



# FUTURE PROOF BUSINESS

As the world continues to transition to a 'new normal' there are many issues that remain steadfast in order to ensure long-term success – not least the loyalty of our customers and the attractiveness of our business for employees to serve them. More than ever the relationship between good customer service, enabled by loyal and engaged staff who serve their needs is of critical importance. We are committed to providing positive experiences for all our customers, creating an attractive place to work for our staff and learning from our mistakes, putting things right when they go wrong. In an increasingly digitalised world, we're also continuing to invest in the resilience of our business, specifically in areas such as data ethics and cyber security which continue to evolve as mainstream for our business.

THIS CHAPTER COVERS OUR 2021 RESPONSE AND PROGRESS TO THE FOLLOWING MATERIAL TOPICS:

→ CUSTOMER EXPERIENCE

→ DIGITALISATION AND INTERCONNECTIVITY

→ CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

→ PROTECT OUR CUSTOMERS DATA AND PRIVACY

→ TALENT ATTRACTION, RETENTION AND DEVELOPMENT

→ CORPORATE GOVERNANCE & ACCOUNTABILITY

## OUR TARGETS

2023  
TRANSACTIONAL NPS

+53

2023  
>2.25M  
DIGITALLY ACTIVE CUSTOMERS

ONGOING  
GENDER  
BALANCED  
BOARD, EXCO AND ALL MANAGEMENT

13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



5 GENDER EQUALITY





# FUTURE PROOF BUSINESS OVERVIEW

| DISCLOSURE  | 2021 PROGRESS  | LOOKING AHEAD   | SECTION  |
|---|--|---|--|
| <p><b>Customer experience</b></p>                           | <p>Launch of AIB Green Living online hub to <b>support our customers</b> in choosing greener solutions for their lives, homes and businesses.</p> <p>Customer experiences and Interactions continued to be monitored and measured via the <b>AIB Voice of the Customer (VOC) programme</b>:</p> <ul style="list-style-type: none"> <li>• 78K Voice of the Customer Surveys completed.</li> <li>• +45 Transactional NPS.</li> <li>• 62% of Customers rated AIB as a 9 or 10.</li> </ul> <p><b>Award Winning Customer Experience Team</b> - External validation of the calibre of our work is recognised in the multiple awards our teams have received during 2021.</p>   | <p><b>Key CX themes</b> for 2022</p> <p>Focus on key themes including personalisation, improved digital interactions, reduced friction in transformational journeys and a better on boarding experience.</p> <p><b>Conduct and complaints initiatives</b> planned include:</p> <ul style="list-style-type: none"> <li>• A new IT complaints system</li> <li>• Embedding our Hybrid Root Cause Analysis model</li> <li>• Further Centralisation of complex complaints.</li> </ul>  | <p>Delivering better customer outcomes p.71-74</p>           |
| <p><b>Digitalisation and interconnectivity</b></p>          | <p>We now have <b>1.85m digitally active customers</b>, up 8% from 1.72m in 2020</p> <p>Digital transformation:</p> <ul style="list-style-type: none"> <li>• Majority of business customers migrated to a modern <b>new Business Banking platform</b>.</li> <li>• <b>End-to-End Credit Programme</b> - roll out of the nCino Platform in our Finance and Leasing business.</li> <li>• <b>Faster Commercial Grading</b> - launched our new Commercial Grading System for facilities where the borrower's total AIB exposure is €300,000 or greater.</li> <li>• <b>Added to our digital capabilities</b> such as broadening the scope of customers who can open a bank account with us remotely, enabling customers to change their address or get a reminder of their Debit Card PIN <b>on the Mobile app</b>.</li> </ul> <p>A comprehensive <b>digital staff advocacy programme</b> was created to upskill our employees to enable them to better support our customers.</p> <p>"Safely working from home" programme - <b>home based assessments of our staff</b> remote working environments.</p> | <p>Our <b>Digitalisation Programme</b> has identified key areas of focus for 2022. We will continue to invest this year on enabling <b>new digital features on the mobile app</b> to support our customers to self-serve for their day-to-day banking needs.</p> <p>Focus on digitalisation for our business customers. We will <b>continue the rollout of the nCino platform</b> across our staff and customer journeys.</p> <p>Our employees will continue to embrace and embed our <b>Future of Work hybrid working model</b> and we will transform how we collaborate and develop our digital offering through the implementation of <b>Agile at scale</b> across the organisation.</p> | <p>Digitalisation and interconnectivity p.75-77</p>          |
| <p><b>Cyber security and business system resilience</b></p> | <p>Programme of work (<b>Programme Arma</b>) was mobilised to assess AIB's preparedness in a ransomware situation.</p> <p>The Board approved our refreshed <b>Cyber strategy</b> in February 2021. It sets out our security purpose, principles and objectives.</p> <p><b>External verification and vulnerability analysis</b> completed to assure the security of our IT systems and data.</p> <p>95% of our employees completed <b>mandatory Information Security training</b>. Training is underpinned by <b>ongoing phishing simulations</b>; the results allow us to measure AIB's resilience to such attacks.</p> <p>In Q4 2021 AIB entered into an <b>€65m agreement with IBM</b> for the purchase of new Mainframe server technology.</p>  | <p>The main regulatory changes that are expected for cyber security in 2022 and beyond:</p> <ul style="list-style-type: none"> <li>• <b>DORA</b> - The EU Digital Operational Resilience Act for financial services;</li> <li>• <b>Network and Information Security (NIS) Directive 2</b> - expanding the scope and sectors in the current NIS Directive; and</li> <li>• <b>ePrivacy Regulation</b> – A proposed regulation concerning the respect for private life and the protection of personal data in electronic communications. (Expected in 2022 / 2023).</li> </ul>   | <p>Cyber security and business system resilience p.78-80</p> |



# FUTURE PROOF BUSINESS OVERVIEW

| DISCLOSURE   | 2021 PROGRESS  | LOOKING AHEAD   | SECTION   |
|--|--|---|---|
| <p><b>Protect our customers' data and privacy</b></p>      | <p>Reviewed and updated our data strategy to align to the bank's overall strategic objectives <b>including ESG</b>.</p> <p>Dedicated <b>Board training</b> on the topics of data protection and ePrivacy.</p> <p>Training - <b>Developed an Institute of Banking accredited training module</b> on Data Ethics. Over 7,000 employees across the Group have undertaken <b>Data Ethics training</b>. 94% of employees completed mandatory <b>Data Protection training</b>.</p>   | <p>Developing a new <b>Data Ethics assessment approach</b> which gives a new way of assessing some of our data-driven business initiatives.</p> <p>The Office of the DPO will publish a <b>new ePrivacy Policy</b> and an updated <b>Data Protection Policy</b> during H1 2022.</p>   | <p>Protect our customers' data and privacy p.81-83</p>      |
| <p><b>Talent attraction, retention and development</b></p> | <p>Launched our new <b>Employee Value Proposition statement</b>.</p> <p><b>New policies and handbooks introduced</b> on Domestic Violence &amp; Abuse, Menopause and Family Leave, and a year-round employee engagement calendar of diversity awareness and educational events.</p> <p>Our <b>Future of Work Programme</b> is reimagining and repurposing our ways of working - we are committed to a blend of remote and office working in 2022 and beyond.</p> <p>Close to 3,000 people leaders attended AIB's first ever <b>virtual Leadership Summit</b>.</p> <p><b>Leaders Enabling A Difference (LEAD) programme</b> launched - a development initiative to support and empower our leaders.</p> <p><b>Gender Diversity</b> - 2021 Equileap Gender Equality Global Report found AIB to be 1 of only 10 companies out of a total 3,702 companies researched, that achieved gender balance at all four levels considered - Board of directors, Executive, Senior Management and workforce.</p> <p>2020 &amp; 2021 Grad Ireland winners of the "<b>Most Popular Graduate Recruiter in Banking, Investment &amp; Financial Services</b>".</p> <p>First report on Gender Pay.</p> | <p>We continue to engage and adapt to the changing market conditions to ensure AIB <b>remains an employer of choice in the market</b>.</p> <p>As part of an overall <b>review of our performance management framework (Aspire)</b>, we have revised and simplified our mandatory leadership and culture objective to now focus on driving 1:1 regular performance feedback and coaching conversations for 2022.</p>   | <p>Talent attraction, retention and development p.84-88</p> |
| <p><b>Corporate governance and accountability</b></p>      | <p>Appointment of <b>Jim Pettigrew</b> as Chair of the Board.</p> <p>Established the <b>Group Sustainability Committee (GSC)</b>, complementing the existing Sustainability Board Advisory Committee (SBAC).</p> <p>Advanced the work of the new <b>Technology &amp; Data Advisory Committee (TDAC)</b>.</p> <p><b>Human Rights - pilot</b> process to model the identification of our salient human rights issues.</p>  | <p>A number of recommendations and actions were agreed by the Board, and which will be implemented throughout 2022.</p> <p>Promoting and embedding a strong culture of accountability through the incoming <b>Individual Accountability Framework</b> which includes the Senior Executive Accountability Regime (SEAR).</p> <p><b>Human Rights Commitment Pilot</b> - a number of prioritised issues will be examined in more detail to assess the materiality and agree the relevant actions to address during 2022.</p> | <p>Corporate governance and accountability p.89-92</p>      |

# CUSTOMER EXPERIENCE

## OUR APPROACH

AIB's purpose is to back our customers to achieve their dreams and ambitions. To help achieve this, we adopt a Customer First approach, enabling us to provide a best-in-class customer experience.

2023 TARGET

**+53**

TRANSACTIONAL NPS

## DELIVERING BETTER CUSTOMER OUTCOMES



The purpose of our approach is to provide a best-in-class customer experience and service. Using customer feedback and insights to inform our actions, we design and implement improvements to processes, which enables us to deliver better outcomes. The approach is also forward-looking, anticipating the future needs of our customers and how best to plan for them.

### HOW AIB MANAGES THE PROCESS

To deliver excellence in the customer journey, we need to understand our customers experiences and the interactions they have with us. Interactions are monitored and measured via the AIB Voice of the Customer (VOC) programme which employs email,

phone and digital surveys across 20 transactional journeys to capture customer feedback and insights. In 2021, c.78,000 customers (consumer and business) completed our VOC surveys and shared with us their experience of how we were performing across our customer journeys:

- » 85% scored AIB as easy to deal with (AIB scored 4 or 5 out of 5, with 5 being 'very easy')
- » 80% of our customers felt valued by us (AIB scored 4 or 5 out of 5, with 5 being 'very valued')



» 62% of our customers, when asked how likely they would be to recommend AIB to their family, friends or colleagues, scored AIB as 9 or 10 (out of 10) with 10 being the highest level of satisfaction.

Our Customer Experience (CX) teams work on continuous design improvement projects to deliver better banking experiences across customer interaction areas such as Personal Lending, SME Credit and Green Living Hub. A Customer Language team oversees customer communications.

### IMPACTS ON CUSTOMER EXPERIENCE

To ensure best practices are adopted and maintained, and the best outcomes delivered, a policy framework is in place, which is subject to regular review. This includes a robust Conduct Risk Framework, as well as a comprehensive suite of policies including:

- » A Group Conduct Risk policy which clearly defines expected standards of behaviour, including how we lend responsibly and how we support our vulnerable customers.
- » A Complaints & Errors policy that documents how we support our customers when they complain, ensures compliance with our regulatory obligations for handling complaints and errors, and details the requirement to complete Root Cause Analysis. In addition, our Complaints policy defines the roles and responsibilities to support our customers, to work together and to create the best outcome for them in line with our customer-focused culture.

