
























# Introducing

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# AIB AT A GLANCE

AIB Group plc operates predominantly in Ireland and the United Kingdom. Our shares are quoted on the Irish and London stock exchanges and we are a member of the FTSE4Good Index Series. Our three core segments are: Retail Banking, Capital Markets and AIB UK. We also operate wholesale treasury

activities along with control and support functions. Whether it's adapting to a greener way of living, sound business support, wealth management or simply navigating day-to-day life in an increasingly digital world, our ambition as a Group is to be at the heart of our customers' financial lives every step of the way.

OWNERSHIP	OPERATIONS	PURPOSE	VALUES	CUSTOMER-FACING SEGMENTS	LOCATION OF OPERATIONS	BRANDS	MAIN PRODUCTS & SERVICES	SCALE OF THE ORGANISATION	STRATEGIC PRIORITIES
<p>AIB Group plc is a holding company listed on the main markets of the Euronext Dublin and London Stock Exchanges after undertaking an initial public offering in June 2017. The issued share capital of the AIB Group plc is 2,714,381,237 ordinary shares of € 0.625 each.</p> <p>At 2 March 2022, the Minister for Finance holds 1,926,309,424 ordinary shares representing 70.97% of the total voting rights attached to issued share capital. The nature of the Group's relationship with the Irish Government is set out in note 51(g) Related party transactions - Summary of the relationship with the Irish Government.<sup>1</sup></p>	<p>Our most significant operations are in Ireland and the United Kingdom where we operate a retail, corporate and business banking offering.</p> <p>In the United States of America, we have a branch in New York from which we manage corporate and treasury business.</p>	<p><b>To back our customers to achieve their dreams and ambitions.</b></p>	 <b>Drive progress</b>  <b>Show respect</b>  <b>Be one team</b>  <b>Own the outcome</b>  <b>Eliminate complexity</b>	Retail Banking	Ireland	      	<p>Mortgages, personal, SME and corporate lending, payment services, credit card services and deposits.</p> <p>Where we provide non-core banking products, for example general insurance, we typically partner with market leaders.</p>	<p><b>9,154</b> Employees<sup>2</sup></p> <p><b>€119,695m</b> Total average assets<sup>3</sup></p> <p><b>€15,216m</b> Total capital resources<sup>3</sup></p> <p><b>€2,384m</b> Total operating income<sup>3</sup></p> <p><b>€1,534m</b> Total operating expenses<sup>3</sup></p>	 <b>END-TO-END CREDIT</b>  <b>REFOCUSED BRANCH NETWORK</b>  <b>FUTURE OF WORK</b>  <b>PRODUCT GAPS</b>  <b>AIB GB BUSINESS MODEL</b>  <b>SIMPLIFICATION</b>  <b>SUSTAINABLE COMMUNITIES</b>
				Capital Markets	Ireland USA		<p><b>€1bn</b> Operating Contribution<sup>4</sup> by segment -</p> <p><b>47%</b> Retail Banking</p> <p><b>43%</b> Capital Markets</p> <p><b>10%</b> AIB UK.</p>		
				AIB UK	UK				

 **YOU CAN FIND OUR AFR 2021 HERE**

1. AIB Group plc Annual Financial Report (AFR) 2021 p.352.  
 2. Average employees in 2021, including Payzone and Goodbody employees.  
 3. 'Total average assets' refer to AFR 2021 p.59. 'Total operating income' - refer to 'Operating income before exceptional items' in AFR 2021 p.270. 'Total capital resources - refer to AFR 2021 note 39 on p.321 (including debt and equity split). 'Total operating expenses' - refer to 'Operating income before exceptional items, bank levies and regulatory fees' AFR 2021, p.270.  
 4. Before impairments and exceptional items, and excludes group segment operating losses.

# AN INTRODUCTION FROM OUR CHIEF EXECUTIVE OFFICER, COLIN HUNT

At AIB, our purpose is to back our customers to achieve their dreams and ambitions. Over recent years and increasingly as we move forward, those dreams and ambitions are being recast and redesigned through the lenses of sustainability and in particular, climate action.

We are deeply aware that the scale of our organisation and franchise demands that we provide leadership in sustainability not only in the financial services arena, but more broadly as an organisation of influence across the economy and society.

## EMBRACING OUR ROLE AS A SUSTAINABILITY LEADER

In setting a leading example, we are aligning our business with those customers, employees, suppliers and many other stakeholders who are themselves embracing sustainability, and providing leadership and encouragement to those just setting out on, or planning their transition to a low carbon future.

We have a clear ambition for 70% of our new lending to be green or transition by 2030 and have a target to achieve Net Zero in our financed emissions by 2040 for our full lending portfolio (2050 including Agriculture). We also have a target of becoming Net Zero in our own operations by 2030. In 2021, we are pleased to report that 19% of all new lending was green or transition and we have reduced our own emissions by 19% in the last 12 months.

These targets are not mere milestones and staging posts in the future, but rather calls to action now. As demonstrated at COP26 in Glasgow last year, the window for action is closing rapidly and there can be no more

delay in moving forward. At AIB, a comprehensive set of actions are in train across the Group designed to help us maintain and extend our position as a leading force for sustainability in Ireland.

## PROGRESSING THE AGENDA FOR OUR CUSTOMERS AND OUR BUSINESS

During the year, we continued to embed Environmental, Social and Governance (ESG) considerations into our business processes. For our customers we introduced an ESG Questionnaire for borrowers in sectors more exposed to climate risk as well as launching the AIB Sustainable Lending Framework, which outlines clear criteria by which we will report our green, transition and social lending.

In supporting our customers' transition to a low carbon future, we doubled our Climate Action fund to €10bn, cut interest rates on our green mortgages, further enhanced our green consumer loan offering, as well as introducing a green mortgage through the Haven broker channel. In addition, our Energy, Climate Action & Infrastructure team continued to support large corporate investment, ensuring a greener tomorrow by backing those building it today with new lending increasing by c.39% in 2021.

