4. Governance & Responsible Business

4. Governance & Responsible Business

We will pride ourselves on acting responsibly, with integrity and transparency, while embedding ESG capabilities and measures at the heart of our business.

The following section will provide details of our governance structure, and also focus on areas pertaining to corporate governance, AIB's culture & reputation, and cyber security & data protection.

This section contains the following chapters:

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Our Awards:

Analytics & AI Awards

Category: Analytics Employer of the Year

Women in STEM Awards

Category: Returner of the Year

Recipient: Shyamly Suresh

Ibec Technology Ireland Industry Awards

Category: Excellence in Talent Development

ESG Measures:

Ongoing

Further improve efforts to enhance Cyber Security Protection.

Ongoing

Gender balanced Board, ExCo and all Management

Governance & responsible business

Our Governance Structure

Our strong governance structures and frameworks are key to delivering our strategy. AIB's Board of Directors has established a number of Board and Board Advisory Committees to assist in the discharge of its duties, and part of their role is to oversee and challenge the Group's sustainability strategy and performance, while the Board retains ultimate responsibility, ensuring a robust approach.

Governance Structure

AIB Group Board
Responsible for promoting the long-term sustainable performance of AIB Group

Board Audit Committee (BAC)	Board Risk Committee (BRC)	Remuneration Committee (RemCo)	Nomination & Corporate Governance Committee (NomCo)	Sustainable Business Advisory Committee (SBAC)	Technology & Data Advisory Committee (TDAC)
Independently oversees the quality and integrity of the Group's accounting policies, financial and narrative reporting, non-financial disclosures and disclosure practices, internal control framework and audit as well as the mechanisms through which employees may raise concerns.	Fosters sound risk governance across the Group's operations, overseeing risk management and compliance frameworks to include the risk appetite profile and the overall risk awareness across the Group. It also supports the Group in managing long-term emerging risk drivers including Cyber Risk.	Oversees the design, implementation, operations and practices of the Group's Remuneration policy ensuring that the Remuneration policy is designed to support the long-term business strategy, values and culture of the Group and to promote effective risk management.	Oversees Board and Executive Committee succession planning (including diversity) and keeps the Board's governance arrangements and corporate governance compliance under review.	Supports the Board in overseeing and challenging the development and execution of the Group's sustainable business strategy in accordance with the approved Group strategic and financial plan.	The Committee reviews and challenges the strategy, governance and execution of matters relating to technology and data, including cyber security and data and analytics, as well as business enablement activities.

Key Sub-Committees of ExCo that Support the Execution of our Group Strategy

AIB Group Executive Committee (ExCo)
Responsible for the day-to-day operation of the Group, including input on design, development and delivery of our purpose, strategy and values

Group Asset & Liability Management Committee (ALCO)	Group Disclosure Committee (GDC)	Data, Analytics & Technology Committee (DATC)	Group Risk Committee (GRC)	Group Conduct Committee (CC)	Market Announcements Committee (MAC)	Arrears Restructuring Priority Committee (ARPC)	Group Change Committee (GC)	Group Sustainability Committee (GSC)	Quarterly Business Review (QBR)
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.	Chaired by our CFO, this committee is responsible for oversight of material Group disclosures including financial and significant non-financial/ESG data.	Chaired by our Chief Technology Officer (CTO), this committee is responsible for the governance, oversight and approval of all material aspects of the Group's data and technology activities, including the technology, data and analytics strategy, data quality, cyber, ethics and privacy standards.	Chaired by our 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.	Chaired by our Group General Counsel, this committee is responsible for the oversight of the Group's conduct-related issues and the Group's consumer protection agenda.	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 in accordance with regulation.	Chaired by our CFO, this committee, together with all members of ExCo, is responsible for the oversight of resolution of customer arrears across the Group.	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.	Chaired by our Chief Strategy & Sustainability Officer, 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.	Chaired by our COO, this committee is the specific ExCo-led decision-making forum in the QBR process, which is a key component in the delivery of technology-driven change in AIB under the Agile approach. It is the key enabler in delivery of the Board-approved strategic and financial plan.

Governance & responsible business

Our Governance Structure continued

Our Board and Board Committees

The AIB Group Board is responsible for approving the Group's strategy and our financial and investment plans, which includes the consideration of ESG and climate factors. The Board is responsible for the approval of the Detailed Sustainability Report (DSR) and considers and monitors performance against the sustainability targets for the Group. It ensures that an appropriate system of internal controls is maintained and established. The Sustainable Business Advisory Committee (SBAC) assists it in fulfilling its independent oversight responsibilities in relation to ESG matters. The Board receives updates regarding the execution of the Group's sustainability strategy, including the quarterly Group Balanced Scorecard, bi-annual sustainability updates and updates on both Green Bond and Social Bond transactions.

