for lending.
3. Conservation investments in the residential, commercial and public sectors, where conservation targets at national level designed to address Climate Accord Goals will give new momentum to such lending.
4. New technology investment, e.g. energy production, control, storage, transport and conservation applications, again where climate goals are likely to drive new lending opportunities in specific sectors, e.g. electric vehicles.

Our ongoing actions to reduce carbon emissions within our own operations, develop the low-carbon economy and mitigate our climate change risks, have resulted in AIB being recognised as a global leader for corporate action on climate change, and entering the CDP's Climate Change A List in 2017 and maintaining the Climate A rating in 2018.

Our lending teams in Ireland and the UK provide finance to support the transition to a low-carbon economy. As we do this, we are conscious of the evolving environmental, social and governance (ESG) regulatory agenda and the need to comply with new requirements when they come on stream. We are contributing to the evolution of this regulation through consultation on proposed EU regulation for sustainable finance and in the roundtable discussions in the UK on the PRA's consultation process for their proposed new supervisory statement on climate-related financial risks (Source: AFR, page 23).

Costs would be incurred across the bank and business lines and would include the operation of the Office of Sustainable Business and its monitoring role; such costs are not separately identified in our reporting and would not be released for reasons of commercial sensitivity.

Source: Company information.

## GRI 204 – Procurement Practices 2018

Disclosure	Description	Response
<b>Material topic: Providing responsible products and services</b>		
	Description of management approach	<p>As a bank, we recognise our role in the economy and society. Our aim is to create long-term shared value with the economies and communities in which we operate. Using local suppliers is one of the ways where we can realise this shared value and regain our social licence to operate whilst providing responsible products and services.</p> <p>Responsible product and service delivery relies on an effective, efficient and compliant supply chain. We have a supply chain database containing more than 3,700 suppliers. Suppliers must adhere to all legal obligations in each jurisdiction, e.g. environmental, labour law, etc, as well as any specific requirements of our Environmental Policy. We conduct a due diligence process in regard to supplier selection, prioritised according to the value, complexity and criticality of the service being procured. In the case of high value/risk services, specific diligence checks will be performed on the supplier and the proposed service model.</p> <p>Market intelligence provides us with information on the best-in-class service providers in a specific commodity and we construct specific selection criteria when deciding on the most appropriate supplier. We also use well refined and best in class supplier selection tools. Lower value/risk suppliers are subject to routine Company financial and sanction scanning checks.</p> <p>Key suppliers are required to attest on an annual basis to a number of our policies and/or clauses therein that are relevant to our supplier chain. These policies include, but are not limited to: Conflicts of Interests, Code of Conduct, Anti-bribery &amp; Corruption and Data Protection. We also require that, where relevant, key suppliers conform to the UK Modern Slavery Act. In 2018 AIB introduced a new Supplier Management Platform to augment supplier governance, including supplier performance.</p> <p>Our principal spending categories are for professional services, business services and information technology.</p> <p>We subdivide our suppliers into four segments:</p> <ol style="list-style-type: none"> <li>1. Outsourcing: The use of a third party to perform activities that would normally be undertaken by AIB, now or in the future. This also includes the provision of a core customer-related business activity by a third party instead of developing the capability in-house.</li> <li>2. Tier 1: Supplier provides critical products or services where failure of this product or service could or will result in considerable impact to the business or to customers.</li> <li>3. Tier 2: Suppliers who provide low business impact products or services with whom AIB have selected, due to a number of favourable conditions, e.g. lower cost, speed of supply, location, extensive portfolio offering, niche expertise.</li> <li>4. Tier 3: Routine low value commoditised purchases where disruption risk is low as alternatives are available.</li> </ol> <p>We believe our management approach is successful, as it enables us to promptly identify if a supplier falls below our expected performance standard. We can then work with the supplier to put in place a remedy plan to bring them back to our standard.</p> <p><i>Source: Company information.</i></p>