We continued to work with our suppliers in the integration of our Responsible Supplier Code and we also completed a tender process for the development of a Corporate Purchase Power Agreement which enables AIB to source our own energy. These changes require a fresh approach to how we continue to support our customers through the necessary transition, and are critical building blocks in providing a sustainable social infrastructure, achieving our sustainability ambitions, and also in understanding and measuring our exposure to ESG risk.



We also continued to adapt to changing customer behaviour, expanding our digital offering – we now have 1.85m digitally-active customers, while also amalgamating a number of AIB Branches in predominantly urban areas. However, our commitment to the communities we serve remains steadfast and was reinforced through our ongoing support of the GAA, the renewal of our partnership with FoodCloud and our title sponsorship of the AIB GOAL Mile.

## CREATING A VIRTUOUS CIRCLE OF SUSTAINABLE CAPITAL

We issued our second green bond, raising €750m, the proceeds of which will contribute to the financing of projects with clear environmental and climate change benefits. Progress was also made on our social agenda, where we launched a €500m social housing fund and published our Social Bond Framework supporting the development of more than 3,000 social housing units in the Republic of Ireland.

From a governance perspective, we introduced, the Group Sustainability Committee, to ensure greater accountability and integration of sustainability matters into our strategy. In addition, we put in place a multi-year Sustainability Regulatory Programme to fully understand our Climate Risk profile and to deliver on ESG regulatory expectations.

## LOOKING AHEAD

The integration of such change has placed additional

demands on our customers, our suppliers, our systems and our people. In parallel, we are also continuing to work through a number of legacy issues which are a constant reminder of the importance of protecting the trust of those we serve – our social licence to operate – at all times.

While I am pleased with our response and our progress in continuing to embed this agenda into the very heart of our business, the reality is we remain in the foothills of the challenge at hand and I acknowledge we have more to do.

This level of change imposes demands on our business, particularly in the short to medium-term. However, the progress we are making, and the response from our stakeholders, assures us that meeting this challenge head-on as we are doing, makes good business sense. This is not a passing fad.

As a result, we remain steadfast in our ambition and fully committed to this agenda as integral to AIB's own sustainability, strength and prosperity.

**COLIN HUNT**  
Chief Executive Officer

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

As we begin to learn to live in a more normalised COVID-19 environment, we find ourselves more aware than we ever have been before, of just how fragile our planet is, and the inequalities that exist between populations across our world, indeed in our own country and within our communities.

For leaders across the globe - Government, Business and Communities, the broad sustainability and climate change agenda has come centre stage and is now in even sharper focus. As COP26 in Glasgow demonstrated, protecting the planet is fundamental to achieving long-term sustainability goals, and so signs of momentum building in 2022 for tangible actions both in Ireland and abroad are welcome.

## THE RELEVANCE OF A SUSTAINABLE BUSINESS APPROACH

As Chair of the SBAC, I am pleased to present our sixth Sustainability Report, which has been assured by Deloitte in accordance with the Global Reporting Initiative (GRI). This time last year, I outlined why I believed the Sustainability Report was the most important yet given the backdrop of the pandemic and the accelerating climate crisis. While there is no room for complacency, I am also pleased to report that substantial and tangible progress has been made by AIB in the interim.

Events over the last two years have called for resilience in people, communities, businesses, economies, institutions and societies. The very essence of resilience goes to the heart of why we need to advance the

sustainability agenda – to create the circumstances that best allow future generations enjoy the opportunities that many of us have experienced over our lifetimes.

## THE ROLE OF AIB

Over recent years, we have witnessed a paradigm shift globally as a range of stakeholders demand more from business. At AIB, we are committed to playing a leadership role in sustainability, acknowledging the influence financial services institutions can bring to bear in deepening and embedding this agenda both here in Ireland and further afield.

Sustainability, and generating value sustainably, are fundamental to the Group's policies and goals of achieving economic, environmental and social outcomes. The delivery of these policies and goals is, in turn, subject to rigorous oversight and corporate governance including by the SBAC, which has overarching responsibility for the Group's sustainability and climate agenda, and which also safeguards the Group's 'social licence to operate'. Our role in supporting our customers and appreciating stakeholders evolving expectations of the business remains a priority, as we continue to work through a number of salutary lessons of the past, where as a business AIB fell short of those expectations.

In 2021, the governance architecture was further developed and strengthened with the addition of the Group Sustainability Committee, a sub-set of our Executive Committee, to oversee the delivery of our sustainable business strategy.

## LEADING THE WAY IN ADHERING TO GLOBAL STANDARDS

Building on our progress, and as we continue to build out third-party measurement and disclosures, in 2021 AIB became the first Irish company to sign up to the World Economic Forum (WEF) Stakeholder Capitalism metrics in our reporting. These metrics include non-financial disclosures around the four pillars of people, planet, prosperity and principles of governance. These pillars align with our own existing commitments built around the Environmental, Social and Governance (ESG) model.

During the year, AIB also became a UN Global Compact Signatory, with its related Human Rights Commitment. In addition, the Group also launched the Social Bond Framework to support communities across Ireland with the issuance of bonds for ESG purposes, becoming the first Irish organisation to do so.

## RECOGNITION AND LOOKING AHEAD

As Chair of the SBAC, I am proud to work closely with an organisation that is deeply committed to creating and fostering a more sustainable future for all. I would like to thank my Committee members for their support during the year. On behalf of the Committee, I would like to thank our CEO Colin Hunt and the Executive Team who are driving this agenda to not only embed sustainability throughout AIB, but to leverage the influence of the organisation, to extend it externally and backing our customers as they transition to more sustainable pathways.



*Helen Normoyle*

## HELEN NORMOYLE

Chair of Sustainable Business Advisory Committee

We pledge to **DO MORE.**

# THE VALUE WE CREATE

## OUR PURPOSE

To back our customers to achieve their dreams and ambitions.