Sustainable Business Advisory Committee (SBAC)

In fulfilling its advisory role, the SBAC supports the Board in overseeing the Group's performance as a sustainable business and delivery of AIB's sustainability strategy in accordance with the approved Group strategy and financial plan, and maintaining and safeguarding the Group's social licence to operate.

Board Risk Committee (BRC)

The BRC ensures that risks within the Group are appropriately identified, reported, assessed, managed and controlled including commission, receipt and consideration of reports on key strategic and operational risk issues. The BRC receives updates regarding the effectiveness of the Group's policies and programmes, which relate to identifying, managing and mitigating ESG risks, including Climate and Environmental Risk, in connection with the Group's operations and ensuring compliance with regulatory requirements and industry standards. The BRC approves the Climate and Environmental Risk Framework, which together with the Climate and Environmental policy, outlines the key requirements for the identification, assessment and management of Climate and Environmental Risk, and work continues to integrate and embed this new material risk into our key risk activities.

Board Audit Committee (BAC)

The BAC assists and advises the Board in fulfilling its independent oversight responsibilities in relation to the quality and integrity of the Group's accounting policies, financial and narrative reporting, non-financial disclosures and disclosure practices. It also manages the effectiveness of the Group's internal control, risk management, and accounting and financial reporting systems, our whistleblower Speak Up process (for more information, see page 61), and the performance of internal and external auditors. Regarding non-financial disclosures, the Committee has oversight responsibility for all ESG reporting contained within the Annual Financial Report and the bi-annual Pillar 3 disclosures. In discharging this responsibility, the BAC reviews a number of key artefacts relating to the implementation of new ESG reporting directives, internal and external assurance activity, supporting control frameworks, and the basis of preparation of disclosures.

Technology Data Advisory Committee (TDAC)

TDAC was established by the Board to support it in its review and challenge of strategy, governance and execution of matters relating to technology, data and cyber. The Technology Strategy is a key enabler of the overall Group Strategy and our Sustainability Strategy is a key part of this. Sustainability related matters considered by TDAC include data and analytics strategy including data ethics, cyber strategy, data protection and the Digital Operational Resilience Act ("DORA"). These areas are very much aligned to our material topics identified as part of the governance element of ESG.

Executive Committee (ExCo)

Our ExCo is the most senior management committee of the Group and is accountable to the Chief Executive Officer (CEO). Led by the CEO, the ExCo has primary authority and responsibility for the day-to-day operations of the Group, excluding those matters that are reserved specifically for the Board, and operating within the financial and risk limits set by the Board. This includes ensuring an effective organisation structure, the selection, motivation and direction of senior management, and oversee the execution of the strategy agreed with the Board and the operational management, compliance and performance of all of the Group's businesses.

Image above is taken at an AIB Group plc meeting in December

Group Sustainability Committee (GSC)

The GSC is a sub-committee of the Group and comprises members of the ExCo in addition to senior stakeholders from across the business. It is tasked with oversight of aspects of the Group's sustainable business strategy, including ESG activities, and how the Group responds to our ESG commitments. It makes recommendations to SBAC on matters requiring escalation, and interacts with GRC on relevant matters. It oversees the sustainability change agenda, including the effective fulfilment of strategic objectives and regulatory obligations, and data strategy as it relates to ESG disclosures. It reviews and assesses current and emerging ESG risks (interacting with GRC on relevant matters), maintains relationships with key sustainability and ESG stakeholders, and ensures that the Group's portfolio of ESG products aligns to the ESG agenda and strategy. Additionally, GSC oversees internal and external communications with stakeholders regarding the Group's approach to ESG matters.

Group Risk Committee (GRC)

The Group Risk Committee is the most senior management risk committee and is accountable to the Executive Committee to set policy and monitor all risk types across the Group to enable delivery of the Group's risk strategy. As part of discharging its overall responsibilities, GRC receives updates regarding the effectiveness of the Group's policies and programmes, which relate to identifying, managing and mitigating ESG risks, including Climate and Environmental Risk, in connection with the Group's operations, and ensuring compliance with regulatory requirements and industry standards. The Climate and Environmental policy is approved by the GRC.