Disclosure	Description	Response																																																												
204-1	Proportion of spending on local suppliers	<p>We define local as a) Republic of Ireland (RoI) and b) United Kingdom (UK). Our significant locations of operation are RoI and UK.</p> <p><b>Suppliers by region and number (2014-2018)</b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>2018</th> <th>2017</th> <th>2016</th> <th>2015</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>2,112</td> <td>1,895</td> <td>1,484</td> <td>1,629</td> <td>1,689</td> </tr> <tr> <td>United Kingdom</td> <td>845</td> <td>718</td> <td>749</td> <td>782</td> <td>778</td> </tr> <tr> <td>Rest of World</td> <td>209</td> <td>258</td> <td>222</td> <td>252</td> <td>252</td> </tr> <tr> <td><b>Total</b></td> <td><b>3,166</b></td> <td><b>2,871</b></td> <td><b>2,455</b></td> <td><b>2,663</b></td> <td><b>2,719</b></td> </tr> </tbody> </table> <p><b>Suppliers by region and value in €m (2014-2018)</b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>2018</th> <th>2017</th> <th>2016</th> <th>2015</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Republic of Ireland</td> <td>926</td> <td>872</td> <td>628</td> <td>565</td> <td>459</td> </tr> <tr> <td>United Kingdom</td> <td>131</td> <td>150</td> <td>175</td> <td>177</td> <td>130</td> </tr> <tr> <td>Rest of World</td> <td>64</td> <td>48</td> <td>80</td> <td>47</td> <td>36</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,121</b></td> <td><b>1,070</b></td> <td><b>883</b></td> <td><b>789</b></td> <td><b>625</b></td> </tr> </tbody> </table> <p><i>Source: Company information.</i></p>	Region	2018	2017	2016	2015	2014	Republic of Ireland	2,112	1,895	1,484	1,629	1,689	United Kingdom	845	718	749	782	778	Rest of World	209	258	222	252	252	<b>Total</b>	<b>3,166</b>	<b>2,871</b>	<b>2,455</b>	<b>2,663</b>	<b>2,719</b>	Region	2018	2017	2016	2015	2014	Republic of Ireland	926	872	628	565	459	United Kingdom	131	150	175	177	130	Rest of World	64	48	80	47	36	<b>Total</b>	<b>1,121</b>	<b>1,070</b>	<b>883</b>	<b>789</b>	<b>625</b>
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## GRI 205 – Anti-Corruption 2018

Disclosure	Description	Response
<b>Material topic: Our business culture and ethical behaviour</b>		
Disclosure of management approach	<p>Operating an ethical culture is fundamental to the success and sustainability of our business. This manifests itself most clearly in how we treat our customers, in our compliance with laws and in preventing fraud and corrupt practices in our business and among our employees.</p> <p>Our objective is to conduct our business in accordance with both the letter and the spirit of the relevant laws, regulations and codes (both internal and external) which apply to our regulated activities, and to act with integrity, honesty and fairness when dealing with our customers.</p> <p>We rely on the following to protect our customers from corrupt practices:</p> <ul style="list-style-type: none"> <li>• Leadership, training and awareness.</li> <li>• Policies/Codes on Conduct, Anti-bribery &amp; Corruption, Conflicts of Interest, Speak Up, Anti-Money Laundering and Countering the Financing of Terrorism.</li> <li>• Disciplinary procedures.</li> <li>• Proactive audit, monitoring, control and risk management environments.</li> </ul> <p>Each business area is responsible for completing an annual risk assessment of activities and processes to identify those which might give rise to potential conflict situations, and, where additional management oversight is required, to monitor all registered conflicts of interests, and to ensure that staff members are regularly informed of the potential risks and mitigants required.</p> <p>To support effective implementation of the Conflicts of Interests policy, each business area must maintain and operate effective organisational and administrative arrangements and procedures designed to prevent conflicts of interests from adversely affecting the interests of our customers. Those working for the bank on an insourced/outsourced basis need to comply with the principles set out in the Conflicts of Interests policy and are required to refer to their line manager if they have any queries. In 2018, we launched a new Anti-bribery &amp; Corruption policy, in response to the Criminal Justice (Corruption Offences) Act 2018 which became law in Ireland on 30 July 2018.</p> <p>Our Anti-Money Laundering and Countering the Financing of Terrorism policy, which sets out our due diligence requirements for new and existing customers, reflects our commitment to play our part in the banking industry's and wider society's efforts to combat money laundering and terrorist financing. To support our policy, we require business areas to maintain and operate effective operating procedures and controls, and employees to complete annual training.</p> <p>The Bank does not make political donations, and charitable donations made through our Community Investment programme are fully transparent and focused on youth and education, community, entrepreneurship and social entrepreneurship.</p> <p>We do not at this point participate in collective action to combat corruption with any external entities.</p> <p>We believe our approach to date has been successful. We recognise that this is a continuously evolving challenge and we will take all due measures to ensure that we have the capacity to meet it.</p>	