As a bank at the very heart of the Irish economy, our role is central to the creation and delivery of sustainable economic, social and environmental development in towns and communities across the country. As we continue to emerge from the COVID-19 pandemic, there is an unprecedented opportunity to re-shape the way in which we live and work to a more sustainable, more equal future.

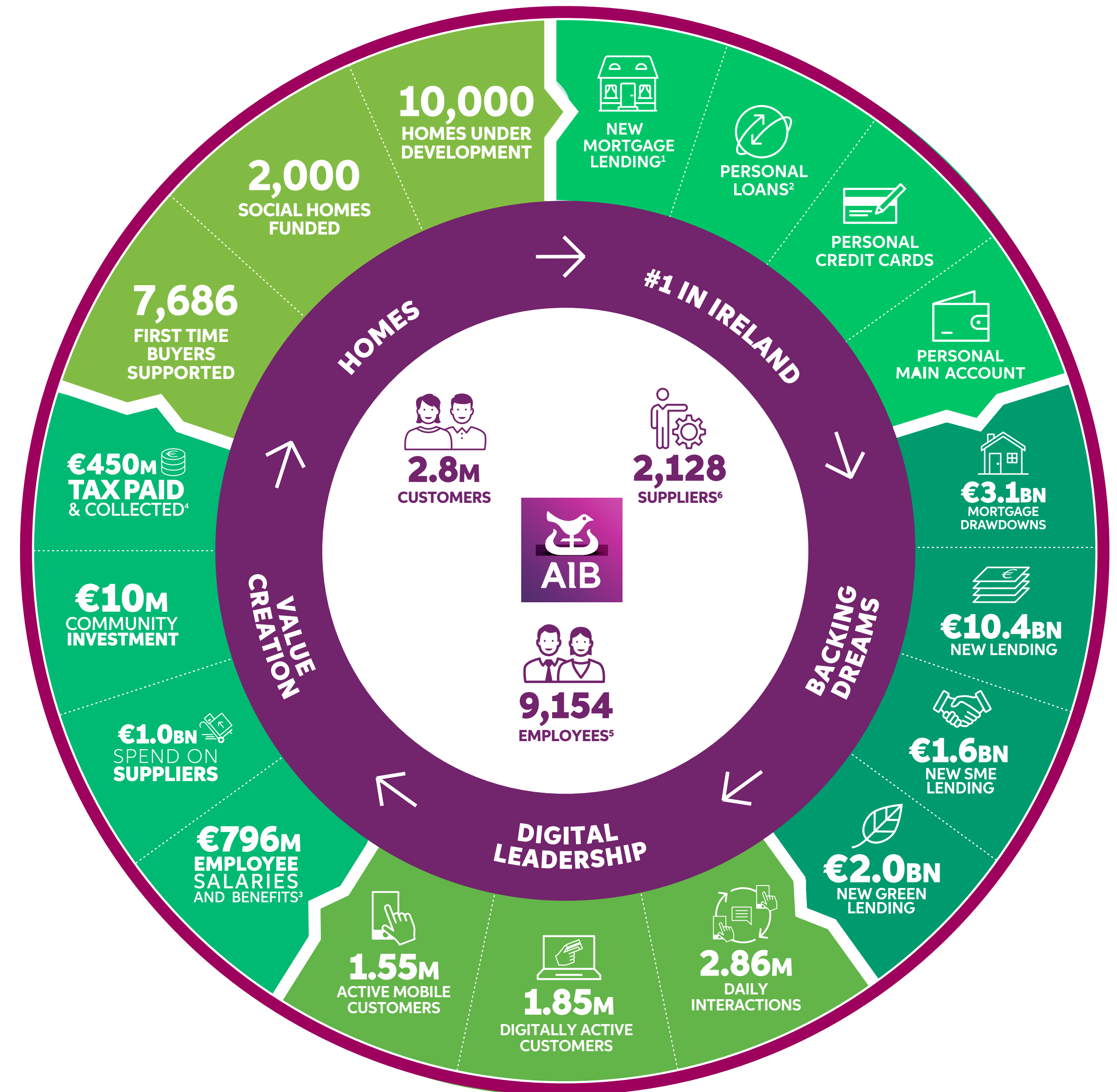
The role of banking goes deep into society - it enhances livelihoods, supports homemakers, enables jobs, and facilitates communities and society to flourish. Banking serves the ecosystem of our daily lives – face to face, over the phone or online – supporting 2.86m transactions on a daily basis. It makes real and meaningful support in addressing the many challenges and opportunities that face society.

As one of the biggest employers in the country, we directly support over 9,154 jobs, families and associated livelihoods in addition to indirectly supporting thousands of jobs and communities through our supply chain of over 2,128 active suppliers. We know that with such scale comes significant responsibility. To that end, and as we look ahead, we continue to be guided by our purpose – to back our customers to achieve their dreams and ambitions.

Information as of 28 February 2022.

Source: Company information and independent market research.

1. New mortgage lending FY2021
2. No. 1 among banks personal lending excluding car finance
3. See 'personnel expenses' in AFR 2021 - note 12 p.276.
4. "Tax paid" (€194m) refers to taxes borne by the Group, including corporate tax, bank levy, employer social insurance and irrecoverable VAT. "Tax collected" (€256m) comprises payroll taxes/social insurance collected from employees and net VAT collected from customers.
5. Average employees in 2021, including Payzone and Goodbody employees. Total employees at 31 December 2021 including Payzone and Goodbody employees was 8,916.
6. See p.112 for more details.