Group Disclosure Committee (GDC)

The GDC's primary purpose is the oversight of material Group disclosures made to the public. From an ESG perspective, the Committee recommends the disclosures within the DSR for recommendation to SBAC for review, ahead of recommendation to the Board for approval. Additionally, GDC considers the clarity and consistency of the disclosure response, on the recommendation of GSC, of any new legal and regulatory requirements impacting Group disclosures relating to ESG matters. The Committee reviews and recommends the key judgements and estimates applied to ESG disclosures to BAC, following consideration by GSC.

Governance & responsible business

Corporate Governance, Ethics and Accountability

Material Topic: Corporate Governance, Ethics & Accountability

Fostering a strong culture of accountability, integrity and openness, supported through appropriate governance and regulatory frameworks is a key tenet for the Group's future sustainability.

The Board and its committees participated in a number of ESG-related training events throughout 2023 in order to advance their collective knowledge and skills. The training sessions were delivered by a mix of internal and external subject matter experts on topics such as industry perspectives, emerging practices, challenges with data quality on climate-related disclosures and the Corporate Sustainability Reporting Directive (CSRD). In 2023, in order to further enhance the overall governance model to support ESG oversight at Board level, the Chairs of the BAC, BRC and SBAC met to discuss keys areas of common focus.

The Group's Governance Framework underpins effective decision-making and accountability. It is the basis on which we conduct our business and engage with customers and stakeholders. It ensures that organisational and control arrangements are appropriate, and that no one individual has unfettered powers of decision or exercises undue influence. Key roles and responsibilities are clearly defined, documented and communicated to key stakeholders.

AIB's corporate governance practices meet the relevant statutory and regulatory obligations that apply to the Group. The policies, frameworks and codes utilised across the Group – centred around our Code of Conduct (see page 65) – ensure all of those who work for AIB adhere to high ethical standards at all times.

40%

female representation across Board Directors

Meanwhile, our ESG Framework, which was launched in December 2022, ensured that the Group's approach to the management of ESG was clearly defined and well understood – from the Board and throughout all operations. This enabled the achievement of our strategic objectives in line with our Risk Management Framework while delivering on regulatory requirements and the commitments made to all of our stakeholders. In line with our continued progress in this space, the ESG Framework will be retired over the course of 2024 and the agenda will be managed through a newly launched Climate & Environment Framework and policy, and other existing Frameworks and governance structures in place.

As a Group, we maintain approximately 4,000 suppliers, with whom we contract. They are integral to both meeting our net zero ambitions and maintaining ethical operations throughout our supply chain. We have a Responsible Supplier Code that sets out our expectations of suppliers, and includes the behaviours we look for. We will only do business with suppliers that adhere to our Responsible Supplier Code and we require evidence that they have an ESG plan in place or are working towards putting one in place.

It is imperative that anything that goes against our ethics is identified and removed. Where there is wrongdoing, or suspected wrongdoing, we want to empower our people to speak up. Our Speak-Up policy sets out how
employees, agency staff, tied agents, suppliers, contractors, consultants, and those providing an outsourced service, can raise any issue or seek advice at any stage.

Board Composition and Diversity

Our long-term ongoing target is to maintain gender balance (40%-60% women) for our Board and management. In reviewing the Board composition, balance and appointments, we consider candidates on merit against objective criteria and with due regard for the benefits of diversity. At the end of 2023, our Board remains gender balanced, with 40% female representation across Directors along with one member from a minority ethnic group. The Board embraces the benefits of diversity among its members and through its succession planning, is committed to achieving the most appropriate blend and balance of diversity possible over time.

For more details on our Board composition, diversity and effectiveness, see the Annual Financial Report, pages 70 to 73.

Tone from the Top

The Board of Directors approves the Group's purpose and strategy, guiding and protecting the long-term vision of the organisation.

In 2023, AIB Group developed a strategy for the next three-year strategic cycle and revised our purpose.

Our purpose, empowering people to build a sustainable future, was approved by the Board following a series of engagements with the Customer First Recharge Programme (see page 37) throughout March to July 2023. All ExCo members took part in a workshop in May that resulted in initial wording on the revised purpose. The final wording was agreed by ExCo and assessed by a focus group in advance of Board consideration, discussion and final approval in July.

In December, following extensive review and challenge by the Board during the year, in line with the Group's strategic planning process, the Board approved the Group's strategy for 2024 - 2026, which builds on the platform created by delivery of the strategy for 2020 - 2023. Details on our Group strategy can be found in our Annual Financial Report 2023, pages 20 to 25.

AIB colleagues at the Sustainability event in PorterShed a Dó in Galway.