Disclosure	Description	Response
205-1	Operations assessed for risks related to corruption	<p>All business areas are responsible for completing an annual risk assessment of activities and processes to identify those which might give rise to potential conflict situations or corruption and, where additional management oversight is required, to monitor all registered conflicts of interests, bribery or corruption of any sort, and to ensure that staff members are regularly apprised of the potential risks and mitigants required. AIB is also registered and adheres to the requirements of the Lobbying Act.</p> <p>The most significant corruption risks faced relate to money laundering and terrorist financing, corruption in the supply of goods and services to the bank, internal and external fraud, conflicts of interest in business transactions, market manipulation in share dealing, data protection breaches and theft.</p>

## GRI 401 – Employment 2018

Disclosure	Description	Response
<b>Material topic: Talent attraction, retention and development</b>		
	Disclosure of management approach	<p>a. The competing demands on financial and technical skills in a fast-expanding economy and the potential impact of Brexit on financial service providers means that attracting, retaining and developing our employees is materially critical to the sustainability of our business model.</p> <p>b. We are an equal opportunity recruiter and employer, adhering to all local laws and regulations on employment rights, pay, employment representation, diversity and gender balance, and adhere to established industrial relations mechanisms in each jurisdiction in which we operate. We seek to ensure transparency, fairness and collaboration in all our dealings with employees. We have invested significantly in the development of Senior Leadership and Emerging High Potential Leader capability for existing employees, with approximately 60 senior employees attending both programmes.</p> <p>c. We believe our approach has been successful in attracting, retaining and developing our employees despite significant competitive demand and during periods of significant restructuring. Nonetheless this is a dynamic process where such pressures are unlikely to ease in the foreseeable future, and consequently our approach will be to remain adaptable to such circumstances.</p>

Disclosure	Description	Response																																																																				
401-1	New employee hires and employee turnover	<p><b>Total hires (2016-2018) by age, gender and region</b></p> <table border="1"> <thead> <tr> <th>Measure</th> <th>2018</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Age group</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• &lt;20</td> <td>66</td> <td>48</td> <td>69</td> </tr> <tr> <td>• 20-29</td> <td>1,088</td> <td>804</td> <td>1,011</td> </tr> <tr> <td>• 30-39</td> <td>353</td> <td>241</td> <td>299</td> </tr> <tr> <td>• 40-49</td> <td>132</td> <td>90</td> <td>117</td> </tr> <tr> <td>• 50-59</td> <td>42</td> <td>24</td> <td>44</td> </tr> <tr> <td>• 60+</td> <td>2</td> <td>2</td> <td>5</td> </tr> <tr> <td>Gender</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Female</td> <td>789</td> <td>549</td> <td>699</td> </tr> <tr> <td>• Male</td> <td>894</td> <td>660</td> <td>846</td> </tr> <tr> <td>Region</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Republic of Ireland</td> <td>1,566</td> <td>1,118</td> <td>1,482</td> </tr> <tr> <td>• Northern Ireland</td> <td>35</td> <td>39</td> <td>16</td> </tr> <tr> <td>• Great Britain</td> <td>82</td> <td>52</td> <td>47</td> </tr> <tr> <td><b>Total hires</b></td> <td>1,683</td> <td>1,209</td> <td>1,545</td> </tr> <tr> <td><b>Total annual hire rate*</b></td> <td>17.3%</td> <td>11.7%</td> <td>15.1%</td> </tr> </tbody> </table>	Measure	2018	2017	2016	Age group				• <20	66	48	69	• 20-29	1,088	804	1,011	• 30-39	353	241	299	• 40-49	132	90	117	• 50-59	42	24	44	• 60+	2	2	5	Gender				• Female	789	549	699	• Male	894	660	846	Region				• Republic of Ireland	1,566	1,118	1,482	• Northern Ireland	35	39	16	• Great Britain	82	52	47	<b>Total hires</b>	1,683	1,209	1,545	<b>Total annual hire rate*</b>	17.3%	11.7%	15.1%
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\* Based on the total number of hires divided by the number of FTE staff at the start of the year.