Our responsibilities incorporate compliance with regulatory obligations, including:

#### The Consumer Protection Code 2012

- » Complaints not resolved within five days are governed by a regulated process, requiring a designated point of contact and regular written updates.
- » If a complaint is not resolved within 40 days, the customer should be informed of the anticipated timeframe to resolve the complaint and informed that the complaint can be referred to the Financial Services and Pensions Ombudsman (FSPO).

- » European Union Payment Services Regulations (PSR) 2018 provide for complaints for PSR-related dispute regulation procedures to be closed in 15 days, and in specific exceptional circumstances where there may be a third-party reliance for closure, in 35 days.

#### Additional regulations outlined in policy:

- » Consumer Credit Act 1995
- » The Lending to Small and Medium Enterprises Regulations 2015
- » S.I 375/2017 European Union (Markets in Financial Instruments) Regulations 2017
- » Financial Services and Pensions Ombudsman (ROI)
- » General Data Protection Regulation 2018 (GDPR)

### ROLES AND RESPONSIBILITIES

Roles and responsibilities across the three lines of defence are articulated in our policies.

First line of defence: Responsibilities include logging, resolving and recording complaints, appropriate reporting and oversight, ensuring compliance with all regulatory obligations, and also ensuring that staff are appropriately trained to handle complaints.

Second line of defence: Compliance is responsible for providing independent oversight and ensures the Complaints & Errors Management process is designed to handle complaints and errors fairly and in line with regulatory obligations.

Third line of defence: GIA is responsible for providing independent assurance to the Board Audit Committee and the Board on the adequacy, effectiveness and sustainability of the governance, risk management and control framework within CC&O.

### RESOURCES

Responsibilities of the CX Team centre around NPS measurement, Improved Journey Design and implementation, defining and implementing CX Strategy, organisational customer closeness and improving our Customer Language. Our centre of excellence, Customer Care Limerick (CCL), manages complex complaints. It operates according to an agile model which means staffing and operations can be adjusted in line with business requirements. Employees in CCL are selected and trained to ensure they have a strong customer focus, are good collaborators as well as being empathetic and resilient. This helps them achieve fair and appropriate outcomes for our customers.

### HOW WE MANAGE COMPLAINTS

If a customer is dissatisfied with something that we have done, there is a clear avenue for them to submit a complaint:

- » Complaints can be made through a variety of channels (e.g. online, email, letter, etc.). If at the end of this process the customer is unhappy with the outcome they can appeal this to the Financial Services and Pensions Ombudsman (FSPO).
- » We endeavour to address as many complaints as possible using the FSPO's informal dispute resolution process. In line with our Customer First approach, a significant amount of work has been undertaken to engage with the FSPO and to settle complaints at the Dispute Resolution stage with 85.8% of complaints closed through this process.

### EVALUATING OUR PERFORMANCE

Evaluating performance is critical to delivering a consistent best-in-class customer experience. To achieve this, we conduct a quarterly review of progress against targets and review of action plans, in addition to annual CX planning workshops to identify our key initiatives for the following year. The performance versus target is reviewed on quarterly basis with the accountable Executive owners with action plans reviewed and revised to drive better banking experiences for our customers. In terms of measurement, a Net Promoter Score (NPS) is submitted to the Group Board on a quarterly basis,

Our customer experience targets are set out in the annual financial plan and reported to the investment community in publications such as the Annual Financial Report and the annual Sustainability Report. Complaint trends are analysed and reported to the Board Risk Committee and Group Conduct Committee. Owners are assigned to address them. A wide range of metrics are considered for the purposes of evaluation, including:

- » NPS to provide valuable insights into how our customers experience our services
- » The FSPO published table, which provides information on how we are performing against the industry in terms of upheld decisions. In 2021, the table published (which covers performance in 2020) reflected that AIB and EBS recorded the second and third lowest number of decisions made against them.

AIB adopts both quantitative and qualitative approaches to measuring and evaluating customer experience data.

**Quantitative:**

- » The volume of complaints outstanding at the end of a period.
- » The average days to close a complex complaint.
- » The number of cases closed within 5 days, 33 days, 44 days and 100 days.
- » The volume of complaints received that were upheld in favour of the customer.
- » The volume of FSPO cases received versus how many travel to Adjudication.

**Qualitative:**

- » NPS – our complaints experience and feedback received from customers gives us valuable insight into how our customers experience our services when they complain.
- » Our complaint volumes versus industry volumes.
- » Key trends and themes including customer feedback is provided when data is available at the end of the year.

As we have focused on future proofing our business, through the implementation of stronger security through Strong Customer Authentication (SCA), and refocused our branch network this change has added friction to customer experiences. In an era of increasing customer expectations this added friction, and resulted in heightened frustration which has negatively impacted our NPS which, at +45 in 2021 has shown a decline year on year (2020: +49).

**LOOKING AHEAD TO NEXT YEAR**

The focus for 2022 revolves around key themes including personalisation, improved digital interactions, reduced friction in transformation journeys, improved SCA, and a better onboarding experience.

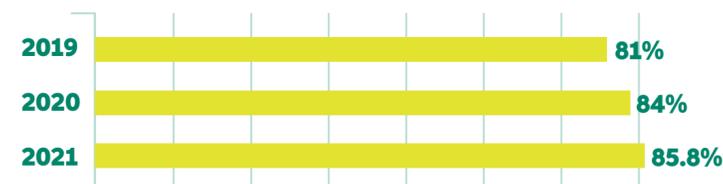
Conduct and complaints initiatives planned for 2022 include:

- » A new IT complaints system with roll out to pilot testing phase;
- » Rebalancing of our complaints model to focus on complaints arising from our digital and phone channels to better reflect changes in customer behaviour;
- » Embedding our hybrid Root Cause Analysis model;
- » Further centralisation of complex complaints.

**85%**  
AGREE AIB IS EASY TO DEAL WITH

**80%**  
OF CUSTOMERS AGREE THEY FEEL VALUED

LEVELS OF CASES CLOSED USING THE FSPO DISPUTE RESOLUTION PROCESS



# CUSTOMER EXPERIENCE

## CASE STUDY

# +45

NET PROMOTER SCORE

# 78K

VOICE OF THE CUSTOMER SURVEYS

# 85%

CUSTOMERS RATED AIB  
EASY TO DEAL WITH

### AIB GREEN LIVING

AIB Group is the recognised leader in sustainability in financial services in Ireland. AIB Green Living is a dedicated online hub to support, educate and inspire our customers, our people and our communities in choosing greener solutions for their lives, homes and businesses, lowering their carbon footprint and minimising the impact they leave behind for future generations.

AIB Green Living delivers customer-focused information on sustainable living to help our customers understand and navigate their journey to greener options including existing and green lending product solutions.

Phase I of AIB Green Living was launched in September 2021 with a content focused strategy for Home, Lifestyle & Business. Customers already have High Engagement Levels with AIB Green Living.

During the year, we will continue to engage with customers in understanding their needs to enhance and iterate designs and solutions for the AIB Green Living Hub.

### AIB AWARD WINNING CUSTOMER EXPERIENCE TEAM

AIB Group has prioritised a Customer First approach as one of its five strategic pillars. To deliver on this strategy, our Customer Experience Team is dedicated to providing a best-in-class experience for our customers. We are recognised nationally and internationally for the quality of our service and offering including developing the Green Living Hub, enhancing the Personal Loan customer journey and AIB's Voice of the Customer programme. External validation of the calibre of our work is recognised in the multiple awards our teams have received during 2021:

- » CX Impact Awards – Winners of the CX Impact in Digital and CX Team of Year;
- » UK Customer Experience Awards – Winners of CX Financial Services and Silver - Best Use of Insight and Feedback;
- » European Customer Centricity Awards -Winner Crisis Strategy and Management and Best Measurement in CX and High Commended – Team of the Year;
- » International Customer Experience Awards -Winners – Best Use of Insight and Feedback and Customer Experience in the Crisis and Silver – CX Team of the Year.

## We pledge to DO MORE

Our purpose  
is to back our  
customers to  
achieve their  
dreams and  
ambitions



# DIGITALISATION AND INTERCONNECTIVITY

## OUR APPROACH

We remain the number one digital bank in Ireland, supporting 2.86 million transactions on a daily basis across our digital channels. Recognising the changing behaviour towards increasing digital usage, we continue to invest in our digital platforms and have a continuous focus on expanding the accessibility of our products and services via our digital channels. We see how society is adapting to COVID-19 and how it is changing how our customers engage with us for their day-to-day banking needs.

Over the past couple of years, our Digitalisation Programme has improved the overall experience of our customers by closing digital gaps, while growing the awareness of our digital capabilities with our staff and customers. Traditionally, access to our products and services was constrained by opening hours and physical locations, and often defined by paper or voice/call instruction. Through digitalisation and digitisation, we can foster agility and flexibility, and ultimately offer our customers much greater access to our services.

### PROGRESS IN 2021

We have continued to add to our digital capabilities such as broadening the scope of customers who can open a bank account with us remotely, allowing customers to change their address or get a reminder of their Debit Card PIN on the mobile app and providing our customers with additional information on their transactions, which is really helpful if they don't recognise a transaction.

A comprehensive staff advocacy programme was created to upskill our employees to ensure they are fully knowledgeable on our digital capabilities to enable them to better support our customers in using our digital channels and services. This programme combines a mix of regular updates, learning modules, digital events and the use of weekly management information to promote digital behaviours.

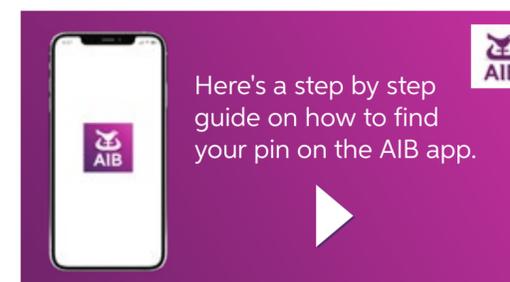
We use a number of channels such as our new In-app messaging capability to inform and let our customers know about new features in the app that are relevant for them.



**New!**  
**See your PIN reminder in the app**  
 If you forget your Debit Card PIN you can see it here in the app. [More about show my PIN](#)

We have also generated a suite of online “how to” videos which are simple step by step guides on how to complete key customer mobile app journeys.

The success of this combined approach is evidenced in the significant increase in adoption of some key digitally enabled journeys.

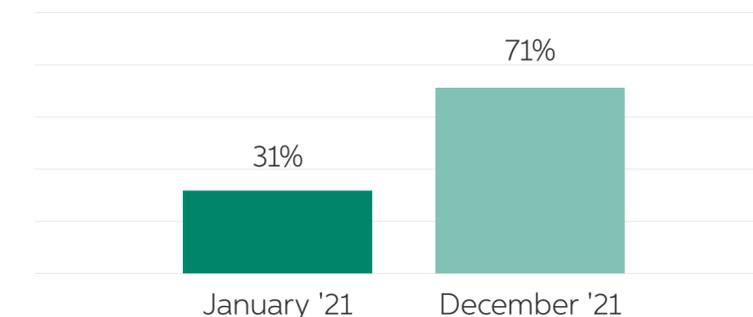


### PROGRESS TOWARDS OUR 2023 TARGET

We now have 1.85m digitally active customers, up 8% from 1.72m in 2020. This growth trajectory is ahead of 2020 which was 5%. The majority of customers are Mobile app users (1.53m), an increase of 11% since 2020. Again, this is ahead of the % increase in Mobile app users in 2020, which was 8%. 72% of our personal customer base is now digitally active. Our younger customers remain the most digitally active at 90%. While all segments have shown growth, most notable is our customers aged 56+ who are traditionally less likely to use digital and have shown above average growth of 7% in 2021. Our digitisation programme has helped grow this base along with other external

factors such as COVID-19 where we see our customers seeking out digital alternatives to visiting a branch for their day-to-day banking.