Governance & responsible business

Corporate Governance, Ethics and Accountability continued

Accountability

We remain steadfast in our commitment to truly embed a culture that champions customers' interests, underpinned by values and behaviours that support the delivery of high-quality service and fair customer outcomes.

The Individual Accountability Framework regulation is intended to improve executive accountability within the Irish financial services sector. We welcome this regulation and have already started to implement enhancements to our existing processes, with the strong support of our Board and Executive Committee.

Throughout 2023, we maintained a rigour on the promotion of our culture of accountability throughout the organisation by enhancing our Code of Conduct and mandating associated training for all employees, in addition to an extensive programme of training and awareness at all levels within the organisation, in preparation for the Individual Accountability Framework.

In November, we held an Accountability in Action week with a programme of activity provided across the organisation including senior leader panel discussions and training, to enhance our understanding of accountability. We also launched a new Regulatory Accountability Policy, which came into effect at the end of the year.

Anti-Bribery & Corruption

The most significant Corruption Risks faced by the banking industry relate to money laundering and terrorist financing, corruption in the supply of goods and services to the Bank, internal and external fraud, conflicts of interest in business transactions, market manipulation in share dealing, data protection breaches and theft.

To manage corruption and its associated risks, we have implemented two Group policies. Our Financial Crime (incorporating Anti-Bribery & Corruption (ABC)) policy covers what constitutes bribery and/or corruption and what is prohibited under the various regulations. And our Conflicts of Interest (CoI) policy governs both the giving and receiving of gifts, benefits and hospitality. These policies apply to all employees, contractors and suppliers operating within AIB. They are reviewed annually by stakeholders and material changes must be approved by our Group Risk Committee.

In line with our Financial Crime and Conflict of Interest policies, all our operations across the Group are assessed for risks related to corruption. No significant risks related to corruption were identified through the risk assessment during 2023.

Under the CoI policy, gifts, benefits or hospitality given or received, in excess of €50/£50/$65 (including cumulative gifts received or given to or from one donor) are subject to prior approval from the employee's People Leader and must be recorded on a central register. Coordinators are appointed for each business area – they review the register monthly, ensuring it is in keeping with our policies, complete quarterly returns to our HR Direct team and report policy breaches to the policy owner. As subject matter experts, HR provides training and support to those appointed coordinators.

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

All employees, contractors and suppliers are required to complete Financial Crime (AML & Sanctions) and Conflicts of Interest training annually, and employees must declare any perceived or potential Conflicts of Interest on an ongoing basis. In 2023, our Group MLRO delivered in-person ABC training to our Board, 98% of our employees and contractors completed mandatory online Financial Crime (AML & Sanctions) training, while 98% of our employees and contractors completed the Conflicts of Interest training. Roles and responsibilities documents and instruction guides are published on our intranet to help everyone understand these policies thoroughly.

Governance & responsible business

Corporate Governance, Ethics and Accountability continued

The Board Audit Committee oversees compliance with the Code of Conduct by way of an annual update. 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. Material matters relating to bribery and corruption will be escalated to the Board on a case-by-case basis through Executive Management Reporting.

Our Responsible Supplier Code clearly sets out our expectations for our suppliers on ABC matters. Our People Leaders are required to brief their insourced suppliers on it and our business owners brief our outsourced suppliers in accordance with our Third Party Management (TPM) process. The level of training and support provided to suppliers depends on their risk rating.

Please visit aib.ie/sustainability for a list of our related codes and policies, with details of accountability and implementation. Many of our policies require annual training to be completed by employees, including training on our Conflicts of Interest and Speak Up policies.

Our Commitment to Human Rights

AIB is committed to the protection and preservation of human rights. Our Human Rights Commitment was published in February 2021, having been approved by our Executive Committee and reviewed by SBAC and our Board. It is available to read on our website.

By the nature of our 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 industries including textile manufacturing, construction, or agriculture), appropriate checks and measures are completed.

We respect human rights in accordance with internationally accepted standards; our Human Rights Commitment has been shaped by the UN Guiding Principles on Business and Human Rights. Our commitment operates alongside our Code of Conduct and Responsible Supplier Code, and is aligned to the European Convention on Human Rights and the EU Charter of Fundamental Rights.

Our Responsible Supplier Code sets out our expectation that our suppliers must abide by all national and international laws as applicable, including the International Bill of Human Rights and the International Labour Organisation conventions.