### Total leavers (2016-2018) by age, gender and region

Measure	2018	2017	2016
Age group			
• <20	45	30	44
• 20-29	701	656	636
• 30-39	357	419	411
• 40-49	227	329	154
• 50-59	192	357	101
• 60+	64	83	41
Gender			
• Female	826	1,082	691
• Male	760	792	696
Region			
• Republic of Ireland	1,359	1,556	1,254
• Northern Ireland	120	221	42
• Great Britain	107	97	91
<b>Total leavers</b>	1,586	1,874	1,387
<b>Total annual leaver rate**</b>	16.3%	18.1%	13.8%

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

Source: Company information.

## GRI 405 – Diversity and Equal Opportunity 2018

Disclosure	Description	Response
<b>Material topic: Employee engagement and satisfaction</b>		
	Disclosure of management approach	<p>a. The competing demands on financial and technical skills in a fast-expanding economy and the potential impact of Brexit on financial service providers, means that employee engagement and satisfaction is materially critical to the sustainability of our business model. Ensuring equal opportunity in all key areas such as selection, promotion, training and development is critical to maintain employee engagement and satisfaction across our workforce.</p> <p>b. We are an equal opportunity employer. We continue to make targeted efforts to ensure minimum gender representation at all management and Board levels and reached our target minimum level of 25% at Board and Leadership Team levels in 2018. We have a global target of 40% for gender diversity at senior management to be reached by the end of 2018 and had reached a level of 38.8% by the end of 2018. We are looking at other initiatives to continually improve and meet our 40% target.</p> <p>c. The success of our approach is demonstrated by our iConnect inclusive and diverse workforce measure, which has increased in line with our movement toward achieving our diversity targets – see below. In addition, in 2018 AIB was recognised with Distinction in Inclusion and Diversity at the HRD Awards and as Employer of Choice in the 2018 Women in Finance Awards.</p>

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405-1	Diversity of governance bodies and employees	<p><b>iConnect engagement scoring by employees (max score 5) 2016 – 2018</b></p> <table border="1"> <thead> <tr> <th>Issue</th> <th>2018</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Inclusive and diverse workforce measure</td> <td>4.33</td> <td>4.17</td> <td>3.87</td> </tr> <tr> <td>Comfortable to raise issues</td> <td>4.26</td> <td>4.18</td> <td>3.96</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Governing body (Board)</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>% Female</td> <td>27%</td> <td>27%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Governing body (Board) age profile</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td></td> <td></td> </tr> <tr> <td>• under 30 years</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>• 30-50 years</td> <td>0%</td> <td>9%</td> </tr> <tr> <td>• over 50 years</td> <td>100%</td> <td>91%</td> </tr> <tr> <td>Female</td> <td></td> <td></td> </tr> <tr> <td>• under 30 years</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>• 30-50 years</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>• over 50 years</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Employees % female</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>C-Suite Leadership Team</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>Senior management</td> <td>40%</td> <td>39%</td> </tr> <tr> <td>Other employee grades</td> <td>62%</td> <td>62%</td> </tr> <tr> <td><b>Total</b></td> <td><b>57%</b></td> <td><b>57%</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Employees age profile</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td></td> <td></td> </tr> <tr> <td>• under 30 years</td> <td>23%</td> <td>21%</td> </tr> <tr> <td>• 30-50 years</td> <td>60%</td> <td>62%</td> </tr> <tr> <td>• over 50 years</td> <td>17%</td> <td>17%</td> </tr> <tr> <td>Female</td> <td></td> <td></td> </tr> <tr> <td>• under 30 years</td> <td>16%</td> <td>16%</td> </tr> <tr> <td>• 30-50 years</td> <td>62%</td> <td>64%</td> </tr> <tr> <td>• over 50 years</td> <td>22%</td> <td>20%</td> </tr> </tbody> </table>	Issue	2018	2017	2016	Inclusive and diverse workforce measure	4.33	4.17	3.87	Comfortable to raise issues	4.26	4.18	3.96	Governing body (Board)	2018	2017	% Female	27%	27%	Governing body (Board) age profile	2018	2017	Male			• under 30 years	0%	0%	• 30-50 years	0%	9%	• over 50 years	100%	91%	Female			• under 30 years	0%	0%	• 30-50 years	0%	0%	• over 50 years	100%	100%	Employees % female	2018	2017	C-Suite Leadership Team	25%	25%	Senior management	40%	39%	Other employee grades	62%	62%	<b>Total</b>	<b>57%</b>	<b>57%</b>	Employees age profile	2018	2017	Male			• under 30 years	23%	21%	• 30-50 years	60%	62%	• over 50 years	17%	17%	Female			• under 30 years	16%	16%	• 30-50 years	62%	64%	• over 50 years	22%	20%
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Source: Company information.