### GROWTH IN DIGITAL ADOPTION CHANGE OF ADDRESS



As well as the focus to improve the experience for our personal customers, AIB has also been investing to improve our online business services. The majority of business customers have now been migrated off our legacy Business Banking platform to a modern new Business Banking platform, which delivers a more responsive and resilient service. This new platform will become the cornerstone for an enhanced digital business offering, with self-service, accessibility, security and credit enhancements.

Our End-to-End Credit Programme saw the roll out of the nCino Platform in our Finance and Leasing business. This transformational change introduced increased automation, electronic signatures and improved customer experience. This delivery was awarded the “Best use of technology – transformation programme” at the Irish Contact Centre Management Awards (CCMA).

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

COVID-19 also accelerated the changes in how we now interact with customers and staff. The rollout of Microsoft Teams across the employee base to enable remote and hybrid working, was extended to frontline staff to support customer engagement for more complex product sales via video. There has also been a focus on the employee digital experience and security with the introduction of biometrics authentication for staff logging in remotely, and enhancing the technology enablement capabilities of our key buildings e.g. seamless 'one touch' meeting room experience.

Remote working continues to play a key part in our work lives. In embracing same, AIB has launched a tailored "safely working from home" programme in 2021, building on the existing employee equipment lending programmes over 2020 and 2021 which saw over 2,000 chairs, screens, laptops and computer peripherals issued to employees. The programme is focused on providing individual home-based assessments of our employees remote working environments and in turn providing appropriate training, equipment and risk assessments to ensure our staff can safely and productively work in a remote environment now and into the future. In 2021 the programme completed over 1,336 risk assessments, provided 7,055 hours of training and 202 items of necessary equipment to enable our employees working remotely. The programme targets all employees working remotely (c.7,500).

The increase in cyber security threats for customers was mitigated through a combination of ongoing customer and employee awareness activities, plus some specific additional steps, e.g., tailored limits, notifications on set-up of a new beneficiary. Given the

ever evolving threat landscape, this will continue to be an area of focus. To learn more about how we manage cyber security, see p.78-80.

### RISK MANAGEMENT

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

### LOOKING AHEAD

We will continue to innovate and expand our digital offering for our business and personal customers. Our Digitalisation Programme has identified key areas of focus for 2022. We will continue to invest this year on enabling new digital features on the mobile app to support our customers to self-serve for their day-to-day banking needs. This continued focus will reduce calls and branch footfall, remove paper from a number of processes and reduce complexity. We will also focus on digitalisation for our business customers. We will continue the rollout of the market leading nCino platform across our employee and customer journeys. We will continue to educate both our employees and our customers on our offerings. Our employees will continue to embrace and embed our Future of Work hybrid working model and we will transform how we collaborate and develop our digital offering through the implementation of Agile at scale across the organisation. The main regulatory change that is expected to impact digitalisation in 2022 is the EU Digital Operational Resilience Act for financial service (DORA).



# DIGITALISATION AND INTERCONNECTIVITY

## CASE STUDIES

### CASE STUDY

**1.85M**  
DIGITALLY ACTIVE USERS

**1.53M**  
ACTIVE MOBILE CUSTOMERS

**72%**  
OF PERSONAL CUSTOMER BASE  
DIGITALLY ACTIVE

#### EXTENDED SELF SERVICE CAPABILITIES ON THE MOBILE APP

In response to changing customer preferences, we want to attract and retain our customers who choose to bank digitally with us by providing an exceptional user experience on our Mobile app.

We have designed and delivered a suite of services that we make available on the app that are simple and easy for our customers to use, enabling them to take control of their day-to-day banking digitally. Some examples of improved functionality delivered during 2021 include, Change of Address and PIN Reminder deployed to the Mobile Banking app, and richer account transaction detail.

Our new address feature is quick and easy for our customers to use. It has an auto-fill feature. When the customer enters their Eircode, the address pre-fills, and we capture the correct address for them assuring the integrity of the data. This new feature has also enhanced many other Mobile app journeys. For example, if the customer is utilising an on-line service that is dependent on an up-to-date address, e.g. ordering a debit/credit replacement card, address details can be updated as an additional step within the replacement card journey ensuring the card is delivered to the right address.

Since this feature has gone live, our addresses changed digitally have grown from 27% to 65% YoY, with 53% of these completed in the Mobile app.

#### RICHER TRANSACTIONS

On statements, account transactions can be a point of confusion for our customers and is the largest call driver to our Call Centre. This is often due to confusion between actual date of purchase and bank processing date. We have now simplified this for our customers by allowing them to tap on a transaction to see more details.

Customers can now see the time and date that they actually made the purchase which helps them remember and recognise the transaction. They can also see what type of transaction it was. Giving this visibility and control is proving popular with our customers. Since going live in June 2021, close to 600k customers have been using this new feature with approximately 2 million transactions tapped on each month. This feature is proving very beneficial to our customers as it enables them to recognise and better understand their account transactions. We are currently working on further enhancements such as including retailer's logos and location of spend.

#### PIN Reminder on Mobile app

With a significant increase in the use of contactless payments, customers are using their PIN less often and therefore more likely to be unable to recall it on the occasion that it is still needed for some larger purchases. When customers forget their PIN, they typically visit their branch or make a call to our call centre for a reminder. This can be inconvenient for the customer and in some instances a paper reminder

being sent in the post. We have now digitised this journey for customers and their Debit card PINs can now be retrieved from the Mobile app. Customers can view their PIN or if they have accessibility settings turned on, their PIN can be read out to them.



# CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

## OUR APPROACH

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

**€65M**  
IBM INVESTMENT

**ZERO**  
CYBER INCIDENTS  
STATUS

**95%**  
EMPLOYEES COMPLETED  
INFORMATION SECURITY TRAINING

As a pillar bank within the Irish market, AIB Group is systemically important to the functioning of the Irish economy. As such, we have a responsibility to be resilient from both a financial and an operational perspective in order to minimise any risk around continuity of service to the functioning of the Irish economy. AIB Group has made significant investment in its balance sheet strength and technology platforms to ensure both are sufficiently resilient to withstand unforeseen events which may challenge the banks' ability to continue to operate.

During 2021, the cyber threat landscape evolved at significant pace. Barriers to entry have dropped significantly for threat actors and cybercriminals. Existing and new technologies are being developed at pace, that are aimed at exploiting vulnerable users. The destructive intent of the threat actors and cybercriminals has increased significantly in order to maximise their financial return. Following the HSE Ransomware incident in May 2021, a programme of work (Programme Arma) was mobilised to assess AIB's preparedness in a similar situation. AIB's continues to link into an extensive global network to protect against known attacks. We partner with other banks across Europe through the Banking & Payments Federation of Ireland and the Cyber Defence Alliance, playing a role in fostering an open, knowledge-based and mutual protection culture that enhances the ability of all participants to protect against cyber threats.

The increase in cyber security threats for customers was mitigated through a combination of ongoing customer and employee awareness activities, plus

some specific additional steps including tailored limits and notifications on set-up of a new beneficiary. See *Case Study - Preventing Fraud* on p.80 for more insights.

### BOARD OVERSIGHT

Our Board is responsible for Cyber Strategy which sets out our security purpose, principles and objectives. The Risk & Capital pillar of our Group Strategy has a strong focus on IT Resilience. Every two years, AIB refreshes its Cyber Strategy; the current strategy was approved by the AIB Board in February 2021. The Group's exposure to cyber risk is monitored by the Board through regular risk reporting and focused updates on specific cyber-related topics. Our Chief Risk Officer's report for Group Risk Committee and Board Risk Committee on the risk profile of the Group and emerging risk themes includes this topic. Key cyber risk indicators monitored by the Board in 2021 include investment in cyber security defences; and the number of high-impact cyber security incidents. Cyber metrics are monitored on a regular basis and are reported to the Executive Committee on a monthly basis. In addition, a summary of these metrics is presented to AIB Board on a quarterly basis.

### KEY CONTROLS

In 2021, AIB did not experience any breaches of confidentiality as a result of a cyber security incident, nor did we have incidents to our IT infrastructure which resulted in penalties or revenue losses. We have business continuity plans and incident response capabilities in place and test them at least annually. Regular design and operational effectiveness audits

are conducted, and the results are reported to either Group Audit Committee, Group Risk Committee or Information Security Senior Management. To assure the security of the IT systems and data, we complete external verification and vulnerability analysis. External verification is delivered through external audits which are completed at least annually. Tests cover infrastructure, application and intelligence led penetration testing, as well as objective based testing. We also have a Vulnerability Management Process in place for external and internal assets, that covers all stages of the VM (Virtual Machine) Lifecycle. A Third-Party firm is engaged to conduct an independent maturity assessment of AIB's Cyber Strategy. This assessment was conducted in Q4 2020 and the outputs of this fed into the revision of the Cyber Strategy that was approved by the AIB Board in February 2021. All new suppliers, and any contract renewals, are required to complete a Risk Assessment Template. An Information Security review may be required, depending on the nature and criticality of the service, as part of this assessment. If findings are identified during this review, the actions must be delivered in an agreed timeline with AIB management. AIB runs an annual programme of Third-party assessments on a point in time basis. This is a key step as Third party suppliers are integrated into AIB. Once integrated into AIB, suppliers are contractually required to comply with AIB Information Security Policy and standards.

### ROLES AND RESPONSIBILITIES

Roles and responsibilities for Information and Cyber Security are set out in AIB's Information Security policy. Within our Executive Committee (ExCo),

# CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

our Chief Technology Officer (CTO) is responsible for Cyber Security. The CISRO (Chief Information Security and Risk Officer) reports directly to the CTO. The CISRO has full accountability for AIB's Information Security and provides (at a minimum) quarterly updates directly to the AIB Board. Our Cyber Threat Intelligence team collate and evaluate intelligence on known and emerging cyber threats targeting financial institutions. Our dedicated Security Incident team is supported by Accenture (under a strategic partnership) to analyse and respond to suspicious events. In the event of a security incident or cyber-attack, it would be managed in line with AIB's Incident Management process, and escalated, depending on the severity, to the appropriate level within the organisation. An overarching Information Security Governance forum is supported by a number of groups that ensure AIB's information and technology assets are secured and protected. Our Data Governance Committee provides oversight, direction and transparency in decision making, assists in maintaining good information security hygiene and provides an escalation plan to Board, where required.

## AWARENESS AND TRAINING

All employees are required to complete Information Security training which covers our policy, data protection law, reporting and escalation of issues. 95% of our employees completed mandatory Information Security training. Additional virtual training was provided to our high-risk users. Training is underpinned by ongoing phishing simulations; the results allow us to measure AIB's resilience to such attacks. Typically, we conduct one simulation exercise per quarter for all employees. However, in response to COVID-19,

Hybrid working and the challenging economic conditions and to increase security awareness, we conducted additional simulation exercises in 2021. We launched an Information Security Connect Space to facilitate employee updates, and also scheduled 12 monthly group wide emails. We circulated 5 unplanned group-wide emails providing updates on the HSE cyber-attack and other high-profile phishing and smishing attacks.