We engaged Shift, the leading centre of excellence on the UN Guiding Principles, in 2022 to establish a process of identifying suppliers most at risk of enabling Modern Slavery. Using this process, we completed an exercise to evaluate our supply chain and identified suppliers which represent a higher risk of modern slavery due to their industry. Through a process of enhanced due diligence, it was determined that none of these suppliers represented an actual high risk.

We incorporated an improved ESG questionnaire into our supplier risk assessment process. This helps us to assess the ESG performance and risks of our suppliers and their supply chains.

In 2023, we partnered with Business In the Community Ireland to provide training on Modern Slavery and Human Trafficking to our staff. The training was delivered to relevant staff across functions that play a role in fulfilling our Human Rights obligations. The training helped to raise awareness of the issue of Modern Slavery, Forced Labour & hidden labour exploitation and the legislative requirements that AIB is subject to.

Speak Up policy

99%

training completion rate achieved in 2023.

Speak Up

Our Speak Up policy sets out how employees, agency staff, tied agents, suppliers, contractors, consultants, and those providing an outsourced service, can raise any issue or seek advice at any stage. This policy and its corresponding process provide a confidential route 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; and
- An external portal to allow employees to convey concerns through a digital channel that is available 24/7.

Issues raised in our Speak Up process are reported to our Board annually, while a summary and the number of concerns raised are published annually on our website in our Protected Disclosures Report. Everyone working in and for AIB Group is required to complete mandatory training on Speak Up annually, which provides information about the Speak Up policy and process as well as the contact details and channels for raising a concern. In 2023, the completion rate of this training was 99%. Specific training is also provided to managers on how to handle concerns appropriately.

The Chief People Officer (CPO) sponsors our Speak Up policy and an Executive Committee sub-group has accountability for reviewing Speak Up cases and follow-up actions. The policy is approved by our Board Audit Committee and its Chair is the Whistleblowing Champion for the Group, making a significant contribution to enhancing this area through her regular engagement and support to the Executive teams responsible. Investigations are conducted, as appropriate, by Human Resources (HR), business representatives and/or a specialised team in Group Internal Audit (GIA). We may engage an external investigator if appropriate in the circumstances. In cases of suspected fraud, GIA undertakes the initial investigation, and regulatory and policing authorities are notified if necessary and appropriate.

Governance & responsible business

Corporate Governance, Ethics and Accountability continued

With the strong support and focus of our Board and Executive Committee, we placed a sustained emphasis on our Speak Up agenda throughout 2023. This was achieved through a series of communications, training and engagement. In particular during 2023, we placed emphasis on further alignment of Speak Up within our Group subsidiaries and on understanding what more we can do in this area from employee feedback.

Through the Speak Up process, concerns were raised on the following in 2023:

- Workplace/operational issues;
- Personal grievance concerns; and
- Potential regulatory or legal matters.

In 2023, all guidance requests and concerns raised were successfully concluded by dedicated case managers.

Meanwhile, our Grievance process is a mechanism for our employees who feel they have been mistreated or have been subject to behaviours they believe are contrary to our Code of Conduct. We operate a comprehensive complaints process designed to provide our customers with the opportunity to be heard, and have their concerns investigated and made good where needed.

Managing Our Suppliers

We have approximately 4,000 active suppliers on our database, and we transacted with 2527 of these in 2023. The largest cohort of our Suppliers are based in Ireland (59%). A further 22% are based in the UK and the remaining 19% are in other locations, mostly in other European countries, the USA and India. Our suppliers are mainly professional services, business services and IT service providers and include categories such as consultants, contractors, subcontractors, re-sellers, and brokers. There have been no significant changes to the location or structure of our supply chain in 2023.

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

Market intelligence together with specific selection criteria and best-in-class supplier selection tools help us to select the most appropriate suppliers for the services we require. We complete due diligence for supplier selection, prioritised according to the nature, value, complexity, and criticality of the service being procured. For high-value/risk services, specific diligence checks are performed on the supplier and the proposed service model. Lower-value/risk suppliers are subject to routine company financial and sanction scanning checks.

AIB suppliers must adhere to all legal obligations in each jurisdiction in which they operate or provide services (e.g. environmental and labour law), as well as any specific requirements included in our own policies. Key suppliers must attest annually to key policies (or clauses in them that are relevant to our supply chain). These include our Code of Conduct, Conflicts of Interest policy, Anti-Bribery & Corruption policy, Data Protection policy, Speak Up policy and our Human Rights Commitment.

In 2020, we launched our Responsible Supplier Code which sets out our expectations of suppliers, and includes the responsible and ethical behaviours we look for in the companies with whom we do business. Based on our Code of Conduct, the Responsible Supplier Code also references our Anti-Bribery & Corruption policy, Conflicts of Interests policy, Human Rights Commitment and our Speak Up policy. This is published on our website and applies to all providers of goods and services that do or seek to do business with AIB Group.