## GRI 413 – Local Communities 2018

Disclosure	Description	Response
<b>Material topic: Pricing our products and services fairly</b>		
	Disclosure of management approach	<p>a. Our key product areas currently are in mortgage provision, personal, SME and corporate lending areas, with a significant proportion of our lending in the housing and construction market. As such, our business model relies on an understanding of our customer and community needs, and a desire to act fairly and provide shared value in our interactions with each by providing these products and services. Through our fair pricing approach, we offer the same interest rates to both new and existing mortgage customers. Our relationship with our customers, and in turn with our local communities that use these products and services, consequently underpins our sustainability approach.</p> <p>b. Currently we do not collect or classify data at a granular level on the percentage of our operations which have implemented local community engagement, impact assessments and/or development programmes. We operate through 19 local markets and 324 locations across Ireland and the UK ensuring our services are relevant and available at a local community level i.</p> <p>c. In 2018 we introduced an online platform for AIB Together, our community programme, which now enables us to gather and process this data. We will continue to embed and support this in 2019.</p>
413-2	Operations with significant actual and potential negative impacts on local communities	<p>We have been conducting a comprehensive review of customer mortgage accounts in the Republic of Ireland with regard to tracker rates, as part of an industry-wide review, in accordance with the Central Bank of Ireland framework and this is nearing completion.</p> <p>Tackling this issue for impacted customers is a key priority for us and, as impacted customer accounts are identified, they are addressed. By the end of 2018, over 11,900 customers accounts in the Republic of Ireland have been deemed impacted by our review.</p> <p>By the end of March 2019, 99% of customer accounts that have been deemed impacted have been paid redress and/or compensation along with a professional advice payment.</p> <p>During 2019, the Tracker Mortgage Examination will continue to support customers through the appeals, complaints and Financial Services and Pensions Ombudsman (FSPO) complaints processes.</p> <p>For more information on our review of Tracker Mortgages see <a href="https://aib.ie/review-of-tracker-mortgages">https://aib.ie/review-of-tracker-mortgages</a></p> <p><i>Source: Company information.</i></p>

## GRI 417 – Marketing and Labelling 2018

Disclosure	Description	Response
<b>Material topic: Making our services and products transparent to consumers</b>		
	Disclosure of management approach	<p>a. Transparent and compliant marketing, terms and conditions, and promotions are essential to the fair treatment of our customers. It is in both the Bank's and the customer's interests that uncertainty and ambiguity play no role in the delivery of services and products. Consequently making our products and services transparent to consumers is unsurprisingly a priority materiality topic for our stakeholders, a key control for which is how we market and promote them.</p> <p>b. We make every effort at all times to ensure that all relevant information, warnings and regulatory notices are incorporated in our financial product and service documentation. These efforts are underpinned by our product and service governance process and support policies, by reviewing and simplifying the language of our Terms and Conditions, by adherence to our Code of Conduct and by the oversight of our Compliance and Risk functions.</p> <p>c. As such products and services can be complex by their nature, and terms and conditions are frequently lengthy due to both regulatory requirements and for the protection of both parties involved from fraud or deception, there can be circumstances where we fail to meet the high standards of transparency, fairness and equitable treatment that we set ourselves in dealing with our customers. In such circumstances we will make effort to ensure speedy remediation of the situation and appropriate redress, where deemed necessary.</p>
417-2	Incidents of non-compliance concerning product and service information and labelling	<p>In 2018, 14 error issues were notified to the regulator, the Central Bank of Ireland (CBI) as per the reporting obligations under the Consumer Protection Code. No errors recorded in 2018 have resulted in a regulatory warning or fine/penalty to date.</p> <p>Individual employee breaches of the Code of Conduct are managed through a strict disciplinary process where sanctions up to and including dismissal are applied. Details of the volume of non-compliance with our internal staff Code of Conduct are presented to the Board each year, but are not published externally.</p> <p><i>Source: Company information.</i></p>