# SUSTAINABLE COMMUNITIES - OUR STRATEGY, PROGRESS AND TARGETS

ENSURING A GREENER TOMORROW BY BACKING THOSE BUILDING IT TODAY						
OUR FOCUS	CLIMATE & ENVIRONMENT		ECONOMIC & SOCIAL INCLUSION		FUTURE PROOF BUSINESS	
	We're actively integrating climate change into our business to accelerate our understanding, strengthen our strategy and clarify our actions. We're reducing our own carbon footprint and commit to being Net Zero by 2030. We're supporting our customers and communities in their transition to a low-carbon economy with an ambition that green and transition products will account for 70% of all our new lending by 2030.		We recognise the responsibility that comes with the scale and impact of our business. We aspire to contribute and advocate for a fairer society that is socially and economically inclusive. We do this by investing and raising awareness in access, education and innovation for our customers, our colleagues and our communities.		Our future sustainability depends on our ongoing investment in our business, people and processes. We want to give our customers the best possible banking experience – we're always learning and improving. In an increasingly digitalised world, we are focused on keeping our systems resilient and our data secure.	
	OUR TARGETS	OUR 2021 PROGRESS	OUR TARGETS	OUR 2021 PROGRESS	OUR TARGETS	OUR 2021 PROGRESS
	<b>2023</b> <b>€10BN</b> IN NEW CLIMATE & ENVIRONMENT LENDING	<b>€4.5BN</b> GREEN LENDING SINCE 2019	<b>2024</b> <b>€800M</b> FINANCE FOR SOCIAL HOUSING	<b>€300M</b> FULLY ALLOCATED	<b>2023</b> <b>+53</b> TRANSACTIONAL NPS <sup>3</sup>	<b>+45</b> TRANSACTIONAL NPS ('21)
	<b>2030</b> <b>NET ZERO</b> <sup>1</sup> IN OUR OPERATIONS AMBITION OF 70% OF NEW LENDING TO BE GREEN <sup>2</sup>	<b>19%</b> REDUCTION IN EMISSIONS (YEAR ON YEAR) <b>19% OF NEW LENDING IS GREEN</b>	<b>2023</b> <b>500K</b> CUSTOMERS SUPPORTED FINANCIAL LITERACY	<b>288K</b> SECONDARY SCHOOLS PROGRAMME	<b>2023</b> <b>&gt;2.25M</b> DIGITALLY ACTIVE CUSTOMERS	<b>1.85M</b> DIGITALLY ACTIVE CUSTOMERS
	<b>2040</b> <b>NET ZERO AMBITION</b> CUSTOMER PORTFOLIO LENDING (AGRI 2050)	<b>INTERNAL SCIENCE BASED TARGETS SET<sup>5</sup></b>	<b>ONGOING AIB IN OUR COMMUNITY</b> STRATEGIC FOCUS	<b>€10M</b> SUPPORTING COMMUNITY CAUSES	<b>ONGOING GENDER BALANCED<sup>4</sup></b> BOARD, EXCO & ALL MANAGEMENT	<b>GENDER BALANCED</b>

1. Includes scope 1 & 2 emissions  
2. Green includes Transition Lending

3. Transactional Net Promoter Score (NPS) is an aggregation of 20 Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking Journeys

4. The Gender Equality Global Report & Ranking - 2021 Edition equates "gender balanced" with between 40% and 60% of women.

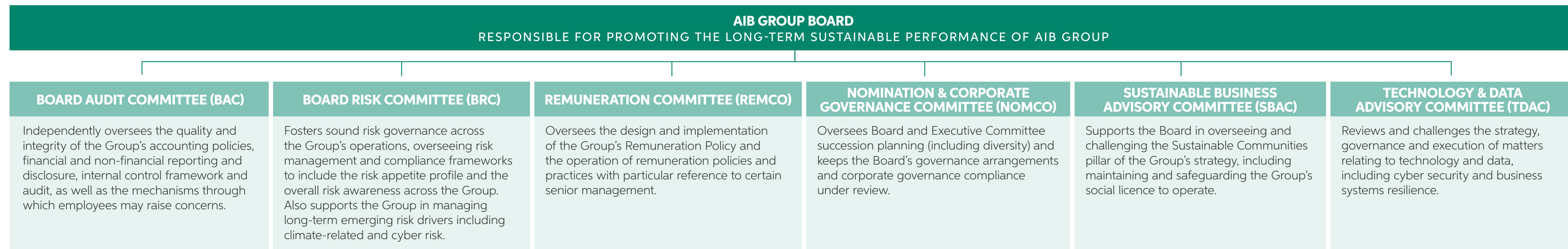
5. Internal science based targets set for Residential Property, Commercial Real Estate and Electricity Generation covering over 63% of our Loan Portfolio