As such, we will only do business with suppliers that adhere to this Code; we require evidence that our suppliers have an ESG plan in place or are working towards putting one in place; and all successful suppliers are required to join the Supplier Financial Qualification System (SFQS). We also encourage our suppliers to report their carbon emissions through the CDP (Carbon Disclosures Project). In 2023, the number of suppliers who requested to participate in reporting to CDP increased by 14% to 114, and the number of suppliers submitting responses increased by 27% to 90.

We maintain a Suppliers Portal to facilitate transparency for our suppliers, providing them with access to information on how to become a supplier.

Governance & responsible business

Corporate Governance, Ethics and Accountability Case Study

Case Study:

Introducing ESG to Supplier Risk Assessment

Environmental, Social and Governance (ESG) factors are increasingly important for AIB, not only for our own performance, but also for our relationships with suppliers. In 2023, we incorporated an improved ESG Questionnaire into our supplier risk assessment process, which is helping us gain multiple benefits, such as:

Aligning Our Values and Expectations
By asking suppliers to complete an ESG Questionnaire, we communicate our ESG standards and expectations, and ensure that we work with partners that share our values. This can help to build trust and reputation, as well as avoid potential conflicts or controversies.

Identifying Risks and Opportunities
The Questionnaire helps us to assess the ESG performance and risks of our suppliers and their supply chains, such as their environmental impact, social responsibility, human rights, labour practices, ethics, and governance. This helps us to identify and mitigate ESG risks, such as regulatory fines, reputational damage, operational disruptions, or legal liabilities. It also helps us to identify and leverage ESG opportunities, such as innovation, cost savings, customer loyalty, or market differentiation.

Providing a Baseline and a Roadmap
The questionnaire provides a baseline for measuring and monitoring the ESG performance and progress of suppliers, as well as a roadmap for improvement. By using a standardised ESG Questionnaire, we can benchmark and compare our suppliers, and track their ESG performance over time. It allows us to provide feedback and guidance to our suppliers, and encourages them to adopt best practices and continuous improvement.

Updated Questionnaire

Following its revision in 2023, the improved ESG Questionnaire covers a broad range of ESG areas, and the new question set has added focus on reviewing responses and evidence from AIB suppliers on their:

- journey to establishing or achieving their Net-Zero targets;
- annual Corporate Social Responsibility (CSR)/ Sustainability reports;
- Scope 1,2,3 Greenhouse Gas (GHG) emissions;
- consideration of physical risks from climate change;
- policies on discrimination, Inclusion & Diversity, Health & Safety, Modern Slavery, Vulnerable persons, Greenwashing, Speak Up;
- Code of Conduct and their Responsible Supplier Code for their own supply chain;
- commitment to ongoing ESG-related training in their organisation.

Ultimately, our ESG Questionnaire enhances our supplier risk management process, and creates a more sustainable and resilient supply chain, helps us to achieve our ESG objectives, and creates value for our stakeholders and society.

Governance & responsible business

Culture and Reputation

Our culture defines us – it's like our DNA. Everyone in AIB has a role to play in shaping our culture for the better, and we remain steadfast in our commitment to truly embed a culture that champions customers' interests, underpinned by values and behaviours that support the delivery of high-quality service and fair customer outcomes.

We often talk about the 'Why', 'What' and 'How' of our business. Our 'Why' is our purpose. Our 'What' is our Group strategy, of which Sustainable Communities is a pillar. (For more information about the AIB Group strategy, see the Annual Financial Report 2023.) Our 'How' comprises our values and behaviours – and in many ways, our 'How' can make all the difference.

As an organisation, our values are:

- Put Customers First
- Be one team
- Own the outcome
- Drive progress
- Show respect
- Eliminate complexity

Our culture is the key enabler of our strategy and purpose and we are very proud of that and so it is intrinsically intertwined with our reputation. The banking sector in Ireland still has a road to travel to regain trust and our social licence to operate. That's why it is so important for everyone in AIB to act in accordance with our values and behaviours, and for us to ensure that both the 'What' and the 'How' are being constantly assessed as part of each employee's performance management.

As such, we run our business in accordance with our Code of Conduct, which applies to all employees, contractors and directors, and underpins our values. It guides our people to make better decisions, and acts as a framework for many of our people-related policies. It is the crux of our 'How'.