## GRI 418 – Customer Privacy 2018

Disclosure	Description	Response
<b>Material topic: Protecting our customers' privacy and data</b>		
	Disclosure of management approach	<ul style="list-style-type: none"> <li>a. The latest materiality exercise reinforced the stakeholder view that the privacy and protection of our customer data is paramount to our stakeholders. This reflects the broader concern with the acquisition and potential misuse of personal data across society. As a financial institution we have always striven to ensure that customer data is gathered only for the purposes for which it is required by the customer's stated need, controlled and operated on only for that purpose, and disposed of when there is no further legal or service requirement to retain it.</li> <li>b. We operate a Data Protection approach (<a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>) and provide training to all our staff on data protection law and policies, and reporting and escalation of issues. Notification to regulators and impacted parties where breaches occur are undertaken immediately. Redress and remediation are undertaken as necessary and regulatory incident reviews are facilitated fully.</li> <li>c. Our controls, training, reporting and remediation approach has to date prevented any significant breaches or misuse of our customer data. We recognise that this is a continuously evolving challenge and we will take all due measures to ensure that we have the capacity to meet it.</li> </ul>
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>In 2018 there were 12 regulatory notifications of investigations issued during the year, two of which were closed by the Regulator following responses from engagement with AIB. In addition, there were a further two notifications of complaints which were dealt with and closed under the new early resolution process of the Data Protection Commissioner (DPC). The majority of these notification relate to events in preceding years.</p> <p><i>Source: Company information.</i></p>

## GRI 419 – Socioeconomic Compliance 2018

Disclosure	Description	Response
<b>Material topic: Complying with laws, codes and regulations</b>		
	Disclosure of management approach	<ul style="list-style-type: none"> <li>a. Acting in an ethical, trustworthy and compliant manner is at the forefront of our stakeholder expectations of us and how we operate our business. This was clearly reflected in the latest materiality exercise. Consequently we make every effort to ensure we operate fairly and transparently in our business practices, and that we adhere to all relevant laws and regulations, and we require our suppliers to do likewise in relation to any contracts.</li> <li>b. We do so through the operation of our governance, oversight and control processes. Risk management procedures are used to identify and quantify risks, establish controls, conduct regular reviews and audits of their effectiveness, and escalate and remediate where issues and breaches occur. These are complemented by supporting policies on conduct, conflicts of interest and our "Speak Up" process.</li> <li>c. This approach has proven effective in addressing risks within the immediate control of the bank. There remain challenges due to the extent of our knowledge of an individual customer's or supplier's operations, particularly where these are not germane to the financial relationship between ourselves and the customer. Nonetheless, we will strive at all times to ensure that we neither operate our own business nor facilitate others in their operation of their business in a manner that would breach laws, codes or regulations.</li> </ul>
419-1	Non-compliance with laws and regulations in the social and economic area	<p>In 2018, the organisation has not identified any significant or systemic non-compliance with laws and/or regulations.</p> <p><i>Source: Company information.</i></p>