## RISK MANAGEMENT

Cyber risk interacts with our Material Risks to varying degrees, and we see it as a sub-risk within our Operational Risk framework. Information Security and cyber risk is assessed continuously through AIB's three lines of defence model. Cyber risk metrics and dashboards are reviewed regularly by both 1LOD and 2LOD teams, with clearly defined escalation processes in place to manage any Cyber risk events to protect our customers and the Group's data and operational resilience.

Our Information Security, IT Risk and Continuity & Resilience policies support the management of Cyber risk in AIB. The AIB Information Security Policy sets out the approach for the management of Cyber Risk and Information Security Risk, and the requirements for the effective and consistent identification, evaluation, management and oversight of these risks across the AIB Group. All our employees, contractors, consultants and third parties including those involved in sponsoring, developing, supporting, implementing, administering, operating or otherwise delivering IT solutions must understand and comply with them.

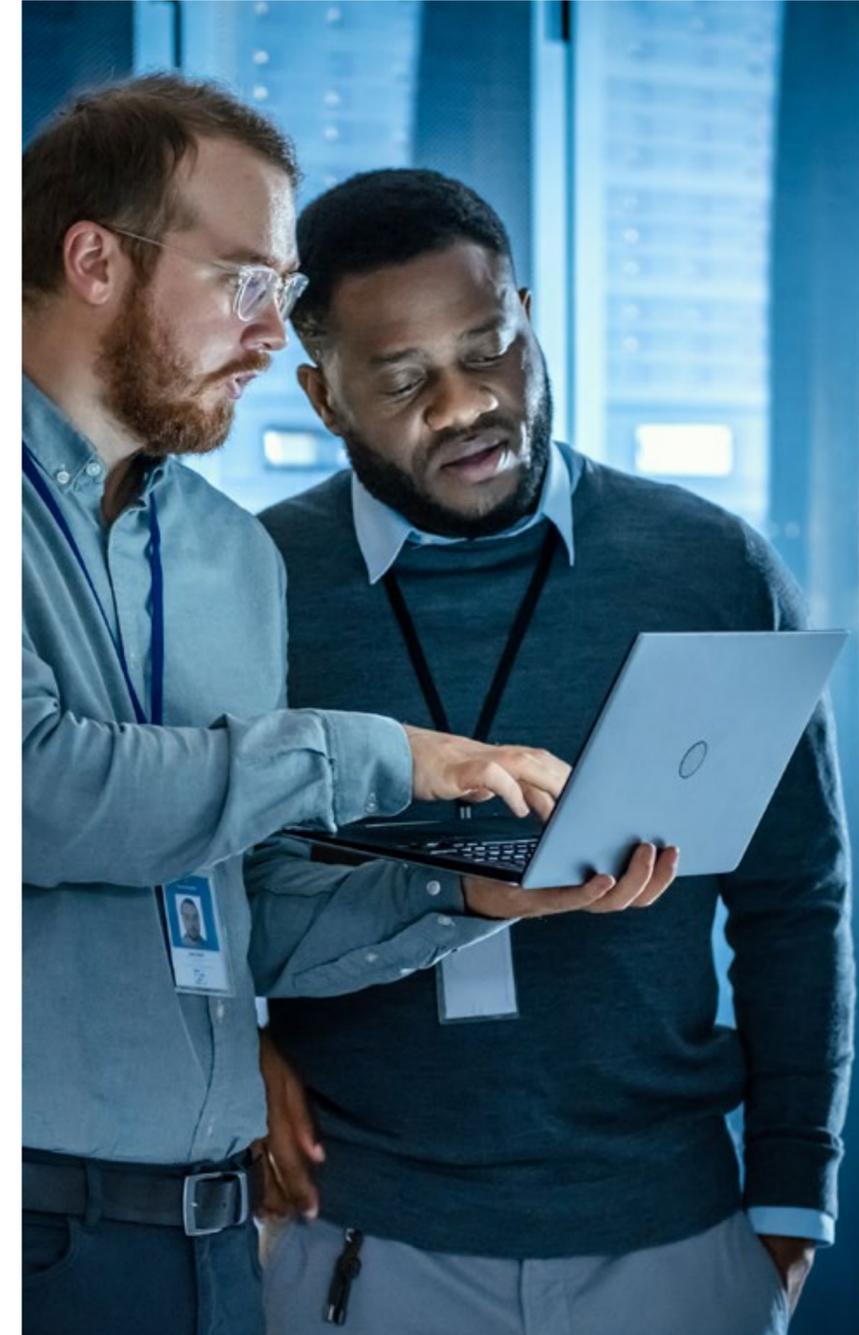
## STANDARDS

Our systems are designed and operated to remain secure, while providing products and services that are fit for purpose. AIB is accredited for ISO 20000 2018 standard certification for service management systems (which underpins our IT infrastructure). In addition, we have well-established, comprehensive Information Security Standards in place for over of 15 years. They are aligned to ISO 27001, reviewed regularly and subject to an independent review by a third party annually. 80% of our IT infrastructure is aligned with ISO 270001 and NIST (National Institute of Standards and Technology). AIB operate a SIEM (Security Information and Event Management) process to identify, triage and respond to potential Information Security Incidents. This SIEM is supported through AIB's strategic relationship with Accenture. We operate internal control testing aligned to the NIST Cybersecurity Framework.

## LOOKING FORWARD

The main regulatory changes that are expected for Cyber security in 2022 and beyond

- » DORA - The EU Digital Operational Resilience Act for financial services;
- » Network and Information Security (NIS) Directive 2 - expanding the scope and sectors in the current NIS Directive; and
- » ePrivacy Regulation – A proposed regulation concerning the respect for private life and the protection of personal data in electronic communications. (Expected in 2022 / 2023).





# CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

## CASE STUDY

### PREVENTING FRAUD

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

During 2021, we were in regular in contact with our customers through email and other social channels. Information mails issued through Internet Banking provide examples of how current scams operate and the steps that can be taken to best avoid becoming a victim. These are scheduled to coincide with periods of heightened online activity, such as 'Black Friday' and the lead up to Christmas. In addition to direct contact with customers, AIB's Security Centre provides customers with a dedicated self-service space to remain up to date on the latest information in between communication campaigns. It included the latest updates on current security alerts and threats our customers should be aware of, including screenshots of known fraudulent text messages. It also included the behavioural and technical details of how customers can increase the security their devices and personal information. Given the ever evolving threat landscape, this will continue to be an area of focus.

### IBM PARTNERSHIP

In Q4 2021 AIB entered into an €65m agreement with IBM for the purchase of new Mainframe server technology and the renewal of the existing IBM hardware/software support and licence agreements for a period of 39 months from January 2022 to March 2025. This move is in line with the increased digitalisation of the Bank and its customers, and the processing capability required to support this transition. Over the past 5 years there has been, on average, an 8% year on year increase in processing growth. In 2016 Mobile Banking processing peaked at c4 million transactions on its busiest day. In 2020 this was close to 17 million transactions.

The investment reiterates AIB's commitment in offering secure and resilient products to its customers by maintaining modern mainframe technology.



# PROTECT OUR CUSTOMERS DATA AND PRIVACY

## OUR APPROACH

We place our customers' privacy and security at the heart of everything we do and aim to constantly review our data processes and governance. As we evolve, we pay particular attention to three key areas: Protecting individual rights and freedoms, ethical decision-making and building trust with stakeholders.

Our customers trust us with their information, and we have a responsibility to keep it safe and to be transparent in how we use and protect it.



### "COMPLETION RATE OF 94% ACHIEVED FOR DEDICATED DATA PROTECTION TRAINING, WHICH WAS ROLLED OUT TO ALL STAFF AND CONTRACTORS"

We recognise our responsibility to protect the fundamental rights of all people who deal with us, particularly when it comes to doing the right thing when using their data. As a signatory of the United Nations Global Compact, we are fully committed to our values and a principle-based approach to doing business, reflected through our Data Ethics Principles which are designed to ensure we act ethically and responsibly in all of the ways that we use data. The principles apply to everyone working directly or indirectly with data, from data practitioners to policymakers and to all staff, with a particular focus on those producing data-informed insights.

#### PROGRESS IN 2021

In 2021 we reviewed and updated our data strategy to align to the bank's overall strategic objectives of further developing our digital capability, to streamline services and improve customer experience as well as supporting our ambitious ESG initiatives. In April 2021 we appointed a full time Data Protection Officer (DPO) for the ROI entities within the AIB Group and increased the headcount of the Office of the DPO.

#### BOARD OVERSIGHT

In 2021, the Irish Data Protection Officer (DPO) presented regular updates of key thematic areas, data protection risks and mitigants through the Chief Risk Officer's report. Dedicated Board training on the topics

of data protection and ePrivacy was also delivered throughout 2021. In H1 2022, the Irish DPO will present the DPO report to the Board Risk Committee. This report will provide a summary of the key thematic areas, emerging risks and associated mitigating actions.

#### POLICY FRAMEWORK

Our management approach ensures our conduct, and the protection of data is in line with legal and regulatory obligations - AIB's Operational Risk Framework and Data Protection Policy sets out expectations regarding the use of personal data. They are supported by complimentary policies including Data Risk Policy (which includes Ethical Data handling). Our Code of Conduct sets out that AIB expects employees to maintain high standards of physical, information, and digital security. In our Human Rights Commitment, we acknowledge and respect the privacy of our data subjects (our customers), treat their information with appropriate confidentiality and commit to never accessing or disclosing data or confidential information unless properly authorised or where the law requires us to. AIB takes the natural rights and freedoms of their data subjects very seriously.

#### RISK MANAGEMENT FRAMEWORK

The Data Protection Policy is part of the Regulatory Compliance Risk Management Framework. It aims to ensure that processes and controls are in place to minimise the risk of unfair or unlawful data processing and all employees understand the responsibilities and obligations that must be adhered to under Data Protection regulation. It covers the risks associated

with managing personal data including operational, reputational, legal, regulatory, financial, fraud and information security. It applies to our entire operation, including our suppliers. It is drafted by the Data Protection Office (DPO) with inputs from stakeholders. All policy changes run through a series of review and challenges prior to being signed off by the relevant ExCo member. The final draft policy is subject to approval by the Group Risk Committee. In 2021 work commenced on an ePrivacy policy which will go live in H1 2022.

#### EMPLOYEE TRAINING & AWARENESS

We have developed an Institute of Banking accredited training module on Data Ethics. In 2021, over 7,000 employees across the Group have undertaken Data Ethics training, which aims to educate staff on the ethical use of data and drive a strong internal culture in relation to the responsible use of data. In addition, 94% of employees completed mandatory Data Protection training.

#### RESPONSIBILITIES

A comprehensive governance structure is in place. AIB deploys a three lines of defence model for data protection risks including first line data protection support, a second line compliance function and Data Protection Office (DPO) and Group Internal Audit as the third line. We have a DPO in both Ireland and in the UK who set our Data Protection Policy and oversee its implementation across the organisation. Our DPOs are the point of contact for customers who have queries/complaints about how we process their data or personal data breaches.