We also recognise that compliance with laws, codes and regulations helps our stakeholders to trust us. Our robust approach to regulatory compliance – with all regulators across our different jurisdictions – is aligned to our Three Lines of Defence (3LOD) risk management approach.

Throughout 2023, we maintained a focus on the promotion of a culture of accountability throughout the organisation, partly in preparation for the implementation in 2024 of the Senior Executive Accountability Regime regulation, which is intended to improve executive accountability within the Irish financial services sector. For more information on our Corporate Governance, Ethics and Accountability, see pages 59 to 62.

The Board continues to place significant importance on ensuring that a values-led culture is in place in the Group. In April, AIB once again participated in the Irish Banking Culture Board (IBCB) "éist" staff survey. Upon receiving the results of this survey, a number of 'listening sessions' were held with employees with a view to refreshing our Culture Programme, which was originally stood up in 2019, and our values, which had been updated most recently in 2020.

The Culture Programme refresh was supported by discussion and approvals at senior management, Executive Committee and Board level.

In terms of ongoing risk mitigation, People & Culture Risk is 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 Bank's new values and behaviours'. Our People & Culture Risk Framework is part of the overall Operational Risk Framework and specifies processes for the monitoring and measurement of People & Culture Risk and Key Risk Indicators defined in the Group Risk Appetite Statement. It was reviewed and approved by the Head of Operational Risk, the Framework owner, in March 2023.

Aspire, our performance management programme, applies to every employee in AIB. It enables performance reviews on a bi-annual basis, and encourages ongoing development discussions. On the basis of each employee's annual goals, Aspire enables the equal recognition of not just what each individual has achieved in the year but how it was achieved and so encourages the ongoing development of behaviours in line with our values.

AIB colleagues at a Sustainability event in Greentech HQ in Wexford

Since 2021, we have been recognising individuals across the business who go above and beyond, embracing and living our values in their everyday interactions, a true showcase of all that we do best in AIB. The annual Employee Values Awards (EVAs) are an opportunity to recognise the many outstanding examples of times when our colleagues have stepped up for each other, our customers and our communities. Everyone is involved in the process of identifying these individuals, beginning with an open nominations process that progresses to a voting system. In 2023, more than 3,000 nominations were received, recognising a longlist of 1,855 outstanding employees across every business area, which was whittled down to shortlist of just 130 individuals. Of these, 69 were voted as finalists by their colleagues, and 17 were presented with their award at the first in-person celebration in November.

Our Purpose

Empowering people to build a sustainable future.

Core Values

Put Customers First
- Deliver solutions
- Share insight

Be one team
- Create connections
- Universally include

Show respect
- Empower others
- Speak up

Own the outcome
- Seek excellence
- Take accountability

Drive progress
- Embrace innovation
- Deliver sustainability

Eliminate complexity
- Actively simplify
- Be decisive

Governance & responsible business

Culture and Reputation continued

Our Code of Conduct

We focus on driving good and fair customer outcomes throughout our business by promoting and rewarding a culture that measures the quality of those outcomes.

We ensure sufficient senior focus on our conduct through the Regulatory and Conduct Risk Committee, which is the forum that provides risk oversight of Regulatory and Conduct risks of the Group including oversight of its subsidiaries.

Our Code of Conduct underpins our values and culture, setting out clear expectations of how we behave and how we do business. It is vital that everyone who works in or for AIB understands how they are expected to behave. One of the five standards of our Code of Conduct is that we act in the best interests of our customers, at all times, treating them fairly and professionally. And we deliver on this in a number of ways, including promoting fair customer outcomes by always putting their needs first in our advice and in our decision-making, designing products and services that are suitable for our customers, and providing customers with information that is both accessible and transparent to support and enable them in making informed decisions.
All employees must adhere to our Code of Conduct, and complete a declaration of compliance with it 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. Individual employee breaches of the Code of Conduct are managed through a disciplinary process that can result in sanctions of up to and including dismissal. Annual reporting to the Group Conduct Committee and the Board on Code of Conduct and related activities ensures proper oversight and helps drive positive outcomes.

In terms of risk mitigation, Conduct Risk is a material organisational risk defined as 'the risk that inappropriate actions or inactions by the Group cause poor or unfair customer outcomes or negatively impact market integrity'. At its simplest, Conduct Risk is about ensuring that we avoid bad or unfair outcomes for our customers. Our Conduct Risk Framework is part of the overall Risk Management Framework and specifies processes for the monitoring and measurement of Conduct Risk and the Key Risk Indicators defined in the Group Risk Appetite Statement.