# ESG PROGRESS

	ESG BOARD GOVERNANCE ESTABLISHED (2016)	PLEDGE TO DO MORE	NET ZERO TARGETS & AMBITIONS	ESG LEADERSHIP RATINGS (MSCI, SUSTAINALYTICS & S&P)	
	2016 - 2018	2019	2020	2021	
<b>E</b>	<b>OWN FOOTPRINT</b>	Group-wide certification Energy & Environmental Mgt. Standards Elimination of single use plastics	Property migration & retrofit	Reducing energy - Heating, ventilation & air conditioning programme	Group-wide LED lighting retrofit programme
	<b>SETTING TARGETS</b>		€5bn Climate Action Fund	Net Zero commitment by 2030. 70% new lending to be green or transition by 2030	Doubling to €10bn Climate Action Fund Internal emission reduction targets – key portfolios
	<b>GREEN PROPOSITIONS</b>		Green Mortgage	Electric Vehicle Sustainability Linked Loans	Green Consumer Loans Electric vehicle leasing Green Mortgage across brands
	<b>GREEN FINANCE</b>	Establishment of Energy Climate Action & Infrastructure team	€1bn Green lending Green Bond Framework	€1.5bn Green lending 1 <sup>st</sup> Irish Bank – Green Bond €1bn	€2bn Green lending 2nd Green Bond issued - €750m
<b>S</b>	<b>HOUSING</b>	Fair pricing mortgage rates - new & existing customers	Redesign of Mortgage customer experience journeys	€300m Social Housing Fund	Social Housing fund committed - Addl. €500m Fund Social Bond Framework
	<b>FINANCIAL LITERACY FOCUS</b>	Build A Bank – Secondary schools	Vulnerable Customer Programme	Secondary Schools Programme - Focus on financial literacy	Secondary Schools Programme - Focus on financial literacy
	<b>BACKING ENTREPRENEURS</b>	Innovation Hubs Teagasc Partnership (Agri)	Women in Enterprise Programme Brexit Advisors	COVID-19 Payment breaks & supports	SBCI Working Capital Loan & Brexit Impact. Loan Expansion of propositions - wealth
	<b>COMMUNITY PARTNERSHIPS</b>	GAA, FoodCloud & Soar	Volunteering Programme	AIB Together Matched Funding €2.4m COVID-19 research	Junior Achievement Ireland Additional partnerships including GOAL
<b>G</b>	<b>GOVERNANCE COMMITTEES</b>	Establishment of Board ESG Committee (SBAC) (2016)		Establishment of multi-year Sustainability Programme	Establishment of Group Sustainability ExCo Committee
	<b>STRATEGY &amp; THOUGHT LEADERSHIP</b>	1 <sup>st</sup> Annual Sustainability Conference Sponsorship of Climate Finance Week	Sustainable Communities – Embedded in strategy 2023	Sustainability Training	Climate Risk Training
	<b>COMMITMENTS</b>		Supporter of Task Force on Climate-related Financial Disclosures (TCFD) Founding signatory of UNEP FI Principles for Responsible Banking (PRB)		UN Global Compact, WEF Stakeholder Capitalism Metrics. Net Zero Banking Alliance Equator Principles
	<b>REPORTING</b>	1 <sup>st</sup> standalone Sustainability Report		1st disclosures – TCFD and PRB	1st disclosures - EU Taxonomy, WEF metrics and UN Global Compact
	<b>POLICIES &amp; CODES</b>	Data Protection policy enhancements	Project Finance	Excluded Lending Activities / Responsible Supplier Code / Code of Conduct refreshed / Human Rights Commitment	Sustainable Lending Framework ESG Questionnaire Initial Climate Risk Quantification
	<b>INCLUSION &amp; DIVERSITY</b>	Invest In You – Employee Development	Culture Programme	Gender balanced Board and ExCo	LEAD (Leaders Enabling A Difference) Programme

# OUR GOVERNANCE STRUCTURE

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



Note: For more information on our Board Committees, please see our AFR 2021, p.186-209.



KEY SUB-COMMITTEES OF EXCO THAT SUPPORTED IN THE EXECUTION OF OUR GROUP STRATEGY:

<b>GROUP ASSET &amp; LIABILITY MANAGEMENT COMMITTEE (ALCO)</b> Chaired by our Chief Financial Officer (CFO), this committee is responsible for the Group’s Balance Sheet structure, including capital, funding, liquidity, interest rate risk, foreign exchange hedging risks and other market risks.	<b>GROUP RISK COMMITTEE</b> Chaired by the Chief Risk Officer (CRO), this committee is responsible for fostering sound risk governance, ensuring risks are properly identified, assessed, controlled and reported and that our Strategy is consistent with our Risk Appetite.	<b>ARREARS RESTRUCTURING PRIORITY COMMITTEE (ARPC)</b> Chaired by the Managing Director of Retail, this committee together with all members of ExCo is responsible for the resolution of customer arrears across the Group.
<b>GROUP DISCLOSURE COMMITTEE (GDC)</b> Chaired by our CFO, this committee is responsible for oversight of material Group disclosures and market announcements made to the public including financial and significant non-financial/ESG data.	<b>MARKET ANNOUNCEMENTS COMMITTEE (MAC)</b> Chaired by our CFO, this committee is responsible for advising the CEO and the CFO in determining the treatment of material information relating to the Group in respect of its equity and debt issuances and any impacted subsidiary entities.	<b>GROUP CHANGE COMMITTEE (GC)</b> Chaired by our Chief Operating Officer (COO), this committee is responsible for overseeing the holistic change landscape of the Group and its impact on the operational risk profile of the Group, and for managing the annual Investment Planning process and allocation of funding.
<b>DATA AND ANALYTICS COMMITTEE (DAC)</b> Chaired by our Chief Technology Officer (CTO), this committee is responsible for the governance, oversight and approval of all aspects of the Group’s Data and Analytics activities including data quality, cyber, ethics and privacy standards.	<b>GROUP CONDUCT COMMITTEE (CC)</b> Chaired by our Group General Counsel this committee supported by our Segment Conduct committees, is responsible for the Group’s consumer protection agenda.	<b>GROUP SUSTAINABILITY COMMITTEE (GSC)</b> Chaired by the Director of Corporate Affairs, Strategy & Sustainability, this committee is responsible for the governance, oversight and approval of the Group’s Sustainable business strategy.

# ESG GOVERNANCE



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

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

As SBAC is an advisory Committee, decisions are routed through our agreed governance pathway. To ensure ongoing awareness of the work of the Committee by all Directors, the Committee Chair provides an update to the Board following each meeting on the key items discussed and considered by the Committee. The Committee met on five occasions in 2021 – four of which were scheduled and one of which was out of course. In addition, the Committee convened on an additional two occasions for ESG training.

Specifically, the Committee considers and advises on the key areas of focus as set out in the Sustainability Strategy. During the year, it advised on a number of key areas including:

- » Refresh of our sustainability strategy, ambition and targets
- » Review of the climate risk quantification work undertaken on high risk sectors
- » Insight into climate opportunities analysis and agreeing proposed propositions to leverage the opportunities
- » Review of ESG disclosures requirements and plan to address
- » Understanding the expectations of stakeholders and agreeing the areas of focus to address gaps
- » Oversight of the Sustainability culture and purpose
- » Review of low carbon strategy and progress on setting science based targets
- » Contributing to and reviewing sustainability progress and disclosures in our annual reporting

## THE EXECUTIVE COMMITTEE (EXCO)

The ExCo is the most senior management committee of the Group and is accountable to the CEO. Subject to financial and risk limits set by the Board and excluding those matters which are reserved specifically for the Board, the ExCo, under the stewardship of the CEO, has responsibility for the day-to-day management of the Group's operations.