# PROTECT OUR CUSTOMERS DATA AND PRIVACY

They also interact with the Data Protection Supervisory Authorities in Ireland and the UK. In 2021, the Irish DPO presented regular updates of key thematic areas, data protection risks and mitigants through the Chief Risk Officer's report. The Group Privacy Office is responsible for embedding data protection by design and default across our business and ensuring that privacy considerations are at the heart of the decisions that we make, ranging from developing new products and initiatives to the on-boarding of new suppliers. Records of processing are in place across the bank in line with GDPR requirements as part of a process managed by the Group Privacy Office. A Privacy & Records Management Committee exists to provide governance, oversight and approval of Data activities and strengthen AIB's Data Management and Governance agenda by driving out Data Ownership and ongoing accountability for data across the Group. Our Data Rights team support data subjects who exercise their data protection rights. Our Regulatory Compliance team is specifically responsible for independently identifying and providing an initial assessment of current and forward-looking compliance obligations including regulation on privacy and data protection. AIB's AML team has a comprehensive procedure for managing requests for information from the Garda, CAB or Revenue authorities outside of the Court Order/STR process ensuring compliance with Section 40 C (3) of the Criminal Justice Act 2010 (2018 amended) and Section 41 (B) of the Data Protection Act. Data breaches are reported through the Data Protection team to the Data Protection Commission.

## PROTECTING CUSTOMER INFORMATION

Where AIB shares data with a third party we expect that these third parties to have the same levels of information protection that we have. Where AIB shares data with third parties outside the EEA we will only do so where we believe there are equivalent levels of protection for personal data as those provided by the General Data Protection Regulation.

AIB Group carry out data protection assessments of technologies and processing activities as part of our obligations. This includes Data Protection Impact Assessments where high risk processing is identified. Group Risk Assurance and Group Internal Audit will also consider data processing, where relevant, as part of their targeted reviews.

## DATA RISK MANAGEMENT

AIB manages all risks, including Data Protection risks, through a robust process that includes risk identification, mitigation and measurement. This process is underpinned by a Group Data Protection Policy as well as supplemental policies and standards.

Data risks are articulated and scored in line with AIB's Operational Risk Policy and stored in the Risk & Control Assessment (RCA) tool. The RCA details the specific data related risks, mitigating controls and any remediation actions related to these risks.

## DATA STEWARDSHIP

AIB's key risks in relation to data stewardship include failure to adequately manage, govern and secure our data leading to adverse events such as data breaches resulting in loss of trust with our key stakeholders

including customers and regulators. Additionally, there are new and emerging risks in relation to the use of innovative technologies and methods, in particular AI and Machine Learning. Failure to adequately manage these risks could result in poor customer outcomes, reduced transparency and unintended biases in relation to algorithmic decision making. Whilst data driven approaches can result in increased risk, they are also an opportunity to create a more personalised experience for our customers, giving them useful insights to help them manage their finances. Additionally, AIB sees data protection and the responsible and ethical use of data as an area where we can differentiate ourselves and build trust with stakeholders. By stewarding data in a responsible way with a focus on the long-term, we can send a powerful message to our customers that their data is safe with us, now and in the future.

## BREACHES OF PRIVACY & LOSSES OF DATA

All data breaches are communicated in line with regulatory and legislative guidelines.

In 2021, we reported 141 personal data breaches under GDPR to the DPC and three to the ICO. (This is comparable to 132 DPC and 1 ICO in 2020). While these may include losses of customer data or inaccuracy, the majority of those we reported related to unauthorised disclosure of personal data.

## COMPLAINTS

### GDPR Complaints

In 2021, AIB received 17 complaints from Data Protection Authorities (16 from the DPC and 1 from the ICO (Information Commissioner's Office) regarding

breaches of data privacy. The majority of these events relate to the preceding year. This compares to 24 (23 from DPC and 1 from ICO) in 2020. 15 of these complaints were closed by the DPC and 1 by the ICO following engagement with AIB.

## Data Protection Complaints

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

## LOOKING AHEAD

We are also developing a new Data Ethics assessment approach which gives a new way of assessing some of our data-driven business initiatives. This approach alerts us to ethical concerns and potential risks that could arise from our key data initiatives. It will give us a further opportunity to apply our principles and continue to evaluate our approach, in practical situations, across a wide spectrum of the bank's data-driven activities. Regulatory guidelines are published throughout the year by the DPC and European Data Protection Board (EDPB), which may require changes to the Group data protection environment. Additionally, court rulings, such as those from the Court of Justice of the European Union (CJEU) can provide further clarity to existing interpretations. Consequently, regulatory change in data protection is an ever evolving and constant consideration.

The Office of the DPO will publish a new ePrivacy Policy and an updated Data Protection Policy during H1 2022.

# PROTECT OUR CUSTOMERS DATA AND PRIVACY

## CASE STUDY

### DATA STRATEGY UPDATE

In 2021 we reviewed and updated our data strategy to align to the bank's strategic objectives of further developing our digital capability, to streamline services and improve customer experience as well as supporting our ambitious ESG initiatives. The digitalisation agenda is driving the use of ever more advanced analytical tools within our industry to deliver a more personalised customer experience. The fast pace of change is expected to continue into the future and analytically driven solutions will play an increasing role in delivering even better outcomes for our customers. We place our customers' privacy and security at the heart of our data strategy and aim to constantly review our data processes and governance.

As we evolve, we pay particular attention to three key areas: Protecting individual rights and freedoms, ethical decision-making and building trust with stakeholders. We recognise our responsibility to protect the fundamental rights of all people who deal with us, particularly when it comes to doing the right thing when using their data. As a signatory of the United Nations Global Compact, we are fully committed to our values and a principle-based approach to doing business, reflected through our Data Ethics Principles which are designed to ensure we act ethically and responsibly in all of the ways that we use data.

The principles apply to everyone working directly or indirectly with data, from data practitioners to policymakers and to all staff, with a particular focus on those producing data-informed insights. We have developed an Institute of Banking accredited training module on Data Ethics. This year alone, over 7k of our employees across the Group have undertaken data ethics training, which aims to educate staff on the ethical use of data and drive a strong internal culture in relation to the responsible use of data. We have expanded the implementation of our principles even further by beginning to apply our Algorithmic Fairness approach to credit decisioning models.

A cross-functional stakeholder group oversees this work, and we continue to evaluate and refine the approach to ensure we are balanced and fair to all of our customers. We are also developing a new data ethics assessment approach which gives a new way of assessing some of our data-driven business initiatives. This approach alerts us to ethical concerns and potential risks that could arise from our key data initiatives. It will give us a further opportunity to apply our principles and continue to evaluate our approach, in practical situations, across a wide spectrum of the bank's data-driven activities.

Finally, as part of our strategic workforce programme, we have rebalanced our workforce in Data & Analytics with an emphasis on building for the long-term. Our programme focused on recruiting internal, multi-disciplined resources who are adaptive and flexible, and we continue to maintain a constant flow of high performing talent into our teams, through our Graduate programme. Maintaining a strong internal team across data engineering, analytics and data governance/data protection ensures that we can deliver on the bank's strategic objectives in a way that is sustainable into the future.

**94%**  
OF EMPLOYEES COMPLETED  
DATA PROTECTION TRAINING

**7K**  
EMPLOYEES COMPLETED  
DATA ETHICS TRAINING



# TALENT ATTRACTION, RETENTION AND DEVELOPMENT

## OUR APPROACH

For our customers we are at the heart of their daily lives, it is our purpose to help them “achieve their dreams and ambitions”. In order to achieve this, we need to have a dedicated, qualified, talented and engaged workforce; which makes AIB a great place to work to attract and retain the best.

In 2021, we launched our new Employee Value Proposition statement:

**"EVERYTHING STARTS WITH YOU. WHEREVER YOU COME FROM, WE WELCOME YOU WHOEVER YOU ARE, WHATEVER YOU DREAM OF, WE BACK YOU"**

This gives us our northern star of focus and has helped us frame our attraction, inclusion, future of work, succession and training strategies, within our overall AIB People Strategy 2021-2023, as we make people's career journey with us as fulfilling as possible.

**ONGOING TARGET**  
**GENDER**  
**BALANCED**  
**BOARD, EXCO & MANAGEMENT**

### ATTRACTING & RETAINING TALENT

A career with AIB is not just about finance, our inorganic growth agenda has strengthened our ability to attract diverse talent. We can give our employees the opportunity to gain a variety of broad work experiences and learn from some of the best talent in Ireland across AIB.

Given the size and breadth of our activities, we are positioned to offer an extensive employee experience for those willing to specialise, or those looking for a varied career.

Our specialist units, like legal and technology, are and of themselves one of the biggest in the country, providing huge growth and experience potential. A key part of our career development strategy is allow movement of people around the organisation, giving an option of variety for the individual, and innovation, collaboration and transference of ideas for the organisation. So whatever your career goal is, it can be achieved within our environment.

AIB has an award winning Graduate offering and strong employer brand in this market. We are the 2020 & 2021 Grad Ireland winners of the “Most Popular Graduate Recruiter in Banking, Investment & Financial Services”. The market itself for Graduates is highly competitive, and AIB must keep pace with changing expectations to continue to be well positioned to attract, develop and retain graduate talent. Graduates offer a completely fresh perspective, innovative ideas, and the strong sense of social conscience that is so important for an organisation like AIB.

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

### INCLUSION & DIVERSITY - A KEY STRATEGIC PRIORITY

Our focus on diversity takes gender, race, family status and other traditional diversity areas into account but also adopts a contemporary view of diversity, including life experiences, thinking styles, etc. Encompassing external commitments and internal actions, our efforts are concentrated on fostering sustainable Inclusion & Diversity from the classroom to the boardroom, addressing important talent opportunities such as recruitment, participation, pay, promotions and retention. Recruitment and selection policies are designed to ensure that there is no bias, either in favour of, or against, any applicant.

Our Diversity & Inclusion Code sets out the principles we live by and underpins new policies and handbooks introduced on Domestic Violence & Abuse, Menopause and Family Leave, and a year-round employee engagement calendar of diversity awareness and educational events. An Inclusion and Diversity (I&D) Council is in operation to provide ideas, energy, rigour and governance of diversity activity aligned to our strategy, which was approved by the Board.

We have continued to make progress on our gender diversity target, female representation on all management is currently at 42%, and our ExCo and Board is maintaining ongoing gender balance at

45% and 44% respectively. While we do not have a public target for female share of total workforce, the 2021 Equileap Gender Equality Global Report found AIB to be 1 of only 10 companies out of a total 3,702 companies researched, that achieved gender balance at all four levels considered - Board of directors, Executive, Senior Management and workforce. Additionally, AIB Group ranked 1st in Ireland, and 11th in Europe in the 2021 Best Practice Leader in European Women on Boards Gender Diversity Index. The report looked at 668 publicly listed companies across the European Union, ranking them on diversity of board members, women in leadership functions and women at executive level.

These achievements reflect a sustained effort on gender balance that was accelerated in 2020 with the establishment of Roots to Boardroom, AIB's holistic gender balance programme, supported by our CEO, Executive Committee and Board. Our Roots to Boardroom program seeks to solidify the gains we have made on gender balance to-date; fill the remaining gaps in our organisation, and build a sustainable pipeline of female talent into the future.

### FUTURE OF WORK

Our Future of Work Programme, inspired by the challenges of working during the pandemic, is actively reimagining and repurposing our ways of working and where our employees can develop and grow their careers not restricted by location. We are committed to a blend of remote and office working in 2022 and beyond. We have a specific Flexible Working Policy which all staff are eligible to apply for.

# TALENT ATTRACTION, RETENTION AND DEVELOPMENT

Additionally, we have a broad range of leave options available to assist our staff at all stages of life, including Emergency Family Leave, Study Leave (for Education), Special Absence Breaks, various family leaves and supports around Menopause and Domestic violence. This flexibility and extra support we can offer employees also helps us to attract and retain diverse talent.