## GRI Financial Sector Specific Disclosures

Disclosure	Description	Response
<b>Material topic: The stability, security and continuity of our business services</b>		
Disclosure of management approach		<p>When it comes to Personal, Business and Corporate markets in Ireland, AIB is the number one bank. We consider a number of factors when we think about our market position and the stability, security and continuity of our business services, including our current lending to each sector in the market and our share of the flow of new business. We invest annually across our technology infrastructure to ensure it is reliable and resilient, meeting the needs of all our customers. Throughout 2018 we significantly invested in new technology to underpin our core services. Continued improvements to our technology infrastructure have been made while maintaining high levels of service and without any significant customer services outages over the past two years.</p> <p>Our business model is based on developing a stable, sustainable business within our core markets based on our four-pillar approach to Customer First, Simple &amp; Efficient, Risk &amp; Capital and, finally, Talent &amp; Culture. This approach allows us to identify, control and manage our key business risks, including sustainability risk. As a pillar bank it is essential that we demonstrate a capacity for sustainable profitability and continuity to ensure the ongoing support of our stakeholders.</p> <p>We believe our approach to date has been successful in its aim to achieve sustainable profitability, partially evidenced by the new lending detailed below. We recognise that this is a continuously evolving challenge and we will take all due measures to ensure that we have the capacity to meet it.</p>

Disclosure	Description	Response																		
FS6	% of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	<p><b>Operating contribution<sup>1</sup></b></p> <table border="1"> <thead> <tr> <th>Segment</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Retail &amp; Commercial Banking</td> <td>68%</td> <td>75%</td> </tr> <tr> <td>Wholesale, Institutional &amp; Corporate Banking</td> <td>19%</td> <td>14%</td> </tr> <tr> <td>AIB UK</td> <td>13%</td> <td>11%</td> </tr> <tr> <td><b>Total</b></td> <td><b>100%</b></td> <td><b>100%</b></td> </tr> <tr> <td><b>Total (€b)<sup>2</sup></b></td> <td><b>1.5</b></td> <td><b>1.6</b></td> </tr> </tbody> </table>	Segment	2018	2017	Retail & Commercial Banking	68%	75%	Wholesale, Institutional & Corporate Banking	19%	14%	AIB UK	13%	11%	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>Total (€b)<sup>2</sup></b>	<b>1.5</b>	<b>1.6</b>
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1. Pre-provision operating contribution.
2. Excludes the Group segment.

Source: AFR 2018, page 3.

New lending amounted to €12.1bn in 2018 (2017: €10.5bn). This includes new term lending of €10.7bn in 2018 (2017: €9.4bn) and new transaction lending of €1.4bn in 2018 (2017: €1.1bn).

New lending is set out by segment below:

	2018 €bn	2017 €bn
<b>New lending</b>		
<b>Retail &amp; Commercial Banking</b>		
• Mortgages	€2.8	€2.4
• Personal	€0.8	€0.8
• Business	€1.3	€1.4
<b>New term lending</b>	€4.9	€4.6
<b>New transaction lending</b>	€0.2	€0.2
<b>Wholesale, Institutional &amp; Corporate Banking</b>		
<b>New term lending</b>	€4.0	€3.2
<b>New transaction lending</b>	€0.8	€0.5
<b>AIB UK</b>		
• AIB GB	£1.2	£1.2
• First Trust Bank	£0.4	£0.3
<b>New term lending</b>	£1.6	£1.5
<b>New transaction lending</b>	£0.4	£0.3

Source: AFR 2018, pages 47 and 51-53.

