

# Sustainability Strategy 2020-2023

**As a recognised leader of sustainability, and through our Pledge to do More, we are committed to building long-term resilience and sustainability for our business, economy and society. As we close-out our previous sustainability strategy cycle, we have reshaped AIB Group and are well positioned for the future.**


Sustainable Communities is one of AIB's five strategic pillars. We have placed sustainability at the heart of our business, embedding it into our everyday, including our engagement with our customers. To ensure our performance, we set and have been working towards short-, medium- and long-term targets and ambitions as part of our previous strategic cycle.


Given that the investment required to finance the transition to a low-carbon economy can be counted in the trillions of dollars globally, banks have a crucial role to play in financing investment in climate and energy infrastructure. Since undertaking our first materiality exercise in 2016, we have endeavoured to measure, track and continually challenge our performance by way of Key Performance Indicators (KPIs) across the topics that matter most to our stakeholders. Our approach continues to evolve in line with sustainability reporting frameworks, which may result in variations in methodologies and reported outcomes over time.


We launched our **Climate Action Fund** in 2019, aiming to lend an initial €5bn in green and transition support in five years, which just two years into the fund's activity was doubled to €10bn due to strong demand (and has since been increased again to €30bn by 2030). For more information on our Climate Action Fund, see page 25.

From this initiative, further targets were set, including:

- In 2020, AIB became the first Irish bank to make net zero commitments, including our commitment to be **net zero in our own operations by 2030**, and to reach **net zero in our financed emissions by 2040 (2050 including our Agriculture portfolio)**. We remain steadfast in our ambition to meet these targets. For information on our performance against these targets during 2023, see pages 16 to 24.
- Finance for **social housing**, a sector where AIB has a key role to play in funding vital additional capacity. We launched our €800m fund in 2021, which is due to close at the end of 2024. For more information on this fund and our performance against our target in 2023, see page 35.
- **Financial literacy** and ongoing community support, given the important role the Group holds in society as well as amongst our local communities in Ireland. More information on our community activity in 2023 and our progress against our annual target to support 500k customers in their financial literacy can be found on page 42.
- Our **customer engagement**, including our Transactional Net Promoter Score (NPS), which measures customer interactions for key touch points, and digitally active customer growth, which is an important service delivery channel for our customers. Read more about AIB Group's customer supports in 2023 on pages 37 to 43.
- And, finally, maintaining a **gender balanced** Board of Directors has been an important objective for the Group, and plays a key role in our overall good governance approach. For more information on Corporate Governance, Ethics and Accountability, see pages 59 to 62.

| Impact area   | Targets   | Performance to the end of 2023  |
|---|---|---|
| <b>Environment &amp; Climate</b><br> | <b>2023: €10bn Climate Action Fund</b> in new green & transitional lending (€2bn per year)            | <b>€11.6bn in Green lending since 2019<sup>1</sup></b><br>€3.7bn Green lending in 2023        |
|   | <b>2030: Net zero in our operations</b>   | <b>17% Reduction in operational emissions<sup>2</sup> in 2023</b><br>49% Reduction since 2019 |
|   | <b>2040: Net zero ambition financed emissions</b><br>Customer portfolio lending (Agriculture by 2050) | <b>Financed emissions targets set for 75% of loan book</b>                                    |

| Impact area   | Targets   | Performance to the end of 2023   |
|---|---|--|
| <b>Economic &amp; Social Inclusion</b><br> | <b>2024: €800m Finance for social housing</b>                   | <b>€548m allocated since 2021</b><br>€91m finance for social housing in 2023 |
|   | <b>2023: 500k Customers supported in financial literacy</b>     | <b>550k Customers supported in financial literacy</b>                        |
|   | <b>Ongoing: AIB in our community</b><br>Ongoing strategic focus | <b>€10.8m Supporting community causes</b>                                    |

| Impact area  | Targets  | Performance to the end of 2023          |
|--|--|---|
| <b>Future Proof Business</b><br> | <b>2023: +53 Transactional NPS<sup>3</sup></b>                           | <b>+45 Transactional NPS</b>            |
|  | <b>2023: &gt;2.25m Digitally active customers</b>                        | <b>2.19m Digitally active customers</b> |
|  | <b>Ongoing: Gender balanced<sup>4</sup> Management</b><br>On Group Board | <b>Gender balance maintained</b>        |

1. In H2 2023, our new green lending definition was expanded to include new mortgage lending to energy efficient homes (BER A1-B2 / EPC A-B), aligned to our Sustainable Lending Framework (SLF). Our green mortgage products may include lending to homes with a B3 BER rating. The SLF is an internal AIB Framework that outlines the key parameters on which a transaction can be classified as green. This expanded definition has been applied to all relevant lending activity for the full year.

2. Absolute Scope 1 & 2 GHG emissions.

3. Transactional Net Promoter Score (NPS) is an aggregation of 20 customer journeys across Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking in ROI. Customer First is a core pillar of AIB's strategy and we know that we have more to do. We have taken on board our customers' feedback and recorded strong gains in 2023 and we remain committed to enhancing customer experiences in 2024 and beyond.

4. The Equileap annual Gender Equality Global Report & Ranking equates gender balanced with between 40% and 60% women.

**In 2020, we set out our longer-term ambitions in relation to achieving Net Zero in our own operations and in our customer lending portfolio. As we embark on our next three-year strategic cycle, sustainability is proudly part of our everyday.**

**Please see details of our Sustainability Strategy for 2024-2026 overleaf.**