## CHALLENGING LABOUR MARKET IN 2021

In 2021, the external market for talent was extremely competitive, with a high volume of opportunities available for candidates which is driving up salary expectations and demands and increasing the costs of hiring employees. The employment market picked up during H2 2021 and AIB's employment activity trended upwards during this period aligned to market trends.

Over the last number of years as we have transitioned toward a more digital delivery model we have restructured our workforce. This has resulted in a total turnover figure of 17.8% for 2021, from our voluntary severance programs, retirement and natural attrition (9.5%) – as we build a workforce with the size and capabilities for the next iteration of our strategy.

However, our employer brand remains strong in a buoyant job market and our ability to attract and retain talent as a pillar bank in Ireland is working effectively. Our ongoing commitment to the Irish market is a positive and essential differentiator for new and existing employees.

## SUCCESSION PLANNING

We operate robust succession planning for senior appointments to assess and evaluate candidates on both leadership and functional aspects of the proposed role to support our decision-making.

## TRAINING & DEVELOPMENT

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

All our employees are required to complete our annual mandatory online learning curriculum. In 2021 we introduced two a number of new mandatory courses; including Sustainability 101. This course covers what sustainability means, the role that business, banks and individuals can play in being more sustainable in how we work and live, and climate risks & opportunities, covering what climate risk is, how we are identifying and managing it and how we can support our customers in understanding their risks and opportunities.

### In 2021, our courses and completion rates were:

- » Speak Up **(95%)**
- » Anti-Money Laundering & Terrorist Financing **(94%)**
- » Information Security **(95%)**
- » Data Protection **(94%)**
- » Health & Safety **(91%)**
- » Code of Conduct **(95%)**
- » Conflicts of Interests **(90%)**
- » Sustainability **(94%)**.

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

Close to 3,000 people leaders attended AIB's first ever virtual Leadership Summit held last October. The Leaders Enabling A Difference (LEAD) programme is a development initiative to support and empower our leaders. The LEAD "Leadership for Growth" programme is aimed at our senior leaders and the LEAD "Leadership Essentials" programme is aimed at our junior and mid-level leaders.

In 2021 training continued to be delivered virtually and a number of new initiatives were launched to support employees to lead effectively in a hybrid work environment. Our employees completed on average 28 hours of training (Females 28.2, males 27.7). These training hours include all training types such as Instructor Led training, Virtual Instructor Led training, SMT, iLearn: Web Based Training and external training and relate to permanent and temporary employees. The average training spend per FTE employee was €800.

## PEOPLE & CULTURE RISK

As outlined above, our people, coupled with our values, are the cornerstones upon which our culture and continued success are built. In that regard the Bank has identified People & Culture risk as a material organisational risk, defined as 'the risk to achieving the Bank's strategic objectives as a result of an inability to recruit, retain or develop resources, or the inability to evolve the culture aligned to the Banks new values and behaviours'.

Promoting and embedding a strong culture of accountability is very important to the organisation. This is being emphasised at all levels in the bank, specifically through preparation work for the incoming Individual Accountability Framework which includes the Senior Executive Accountability Regime (SEAR), strengthening of the individual accountability focus of our performance review system and engaging in training and awareness activities to reinforce the accountability agenda.

Significant focus is placed on mitigating this risk through the development and implementation of Group frameworks and policies, such as our Code of Conduct, Conflicts of Interest, and other HR and risk related policies. We monitor the effectiveness of our approach, through several mechanisms including our annual performance review process 'Aspire' and our employee engagement. All employees are required to adhere to our Code of Conduct and are required to complete a declaration of compliance with our Code as part of the annual ASPIRE performance management process. Failure to comply with our Code is taken seriously and robust processes are in place to deal with any failings in that regard.

Our broad range of HR policies are regularly reviewed in line with legislation and industry best practice, and protect the human rights of our employees. Our Talent Acquisition / Onboarding teams carry out extensive checks prior to employment offer stage.

# TALENT ATTRACTION, RETENTION AND DEVELOPMENT

## HEALTH AND SAFETY

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

We also support our employees through initiatives that protect and champion their welfare. Included among these are our 24/7/365 confidential Employee Assistance Programme, our Right to Disconnect principles and our ongoing AIB Wellbeing initiatives. Our Employee Assistance Programme (EAP) is open to colleagues as well as their family members. The EAP services provides a concierge service such as childcare research as well as counselling services.

We also work to ensure that there are no adverse impacts related to accessibility issues with the use of technology and working from home in a hybrid work situation. This is being addressed through a Safe Working from Home programme consisting of assessments to identify and address issues.

## RAISING A CONCERN

Through our Speak Up policy, employees can raise any issue at any stage. This ensures they can speak their mind freely if they have any concerns.

Our Speak Up policy and process provides a confidential route for employees to report wrongdoing or suspected wrongdoing through a number of channels, without fear of or actual retaliation, including:

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

In 2021, in an enhancement to Speak Up, we launched a new external portal to allow employees to convey concerns through a digital channel that is available 24/7. Protected disclosures are published on [www.aib.ie/sustainability](http://www.aib.ie/sustainability)

Our Grievance process is a mechanism for our employees who feel they have been subject to behaviours they believe are contrary to our Code of Conduct.

## AIB GROUP (ROI) 2021 GENDER PAY GAP REPORT

Within AIB Group we are committed to being open, transparent and clear in relation to our position on Diversity & Inclusion. That is why today we are voluntarily publishing our Gender Pay Gap 2021 for AIB ROI ahead of any legislative requirement.

### OUR GENDER PAY GAP FOR AIB ROI IS 12.9% MEAN AND 7.4% MEDIAN

The gender pay gap represents the difference between both the mean (average) and the median (midpoint of all wages) hourly pay of male and female employees. The Gender Pay Gap is not the same as equal pay. An equal pay comparison involves a direct comparison between a man and a woman, or a group of men and women, who are carrying out the same work.

While we await the finalisation of Irish Regulations with regards gender pay gap reporting, we have based our calculations on the UK methodology. We have used a snapshot date of 25th September 2021.

As this is our first year to publish our Gender Pay Gap we are unable to compare our current position to previous years. That said, we have achieved a lot during 2021 reflecting our commitment to gender equality. We were the first bank to achieve a Silver “Investors in Diversity” Accreditation. Further, we were named Best Practice Leader in the 2021 European Women on Boards Gender Diversity Index.

# 28

AVERAGE TRAINING  
HOURS PER EMPLOYEE

CIRCA

# €800

TRAINING SPEND PER EMPLOYEE

# 3,000

LEADERSHIP SUMMIT ATTENDEES

GENDER BALANCED  
EXCO, BOARD &  
ALL MANAGEMENT

In 2021 our graduate intake was gender balanced and 43% of management roles were held by females. Our ExCo and Board is maintaining ongoing gender balance at 45% and 44% respectively.

In 2020 we established a holistic gender balance programme “Roots to Boardroom” which strives to achieve balance in recruitment, participation, promotions and pay across AIB. We are committed to progressing our gender balance action plan building upon our achievements to date, which has seen a greater proportion of females than males promoted to management roles during 2021.

We will continue doing the right things to close the gender pay gap through:

- » Our Inclusion and Diversity strategy goals, (long-term gender balance target at senior management level of 40% Female, 60% Male)
- » Focus on attracting and developing female talent

We continue to take active steps to address our gender pay gap and are committed to gender equality across the organisation.

**LOOKING FORWARD**

We continue to engage and adapt to the changing market conditions to ensure AIB remains an employer

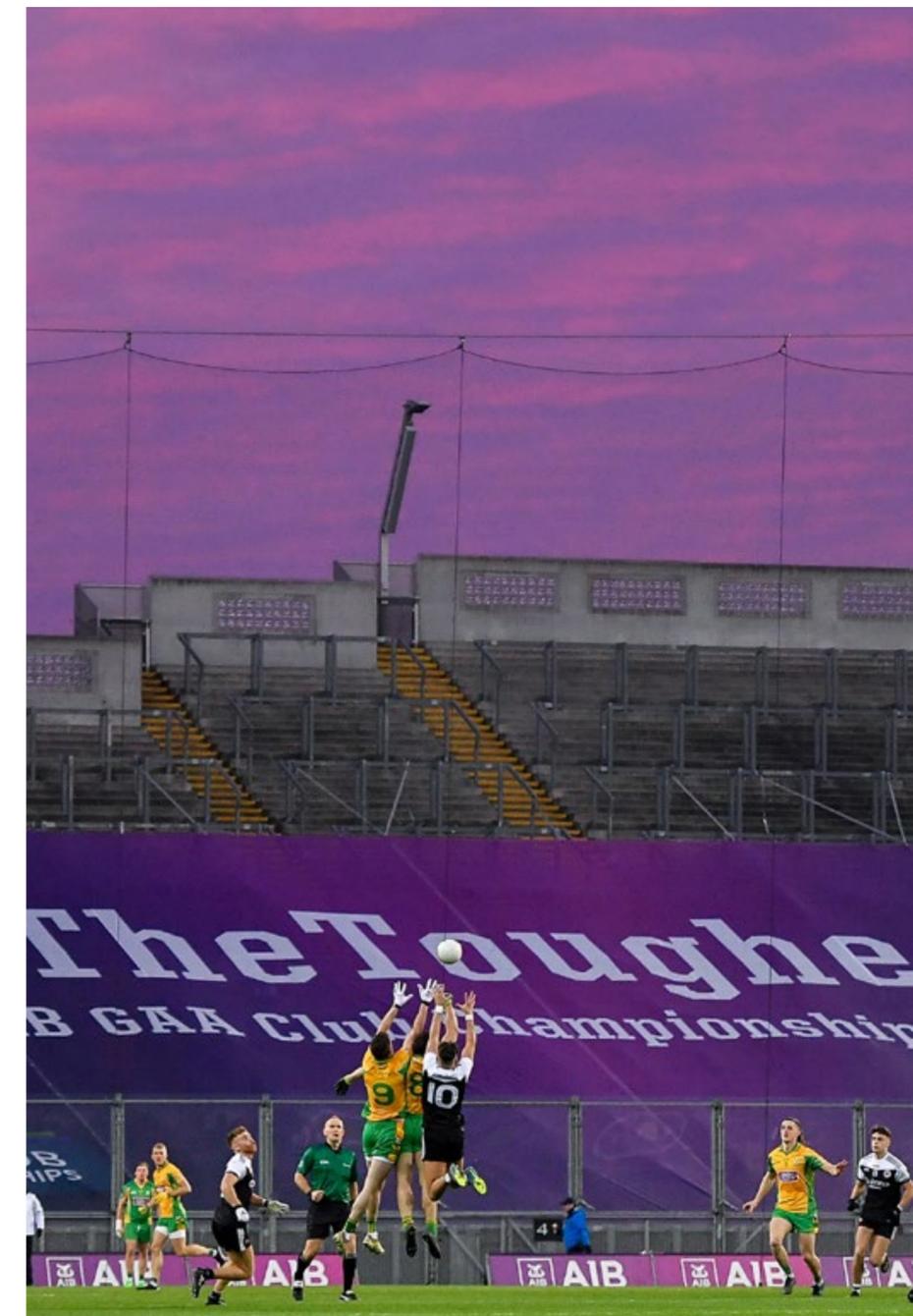
of choice in the market. This includes listening to our people, investing in their careers and providing appropriate structures to enable them to learn and grow.

As part of an overall review of our performance management framework (Aspire), we have revised and simplified our mandatory leadership and culture objective to now focus on driving 1:1 regular performance feedback and coaching conversations for 2022. Our associated policies and our People Leader population continue to help us to manage and monitor the effectiveness of our approach.