## Other Material Disclosures

Disclosure	Description	Response
<b>Material topic: Providing business leadership and vision</b>		
	Disclosure of management approach	<p>Throughout our sustainability journey we have recognised the need to make sustainability a business as usual facet of our operations. We also recognise that this requires vision and leadership by our Board and Executives to realise the significance of these developments to our overall business, to the relationships we have with our stakeholders and to our positive impact on the societies and communities we operate within.</p> <p>We will continue this journey, expanding the nature of our interaction with stakeholders, and developing a better understanding and model of our societal impacts, both positive and negative, in order to align more closely with the expectations of our stakeholders for the bank and its employees.</p>
Bespoke disclosure	Leadership statements	See "A message from our CEO – Colin Hunt" on page 3, "A message from the Chair of our Sustainable Business Advisory Committee (SBAC) – Helen Normoyle" on page 4 and "Sustainability governance at AIB" on page 8. The regular rhythm of CEO communications in AIB keeps our broad sustainability agenda in the spotlight as part of a key deliverable for the bank. As well as this, our central channels are used to raise awareness of the agenda with employees across AIB.
<b>Material topic: Engaging with all our stakeholders regularly</b>		
	Disclosure of management approach	<p>AIB's key stakeholder groups are:</p> <ul style="list-style-type: none"> <li>• Customers.</li> <li>• Employees.</li> <li>• Regulator.</li> <li>• Investors.</li> <li>• Government &amp; Society.</li> </ul> <p>We are actively listening to our stakeholders. We want to understand the issues that matter most to them. A key initiative in enhancing our regular stakeholder engagement is our materiality exercise. To help identify the issues that matter most to our stakeholders, in Q1 2018 we completed our second materiality exercise, following on from the initial exercise completed in late 2016. 1,376 stakeholders across the different stakeholder groups participated in this exercise. From it, we recognise how important it is to listen to and to engage with our stakeholder groups. Their feedback and experiences inform and guide us and helps us to focus our actions so that we can improve our service.</p> <p>We believe our management approach to date has been successful in its aim to engage with our stakeholders regularly, evidenced by the engagement approaches set out on page 11. We will continue to take all due measures to support regularly engaging with our stakeholders.</p>
Bespoke disclosure	Regular stakeholder engagement	<p>As reported in our initial Sustainability Report "Backing a Sustainable Future" in October 2017, we have structured our retail model around a Local Markets concept. Over time this will enhance our levels of community engagement and facilitate more readily impact assessments of the Bank's activities and provide a focus for development.</p> <p>Our stakeholder engagement process is described on page 11. It reflects a broad mix of stakeholder inputs from community and local organisations. Throughout this report we have shared insights into our approach to continual stakeholder engagement. Some of the key stakeholder engagements in 2018 include our:</p> <ul style="list-style-type: none"> <li>• Materiality exercise – see page 13.</li> <li>• Support for vulnerable customers – see pages 35-36.</li> <li>• iConnect progress – see page 43.</li> <li>• Partnership with the Irish Mortgage Holders Organisation and iCare – see page 18.</li> <li>• Incorporation of Non-Financial Disclosures in our financial reporting – see our 2018 AFR, page 24.</li> </ul>

Disclosure	Description	Response
<b>Material topic: Improving our customer experience and satisfaction levels</b>		
	Disclosure of management approach	<p>Our customer experience and satisfaction relates to a broad range of factors from the quality of the business interaction to pricing, to product/service quality, to our complaints handling approach, to the culture and ethical approach we adopt.</p> <p>Our Customer First agenda links strongly to our Purpose. It means having an unrelenting focus on our customers, driving positive outcomes and ensuring a Customer First culture across AIB. Our Customer Advocacy team works to drive positive customer outcomes in our day-to-day business. We have reported on a range of these issues throughout this Sustainability Report. Our Sustainability Reports and key policies are published on our website <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>. We believe that further disclosure of our approach in key areas through our website will help in communicating our approach to customers and gaining their feedback.</p> <p>We believe our management approach to date has been successful in its aim to improve our customer experience and satisfaction levels. In 2018 our Relationship SME score was +24 (2017: +19) and our Relationship – Personal score was +35 (2017: +21).</p>
Bespoke disclosure	Policies with specific environmental and social components applied to business lines	<p>Our policies guide the way we conduct our business and operations. We recognise that certain policies, notices and approaches that apply across our business improve customer experience and satisfaction and ensure we provide a responsible and sustainable service.</p> <p>We will focus on reviewing these as a priority in this regard. They include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Data Protection Notice.</li> <li>• Code of Conduct.</li> <li>• Diversity and Inclusion code.</li> <li>• Anti-bullying &amp; harassment policy.</li> <li>• Conflicts of Interests policy.</li> <li>• Anti-bribery &amp; Corruption policy.</li> <li>• Speak Up (whistleblowing) policy.</li> <li>• Selection policy.</li> <li>• Environment and Energy policies.</li> </ul> <p>On an annual basis our outsourced supplier chain are required to attest to complying with a number of our policies and/or clauses that are relevant to them. These policies include, but are not limited to our:</p> <ul style="list-style-type: none"> <li>• Code of Conduct.</li> <li>• Conflicts of Interests policy.</li> <li>• Anti-bribery &amp; Corruption policy.</li> <li>• Data Protection policy.</li> </ul> <p>We make as many of these policies as possible available in full or in suitably abridged form on our sustainability website – <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>. We believe that sharing these will help in communicating our approach to customers and gaining their feedback on their experience.</p> <p><i>Source: Company information.</i></p>



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