## GROUP SUSTAINABILITY COMMITTEE (GSC)

In H1 2021, a new sustainability governance forum was set up comprising of members of the Executive Committee in addition to some senior stakeholders from across the business. This committee is responsible for the governance, oversight and approval of aspects of the Group's Sustainable business strategy including Environmental, Social and Governance ("ESG") activities including how the Group responds to our ESG commitments, under the oversight of the Sustainable Business Advisory Committee. The GSC is chaired by the Director of Corporate Affairs, Strategy & Sustainability who is the bank's ExCo sponsor for Sustainability.

## SUSTAINABILITY REGULATORY CHANGE STEERING GROUP

This group is chaired by the Chief Sustainability Officer and comprises of senior stakeholders from across the Group representing Ireland, UK and the U.S. The Steering Group supports the implementation of the programme of work covering the ESG regulatory requirements. These include the ESG aspects of the EBA Loan Origination & Monitoring, the ECB Guidelines for Climate-related and Environmental risk, The EU Taxonomy and the PRA climate-related requirements. Responsibilities are executed under the oversight of the Group Sustainability Committee.

# AWARDS AND RECOGNITION



Appointment to 2021 CDP Supplier Engagement Leaderboard



**Chambers Ireland**  
Advancing business together

Best Business Bank 2021



Rosie Lyon, AIB UK Global Young Banker of the Year



Gold – Achievement in Customer Training



LEED Gold for commercial interiors in AIB Molesworth St.



Investors in Diversity | SILVER

First bank in Ireland to receive silver accreditation



Mentor Her – Winner in Excellence in Diversity & Inclusion



Best Use of Customer Insight and Feedback



Best Use of Technology – Transformation Programme



Customer Experience Team of the Year



Winner - Diversity Initiative 2021 supporting women returning to the workplace



Most Popular Graduate Recruiter in Banking, Investment & Financial Services 2021

# RATINGS



On 19 April 2021 AIB received an ESG Risk Rating of 14.5 and was assessed by Sustainalytics to be at Low Risk of experiencing material financial impacts from ESG factors. Our ESG Risk Rating placed AIB in the 6th percentile of the banks assessed by Sustainalytics. (1<sup>st</sup> = lowest ESG Risk)\*\*

# S&P Global

In the 2021 Corporate Sustainability Assessment AIB achieved an increased score of 70/100 (2020: 61/100) which, as at 12 November 2021, placed us in the 87<sup>th</sup> percentile of banks (2020: 78<sup>th</sup> percentile). AIB is also listed as a member of the Sustainability Yearbook 2022.



CCC B BB BBB A AA AAA

AIB was rated as AA (Leader) on 22 Jan 2021, up from A (Average) in 2019.



FTSE4Good

Since July 2020, AIB is a member of the FTSE4Good Index Series which identifies companies that demonstrate strong environmental, social and governance practices.



A- 2021

The international environmental impact non-profit organisation CDP highlighted AIB as a global leader in corporate climate action. AIB has achieved the Leadership rating since 2016 and was the only bank in Ireland or the UK to make the Global A list in 2020.



# Engaging

15 STAKEHOLDER ENGAGEMENT

17 MATERIALITY PROCESS

18 COMMITMENTS, MEMBERSHIPS  
AND PARTNERSHIPS



# 2021 STAKEHOLDER ENGAGEMENT

We are committed to investing our time and resources with our many stakeholders, who influence our business or are impacted by it, in order to both shape and deliver on our strategy and our commitments. The below table is a high-level representation of our stakeholder groups and how we engaged with them through 2021.