We'll also continue to adhere to relevant legal and regulatory requirements, including progress on the SEAR regime for senior leader positions and the publication of information relating to the gender pay gap in Ireland, as it is already published for AIB UK. Our organisational purpose to help our customers achieve their dreams and ambitions; and this is mirrored in our final line of our revised employee value proposition:

**"WHOEVER YOU ARE, WHATEVER YOU DREAM OF, WE BACK YOU"**

By backing our staff, and supporting their ambitions, it helps us attract, retain and develop the best talent and making AIB a great place to work.



# TALENT ATTRACTION, RETENTION AND DEVELOPMENT

## CASE STUDY

### EMPLOYEE VALUE AWARDS

AIB launched a new set of values and behaviours in July 2020. We wanted to celebrate the way in which our colleagues have embraced and lived our values in their everyday interactions with one another, our customers and the communities in which we operate, especially since the pandemic.

The Employee Value Awards are about recognising our colleagues who have demonstrated the behaviours that underpin our values and really brought them to life. It was important for us to be able to hold these awards. Since the COVID pandemic began, our people have worked tirelessly and these awards allows us



to recognise our people who have gone above and beyond to help their colleagues and our customers and is a true celebration of who we are in AIB.

We received over 3,200 nominations from colleagues across Ireland, Great Britain, Northern Ireland and New York. Over a third of our colleagues received a Nomination, with over 4,000 colleagues voting, casting over 14,000 votes, to select the top 4 from each group. 15 of our colleagues were announced as Employee Value Award winners for 2021.

The overwhelming sentiment of our people, acknowledging their peers and what we have done for each other as colleagues in AIB before and since the pandemic began, was a tribute to all who were nominated.

### ROOTS TO BOARDROOM

In 2021, AIB received international recognition as one of only ten companies (of 3,702 researched) to achieve gender balance (40% - 60% women) across all four levels considered - Board of Directors, Executive, Senior Management and Workforce (2021 Equileap Gender Equality Global Report and Ranking).

Additionally, AIB Group ranked 1st in Ireland, and 11th in Europe in the 2021 Best Practice Leader in European Women on Boards Gender Diversity Index. The report looked at 668 publicly listed companies across the European Union, ranking them on Diversity of board members, women in leadership functions and women at executive level.

These achievements reflect a sustained effort on gender balance that was accelerated in 2020 with the establishment of Roots to Boardroom, AIB's holistic gender balance programme, supported by our CEO, Executive Committee and Board. Our Roots to Boardroom program seeks to solidify the gains we have made on gender balance to-date, fill the remaining gaps in our organisation, and build a sustainable pipeline of female talent into the future. Roots to Boardroom strives to achieve balance in recruitment, participation, promotions and pay within AIB. Recent achievements which reflect our progress in gender balance include, four of our five females on the executive team have worked their way up through AIB and our 2021 graduate intake was gender balanced.

Our internal Women's Network have delivered a multitude of events throughout 2021, including educational sessions and employee communications. Topics addressed included: the need for gender balance, domestic abuse and violence as well as menopause educational sessions across the bank. Our Women's Network also drive our award winning Mentor Her program, that has achieved exceptional results, with real positive outcomes for participants, including:

- » 89% understood their strengths, an increase from 46% pre-programme
- » 68% know opportunities open to them, an increase from 20% pre-programme

- » 63% saw a clear career pathway, an increase from 12% pre-programme

Mentor Her helps the flow of talent through the organisation by helping females to appreciate their strengths and fulfil their potential. In areas that were historically male orientated we have a number of focused programs, including starting a new returners programme with ICT Skillnet and Women ReBoot supporting women to reignite their technology career.

Our focus is not only internal, we are also focused on supporting initiatives within our communities to empower young women from primary schools, secondary schools, colleges and non-educational arenas to fulfil their potential. We work with external partners and initiatives addressing gender balance such as the 30% Club and the Balance for Better Business cross-industry fora.

The guiding principle of Roots to Boardroom is that gender balanced organisations have better decision making and organisational outcomes, which enhances both the service provided to customers and investor value and returns. Roots to Boardroom has enabled AIB on our gender balance journey, but we have more to do. Our aim is to ensure that our success becomes sustainable and permanent.

# CORPORATE GOVERNANCE & ACCOUNTABILITY

## OUR APPROACH

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



Our strong governance structures and frameworks are key to delivering on our strategy. AIB's Board of Directors established a number of Board and Board Advisory Committees to oversee specific areas of the Group's operations while the Board retains ultimate responsibility, ensuring a robust approach to the oversight of the Group. See *Our Governance Structure* on p.11. AIB Group's Board is fully aware of the importance of its role and is strongly committed to upholding high standards of corporate governance and seeking continual enhancements. It engages with and considers the Group's stakeholders in its decision-making to ensure that all decisions are informed by their views and advance the sustainable success of the Group. We have a diverse Board with a balance of knowledge, skills and experience, a robust governance structure, and appropriate controls and oversight. The Board strives to ensure ongoing adherence to the various applicable corporate governance requirements as well as to the underlying principles and ways of working recommended by those requirements.

### BOARD COMPOSITION & DIVERSITY

In reviewing the Board composition, balance and appointments, the Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity, in order to maintain an appropriate range and balance of skills, experience and background on the Board and in consideration of the Group's future strategic plans. The AIB Group Board is committed to achieving the most appropriate blend and balance of diversity possible over time. All appointments to the AIB Group Board are made on merit, against objective criteria determined by the Nomination and Corporate Governance Committee at the time and designed to ensure that the overall

composition reflects an adequately diverse range of knowledge, skills and experience and at the same time respects the principle of equal opportunities. Details of Directors' Committee memberships, tenure, key skills and experience are set out as part of their biographical details in our Annual Financial Report. The Board Diversity Policy sets a target of 40% female representation on the Board. At 31 December 2021, there was 44% female representation on our Board.

### BOARD TRAINING

To support our Directors in their roles HR, in partnership with Corporate Governance, run a professional development and continuous education programme. In 2021, training sessions were run predominantly in a virtual setting. Topics included ICAAP/ILAAP/Stress Testing, Sustainability, IRB & IFRS9, Anti-Money Laundering and Fraud, Multi-Asset Risk System (MARS) and Regulatory reporting were all run virtually. Training on Cyber security and Board responsibilities in relation to Anti-Bribery were both run as in person events. Our Directors also have full access to an online Corporate Governance Library and a suite of AIB specific online training courses.

### BOARD EFFECTIVENESS

The Board conducts an annual evaluation of its effectiveness, and is required to have an external evaluation conducted once every three years. Having conducted an external evaluation in 2020, facilitated by Praesta Ireland, the Board agreed to conduct an internal evaluation, facilitated by the Corporate Governance function in 2021. The evaluation included the Board and each of its Committees. The areas reviewed included: role of the Board, chairing of the Board, Board papers and reporting,

strategic focus and culture, Board composition and competence, Board structure and processes, Board Committees, Communication and Stakeholder Management and Board Dynamics and Board Evaluations. Overall, the final effectiveness evaluation report 2021 was positive and demonstrated the strength of the Board and its Committees.

### CULTURE & ACCOUNTABILITY

AIB's purpose, to back our customers to achieve their dreams and ambitions, was developed by the Group's Executive Committee and approved by the Group's Board in 2017. In 2018, the purpose was systematically rolled out and communicated across the Group. Upon completion of a consultation across the business, we launched an updated set of values and associated behaviours in March 2020. The Board supports, and strives to operate in accordance with, the Group's purpose and values at all times and challenges management as to whether the purpose, values and strategic direction of the Group align with its desired culture.

The Group's Governance Framework underpins effective decision-making and accountability. It is the basis on which the Group conducts its business and engages with customers and stakeholders. It ensures that organisational and control arrangements are appropriate to the governance of the Group's strategy and operations and the mitigation of related material risks. Promoting a strong culture of accountability, integrity and openness, supported through appropriate governance and regulatory frameworks is a key tenet for our future sustainability. This is clearly set out in the Code of Conduct.

# CORPORATE GOVERNANCE & ACCOUNTABILITY

## CORPORATE BEHAVIOUR

Our Board-approved Code of Conduct sets out the behaviours we expect from everyone working in AIB – acting ethically, honestly and lawfully. Our Code of Conduct underpins our key mechanism for seeking advice on and reporting concerns on ethical behaviour – our Speak Up policy. There was considerable focus by the Board Audit Committee on the Group's Speak Up Policy during 2021, and the Board Audit Committee Chair, who is the Group's Whistle-blower Champion, participated in the Group's Speak Your Mind campaign, a new initiative launched in 2021. She expressed the Board's commitment to high standards in this area, encouraging all employees to report concerns about any suspected wrongdoing in order to protect the Group, our customers and other stakeholders.

In September 2021, AIB received a fine of €615,000 from the ECB for a legacy capital issue. The issue was identified by AIB, brought to the attention of the regulator, and we co-operated fully with the resulting ECB review. The breach had no impact on customers, and no impact on the Group's consolidated capital ratios. We have since strengthened our controls to prevent any recurrence.

## Anti-Bribery and Corruption

Corruption undermines stakeholder legitimacy and trust, and regular communications and training on conflicts of interest and anti-bribery corruption helps to build our organisational resilience to it. AIB's approach to anti-corruption is set out in our Conflicts of Interests and Anti-Bribery and Corruption policies – two of the policies that underpin our Code of Conduct for employee. For Directors, this is set out in the Board-approved Code of Conduct and Conflicts of Interest Policy for Directors. These policies cover how actual,

potential or perceived conflicts of interest are to be evaluated, reported and managed to ensure that employees, including our Directors, act at all times in the best interests of the Group and its stakeholders. They are available to Directors at all times within the online Corporate Governance Library. Our Code of Conduct, Conflicts of Interests and Anti-Bribery & Corruption policies for employees are publicly available on our website.

In 2021 all our Group Directors received communications about and training on our anti-corruption policies and on their responsibilities in relation to them. In addition, the Board Audit Committee oversees compliance with the Group Code of Conduct and Conflicts of Interests Policy by way of an annual update from management. It also ensures that arrangements are in place for the proportionate and independent investigation of matters raised under that policy for appropriate follow-up action. All business areas are responsible for completing a monthly risk assessment of all registered activities to ensure they are in keeping with our anti-bribery and corruption policies and identify those which might give rise to a potential or perceived conflict situations or corruption. Material matters relating to anti-bribery and corruption will be escalated to the Board by management on a case by case basis through Executive Management Reporting. AIB had two confirmed incidents of corruption in 2021 – one relating to 2021 and one to a previous year. Both arose from customer complaints and have been fully investigated. The monetary amount for both is not material.

## Financial crime

In AIB, we manage Financial Crime matters through our Three Lines of Defence (3LOD) approach. Through the deployment of a 3LOD Framework, the operation

of each line of defence is assessed by the next line. Assurance teams operate through the 3LODs and regularly report to Senior Management and the Board on the efficacy of Financial Crime controls. Our Money Laundering Reporting Officer (MLRO) is responsible for oversight of our Board's compliance with Anti-Money Laundering (AML) law, which is externally supervised by the Central Bank of Ireland, the Financial Conduct Authority (UK) and the New York Department of Financial Services and Federal Reserve Board (USA).

Our robust Financial Crime Framework, approved by our Board Risk Committee, includes our Financial Crime policy and standards on Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT), Fraud and Group Sanctions. The policy and standards are embedded within our operating procedures, and subject to at least an annual content verification to ensure they are kept up to date. All employees and Directors are made aware of our Financial Crime policy and standards. Employees must complete mandatory e-learning annually. Our Money Laundering Reporting Officer (MLRO) (or Deputy) provides comprehensive annual training to the Board. Bespoke training tailored to consider the AML/CTF risks relevant to specific roles is also provided to key employees. To further enhance awareness, Financial Crime AML and Sanctions Bulletins are issued periodically to our employees, outlining key trends and other topical items. The Group Board is ultimately responsible and accountable for Financial Crime with the Bank. Group Financial Crime Compliance, led by the MLRO, perform ongoing monitoring and oversight of Financial Crime controls across the Group.

Our customers go through our Customer Due Diligence process at the on-boarding stage and on an

ongoing basis, which is driven by the risk assessment of the customer. Within the due diligence process, we screen customers against various criteria including national/international sanctions or terrorism. Some customers and beneficial owners present higher risk (e.g. politically exposed persons (PEPs) and/or customers established/residing in a 'high-risk third country'). For these customers we apply enhanced due diligence. We have a two-tier escalated sign-off for PEPs, with higher risk PEPs requiring approval by the MLRO. Our processes monitor customer activity to identify unusual or suspicious activity which is then investigated by specialist teams within the Bank. Reports of suspicious activity are made to the relevant authorities where required. We retain records of Business Risk Assessments, Customer Due Diligence and Transactional information for at least 6 years after the cessation of the business relationship.

## Economic Contribution

For FY2021 AIB generated direct economic value of €2,635m and distributed €1,762m across operating costs, employee wages and benefits, payments to providers of capital, payments to government and community investment. More details on the components of economic contribution are set out in the *ESG Supporting Data* section on p.106. AIB operates predominantly in Ireland, and we received no financial assistance (including tax relief and tax credits, subsidies, investment grants, research and development grants, financial assistance from export credit agencies, financial incentives or other financial benefits received/receivable) from the Irish government in 2021.

## Tax

AIB is committed to acting responsibly in relation to tax issues in each territory in which we operate, and

# CORPORATE GOVERNANCE & ACCOUNTABILITY

to dealing fairly and honestly with the tax authorities of those territories. We will not engage in abusive or artificial tax planning, even if the position is within a literal interpretation of the law. We apply arm's-length pricing to all material intra-group transactions and only engage in transactions that support genuine commercial activity. Transactions that transfer value created to low tax jurisdictions or involve establishing companies for tax avoidance purposes in jurisdictions considered to be tax havens would not be consistent with the principles we apply in our tax affairs. In 2021, AIB paid €194m in tax and collected a further €256m from customers, employees and shareholders.

## HUMAN RIGHTS

We published our Human Rights Commitment as part of our 2020 suite of reporting materials, in line with international standards, as set out in the UN Guiding Principles on Business and Human Rights. [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

In Q3 2021, we conducted a pilot process to model the identification of our salient human rights issues, recognising our responsibilities relating to our role as an employer, a procurer of goods and services, and a provider of retail banking and corporate lending. The pilot centred on delivering against two key objectives:

1. Build internal awareness of human rights as an issue for the business; and
2. Identify priority 'salient' human rights relevant to the Bank for future action.

For this pilot, information was gathered about potential human rights impacts that AIB could be connected to, through a combination of publicly available desk research, reviewing internal documentation and twelve interviews with internal and external stakeholders. The focus was on the Bank's corporate lending and procurement, with a view to building AIB's internal capacity to replicate the process for other areas and to repeat the process periodically, as new information on potential impacts becomes available.

## LOOKING FORWARD

A number of recommendations and actions were agreed by the Board and which will be implemented throughout 2022 with regular check-ins to ensure progress is being made against them.

The introduction of the Central Bank of Ireland's Senior Executive Accountability Regime (SEAR) in Ireland will place obligations on financial services firms and senior individuals within them to set out clearly where responsibility and decision-making lies.

In relation to Human Rights, in 2022 we intend to examine a number of prioritised issues in more detail, to assess materiality and to agree any relevant actions to address. We also hope to broaden the parameters of the pilot across the business.



**CLICK HERE  
TO LEARN MORE**

# 100%

OF BOARD TRAINED  
ON ANTI-CORRUPTION

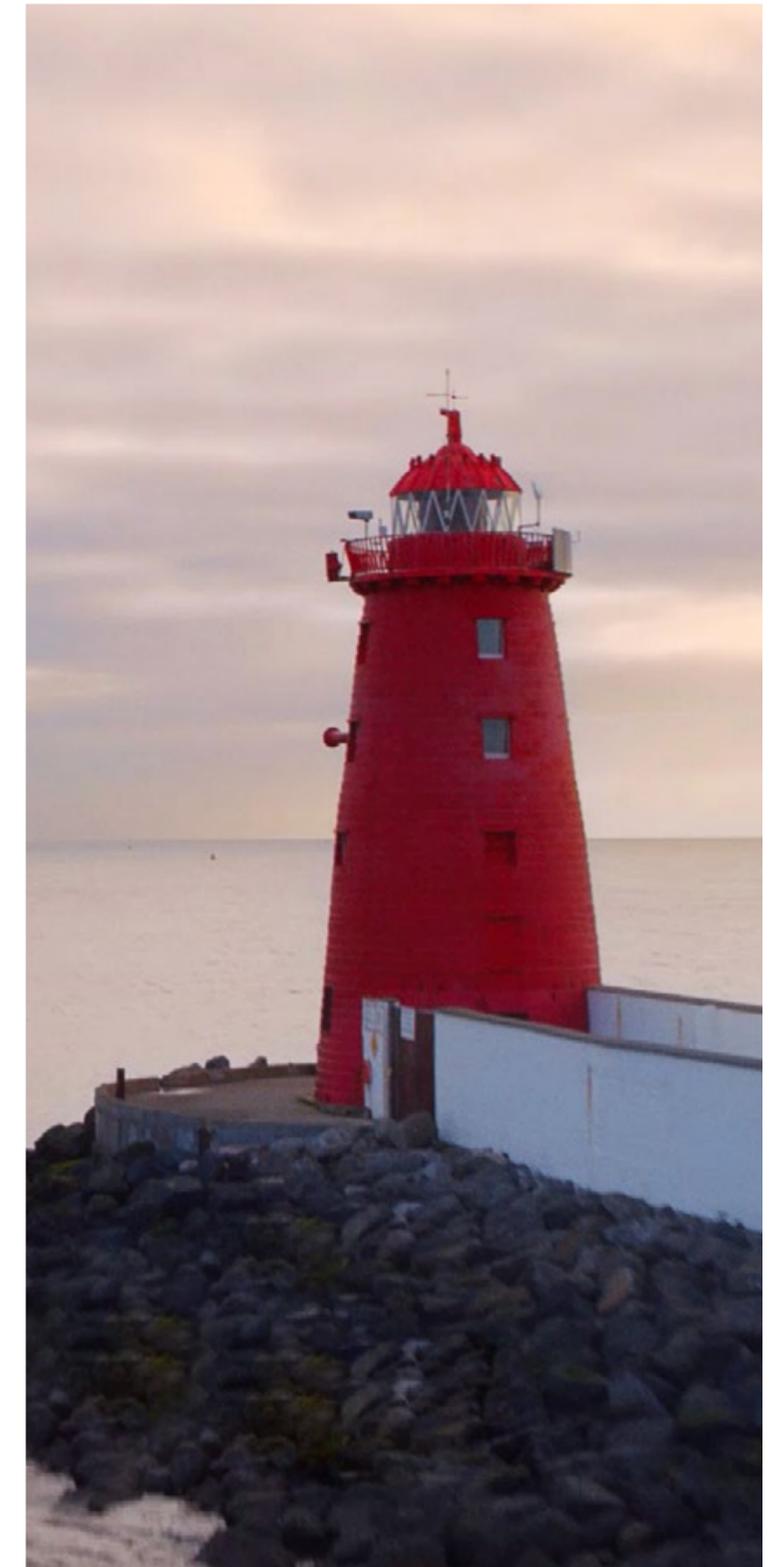
# GENDER BALANCE

ON BOARD

# €450M

TAX PAID & COLLECTED

# PILOT ON SALIENT HUMAN RIGHTS COMPLETED



# CORPORATE GOVERNANCE & ACCOUNTABILITY

## CASE STUDY

### OUR SUPPLY CHAIN

As one of the largest pillar banks in Ireland, AIB employs a broad range of suppliers across multiple categories of suppliers. We maintain a database c.4,000 suppliers and transacted with 2,128 of them in 2021. Our suppliers are predominantly in Ireland (63%) and the UK (26%), however we have a small number elsewhere, mostly in other European countries, USA, and India. In 2021, our spend on suppliers was €1.0bn]. There have been no significant changes to the location or structure of our supply chain in the financial year. Our Board has oversight of our approach to supply management.

Our suppliers are mainly professional services, business services, and IT service providers, and include (but is not limited to) categories such as consultants, contractors, sub-contractors, re-sellers, and brokers. We segment our supplier base into five tiers based on the criticality of suppliers proportionately and the potential risks involved in provision of the services. Our most critical services in the highest tier (Tier 1) are the most closely managed, while the lowest tier (Tier 5) suppliers typically provide low value transactional type goods and services. Market intelligence together with specific selection criteria and best in class supplier selection tools help us to select the most appropriate suppliers for the services we require. Due diligence and risk assessments are carried out during the onboarding stage with all suppliers. We complete due diligence for supplier selection prioritized according to the

nature, value, complexity, and criticality of the service being procured. For high value or high risk services, specific diligence checks are performed on the supplier and the proposed service model. Lower value/ risk suppliers are subject to routine company financial and sanction scanning checks. All suppliers must adhere to all legal obligations in each jurisdiction in which they operate or provide services (e.g. environmental and labour law) as well as any specific requirements included in AIB's policies. Our risk assessment process evaluates multiple aspects of supplier risk, including determination of financial risks or sanctions in place against a supplier, or negative media commentary associated with a supplier.

Key suppliers must attest annually to AIB's key policies (or clauses in them that are relevant to our supply chain). These includes our Code of Conduct, Conflict of Interest Policy, Anti Bribery and Corruption Policy, and Data Protection Policy. We also require that (where relevant) suppliers conform to the UK Modern Slavery Act. By the nature of AIB's industry, geography, and services employed, we are generally not at high risk of having modern slavery in our business or supply chain. However, we ensure that when engaging with suppliers operating in industries that may have an elevated risk of compromising human rights (such as those linked to low-skilled industries - e.g., textile manufacturing, construction, or agriculture) that appropriate checks and measures are completed.



AIB wants to support an inclusive ethical supply chain and ensure that individuals and companies throughout our supply chain work responsibly, sustainably, and safely. We will only engage with suppliers who adhere to our Responsible Supplier Code. The Code sets out our expectations for our suppliers, including that they must operate at all times in an ethical and fair manner in line with AIB's values and abide by all national and international laws as applicable (including the International Bill of Human Rights and the International Labour Organisation conventions), as set out in our contractual agreements and purchasing transactions with our suppliers. We also expect our suppliers to, in

turn, conduct business in a fair and honest manner with all their stakeholders, employees, subcontractors, and any other third parties.

During 2021, we increased the focus of sustainability within our supply chain, ensuring that our Responsible Supplier Code is referenced as part of all our purchasing transactions, and engagement with top suppliers to encourage adoption of Carbon Disclosure Reporting.