STAKEHOLDER	DETAIL OF INTERACTION		AREAS DISCUSSED	HOW WE MONITOR/ENGAGE
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>» Face-to-face interactions</li> <li>» Voice of the Customer surveys (VOC)</li> <li>» Ask AIB (social media)</li> <li>» Complaints monitoring</li> <li>» AIB website (Help Centre; Financial planning tools)</li> </ul>	<ul style="list-style-type: none"> <li>» Internet and Phone Banking support</li> <li>» Focus groups</li> <li>» Reputation tracking</li> <li>» Quantitative &amp; qualitative research</li> </ul>	<ul style="list-style-type: none"> <li>» Ongoing COVID-19 support/payment breaks</li> <li>» Access to banking/facilities</li> <li>» Data and cyber security</li> <li>» Climate &amp; Environment supports</li> </ul>	<ul style="list-style-type: none"> <li>» +45 NPS</li> <li>» 78K VOC surveys</li> <li>» 85.8% resolved at Dispute Resolution stage</li> <li>» 66 RepTrack Citizen score (average)</li> <li>» 19% Green lending</li> </ul>
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>» Team meetings and townhall engagement</li> <li>» Employee engagement surveys</li> <li>» Performance review process</li> <li>» Speak-Up and Grievance processes</li> <li>» Intranet (Internal communications channel)</li> </ul>	<ul style="list-style-type: none"> <li>» Industrial Relations partner engagement</li> <li>» Employee Resource Groups</li> <li>» Culture Conversations</li> <li>» Health and safety monitoring</li> </ul>	<ul style="list-style-type: none"> <li>» Ongoing COVID-19 support</li> <li>» Wellbeing</li> <li>» Future of Work / Ways of working</li> </ul>	<ul style="list-style-type: none"> <li>» 7,500 employees working remotely</li> <li>» 3,000 people leaders attended LEAD event</li> <li>» Remote Working Health &amp; Safety Assessments</li> </ul>
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>» Face to face interactions</li> <li>» Ongoing relationship management processes</li> <li>» Third Party Management Process</li> <li>» Annual Attestation (top tier suppliers)</li> </ul>		<ul style="list-style-type: none"> <li>» Ongoing COVID-19 support</li> <li>» Supply chain management and support</li> <li>» Implementation of Responsible Supplier Code</li> </ul>	<ul style="list-style-type: none"> <li>» 2,128 active Suppliers</li> <li>» 28 hours training per employee</li> </ul>
<b>INVESTORS</b>	<ul style="list-style-type: none"> <li>» Ongoing structured engagement</li> <li>» Financial &amp; Non-Financial reporting</li> <li>» Comprehensive Investor Relations programme</li> </ul>	<ul style="list-style-type: none"> <li>» Investor Relations website</li> <li>» Strategy update</li> <li>» Industry conferences</li> </ul>	<ul style="list-style-type: none"> <li>» Ongoing COVID-19 support</li> <li>» ESG alignment</li> <li>» Climate Change supports</li> <li>» Balance sheet strength</li> </ul>	<ul style="list-style-type: none"> <li>» Leadership scores with key ESG agencies</li> </ul>
<b>REGULATORS</b>	<ul style="list-style-type: none"> <li>» Regular &amp; structured engagement</li> <li>» Site visits</li> <li>» Regulatory reporting</li> </ul>		<ul style="list-style-type: none"> <li>» Ongoing COVID-19 support</li> <li>» ESG alignment</li> <li>» Climate Change Resilience</li> <li>» Balance sheet strength</li> </ul>	<ul style="list-style-type: none"> <li>» Completed regulatory questionnaires and received feedback</li> </ul>
<b>SOCIETY &amp; COMMUNITY</b>	<ul style="list-style-type: none"> <li>» Direct partnerships and sponsorships</li> <li>» AIB Together programme</li> <li>» Financial &amp; Non-Financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>» Regular and structured stakeholder engagement</li> <li>» Industry collaboration &amp; partnerships</li> <li>» Vulnerable customer programme enhancements</li> </ul>	<ul style="list-style-type: none"> <li>» Ongoing COVID-19 support</li> <li>» Access to banking/facilities</li> <li>» Financial literacy and inclusion</li> <li>» Climate &amp; Environment supports</li> </ul>	<ul style="list-style-type: none"> <li>» 3.7k Vulnerable Customers Supported</li> <li>» €10m Community investment programmes including €1m AIB Together Fund</li> </ul>

# MATERIALITY PROCESS

As we continue to adhere to international best-practice in the development and refinement of our strategy and reporting, in 2021 we refreshed our independent ESG materiality exercise. This work is done on a biennial basis, identifies the most material issues to our stakeholders and remains the backbone of the Sustainable Communities pillar of our Group strategy.

The process for the project included:

- » Review of AIB’s strategic priorities, material/principal risks and current/emerging business developments;
- » Review of current/emerging societal and sector trends and global standards (e.g. GRI, WEF, NFRD/CSRD);
- » Peer review and analysis;
- » Regulatory review;
- » Survey and interviews with AIB senior management;
- » Stakeholder survey across 6 identified groupings with circa 680 responses.

The most significant change in the findings was the increased relevance and positioning of Climate Change within the issues presented, in particular climate resilience, being closely intertwined within the other material issues, from AIB product offerings to housing concerns.

The most significant changes from 2019 include the increase in the following issues: *Ensure a Climate Resilient & Responsive Business Model and Responsible Lending and Investments.*

The exercise also highlighted the growing importance of social issues and biodiversity in the overall ESG agenda. The outcomes of the matrix were validated by external stakeholders from a cross section of the AIB stakeholder groups.

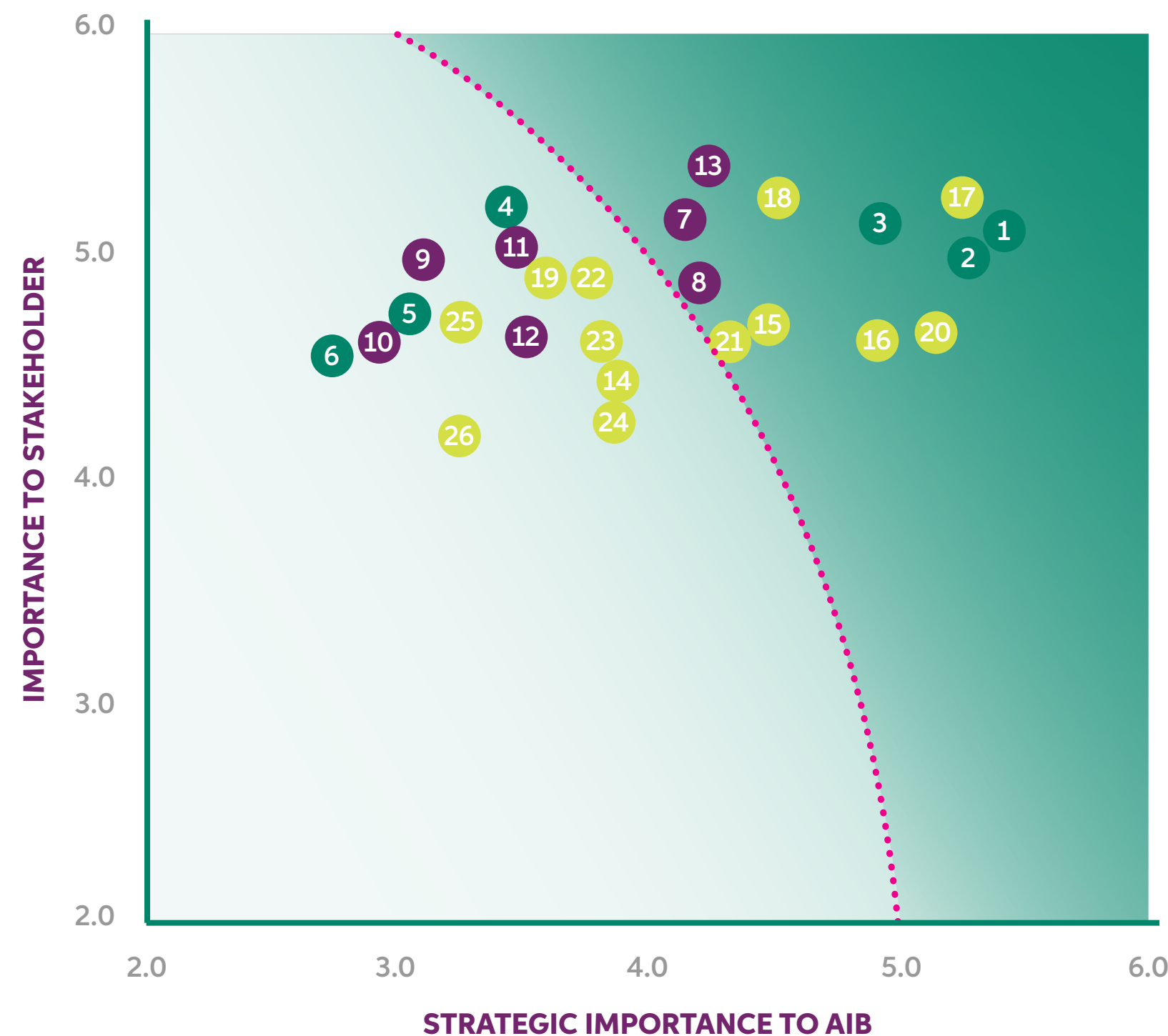
This work was undertaken with the support of KPMG in Q2-Q3 2021.

Through the materiality process, we considered 26 updated topics, agreed following internal and external best practice review.

The process concluded 12 topics of material importance for both our stakeholders and AIB, which align to our strategy & commitments and on which we base our reporting.

Given our relevance and the strategic focus we place on the role of AIB in our communities, we are also reporting against our broad Community Strategy and impact.

## 2021 MATERIAL ISSUES AND FINAL PLOT



- CLIMATE & ENVIRONMENT**
  - 01 Ensure a climate resilient & responsive business model
  - 02 Products and services to address environmental issues
  - 03 Responsible lending and investments
  - 04 Decarbonisation of company’s footprint
  - 05 Circular economy
  - 06 Biodiversity and ecosystem
- ECONOMIC & SOCIAL INCLUSION**
  - 07 Usability of services and accessibility of products
  - 08 Enable customers to make better informed financial decisions
  - 09 Financial inclusion
  - 10 Community Support
  - 11 Stakeholder Engagement
  - 12 Products and services to address economic and social issues
  - 13 Housing
- FUTURE PROOF BUSINESS**
  - 14 Diversity and inclusion
  - 15 Customer experience
  - 16 Digitalisation and interconnectivity
  - 17 Cyber security and business system resilience
  - 18 Protect our customers data and privacy
  - 19 Comply with laws, codes and regulations
  - 20 Talent attraction, retention and development
  - 21 Corporate governance & accountability
  - 22 Ethics & integrity
  - 23 Employee engagement
  - 24 Business leadership & vision
  - 25 Employee health, safety and wellbeing
  - 26 Responsible procurement

# COMMITMENTS, MEMBERSHIPS & PARTNERSHIPS

AIB also partners with various community organisations on an ongoing basis



The below outlines a table of the key voluntary commitments made by AIB as relevant to our sustainability strategy and reporting.



	DATE OF COMMENCEMENT	STAKEHOLDERS	COUNTRIES APPLIED	WEBSITE
World Economic Forum (WEF) Stakeholder Capitalism Metrics	2021	All	Group-wide	www.weforum.org
Equator Principles	2021	All	Group-wide	www.equatorprinciples.com
Net Zero Banking Alliance	2021	All	Group-wide	www.unepfi.org/net-zero-banking
UN Global Compact	2021	All	Group-wide	www.unglobalcompact.org
Task Force on Climate-related Financial Disclosures (TCFD)	2019	All	Group-wide	www.fsb-tcfid.org
The Valuable 500	2019	All	Group-wide	www.thevaluable500.com
United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking	2019	All	Group-wide	www.unepfi.org/banking/bankingprinciples
Low Carbon Pledge	2018	All	Ireland	www.bitc.ie/the-leaders-group-on-sustainability/low-carbon-pledge/
Global Reporting Initiative (GRI)	2017	All	Group-wide	www.globalreporting.org
Carbon Disclosures Project (CDP)	2014	All	Group-wide	www.cdp.net/en
ISO 50001 (energy) and ISO 14001 (environmental) management	2014	All	Group-wide	www.iso.org
National Energy Efficiency Action Plan	2010	All	Group-wide	www.gov.ie/neeap
Business in the Community Ireland	2002	All	Ireland	www.bitc.ie

AIB also holds membership of the following, with roles and strategic relevance highlighted in the table

ASSOCIATION	GOVERNANCE POSITION	ACTIVE PARTICIPATION	FUNDING BEYOND MEMBERSHIP	STRATEGIC ALIGNMENT
Banking & Payments Federation of Ireland (BPFI)	Y	Y	N	Y
European Banking Federation (through BPFI)	N	Y	N	Y
Irish Business and Employment Confederation (IBEC)	N	Y	N	Y
Irish Paper Clearing Company (IPCC)	Y	Y	N	Y
Irish Payments Council (IPC)	Y	Y	N	Y

ASSOCIATION	GOVERNANCE POSITION	ACTIVE PARTICIPATION	FUNDING BEYOND MEMBERSHIP	STRATEGIC ALIGNMENT
UK Finance	N	Y	N	Y
UNEP Finance Initiative	N	Y	N	Y
30% Club	N	Y	N	Y
Open Doors	N	Y	N	Y
Institute of Bankers (IOB)	Y	Y	N	Y