To effectively manage Conduct Risk, we champion a strong conduct culture that ensures:

- A Customer First approach, as articulated by our values, behaviours and Code of Conduct, is embedded and demonstrated throughout the organisation;
- A mature Group Conduct Risk Framework aligned with the Group strategy and embedded in the organisation that provides oversight of conduct risks at Executive Committee and Board level; and
- Customers, existing and new, are treated in a fair and transparent way.

Compliance

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

In 2023, 27 error issues were notified to the regulator, the Central Bank of Ireland, under the reporting obligations of the Consumer Protection Code 2012. We monitor incidents of non-compliance with regulations concerning product and services information and labelling, amongst others. In 2023, no incidents of non-compliance with regulations concerning product and service information and labelling resulted in a fine or penalty.

Also in 2023, we maintained a focus on the promotion of a culture of accountability throughout the organisation. With the strong support of our Board and Executive Committee, the Group is well prepared for the implementation in 2024 of the Individual Accountability Framework regulation, which is intended to improve executive accountability within the Irish financial services sector. We continue to place an emphasis on our Speak Up agenda creating a supportive environment across all entities where colleagues can raise issues.

Code of Conduct

98%

training completion rate achieved in 2023.

Governance & responsible business

Culture and Reputation continued

Other Policies

In AIB, we use policies and codes to enable us to operate our business in a responsible and sustainable way. Below we have set out some key conduct and environment-related policies, each of which have associated Principal Risks and key performance indicators.

Our Code of Conduct provides a guiding framework for many of our people policies on behaviour and conduct. It is underpinned by policies including Conflicts of Interest, Anti-Bribery & Corruption, Conduct of Personal, Financial and Tax Affairs, Social Media, Inclusion & Diversity and Speak Up.

Along with our Code of Conduct, our Conflicts of Interest policy sets out how actual, potential or perceived conflicts of interest are to be evaluated, reported and managed to ensure that employees and Directors act at all times in the best interests of the Group and our stakeholders. Every year, employees must complete mandatory online Conflicts of Interest training.

Our Financial Crime policy and standards encompass Anti-Money Laundering/Countering the Financing of Terrorism, Fraud, Anti-Bribery & Corruption and Sanctions. The policy and standards are embedded within business operating procedures, and are subject to at least an annual content verification to ensure that they are kept up to date. All employees and Directors are made aware of our policies and standards. Every year, employees must complete mandatory online training, while our Money Laundering Reporting Officer (MLRO) provides comprehensive annual training to the Board, and bespoke training for specific roles is also provided to key employees.

Our Group Social Housing Policy, approved by our Group Credit Committee, together with our Commercial Investment policy, supports lending to our customers for social housing and helps us to manage and mitigate the associated risks. For more information on Social Housing, see page 35.

Our AIB Group Data Protection Policy, approved by our Group Risk Committee, 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 that all employees understand the responsibilities and obligations that must be adhered to under data protection regulation. It applies to our entire operations, including our suppliers. For more information on Data Protection, see page 69.

Our Health & Safety Policy, endorsed by the Chief Executive Officer, sets out our commitment to ensuring the safety of our employees, customers, contractors, visitors and our workplace. For more information on health and safety in AIB, see page 48.

Our Inclusion & Diversity Code, approved by our Executive Committee, is based on an ethos that respecting, developing and harnessing the talents of all our employees creates an inclusive and supportive organisation. It enables the Group to deliver a superior experience for all our customers, provides an inclusive place to work for our employees, and contributes to an appropriate financial return for our shareholders and the economies within which we operate. For more information on I&D in AIB, see page 48.

Our Speak Up Policy is our whistleblowing policy, approved by the Board Audit Committee. It sets out how all those working in and for AIB Group, including, but not limited to, employees, agency staff, tied agents, suppliers, contractors, consultants and those providing an outsourced service, can safely and confidentially speak up to raise a concern about suspected or actual wrongdoing in work, without fear of penalisation. The policy outlines the channels available to raise such concerns. For more information on Speak Up, see page 61.

Our AIB Group Environmental Policy, endorsed by our then Chief Operating Officer Designate and our Chief Strategy & Sustainability Officer, enables us to carry out activities in our own operations, taking environmental protection into account, to manage the direct and indirect environmental impact of our business in a responsible way and to achieve continual improvement in environmental performance.

Our AIB Group Energy Policy, endorsed by our then Chief Operating Officer Designate and our Chief Strategy & Sustainability Officer, enables us to carry out our business as energy efficiently as possible, to reduce our carbon footprint and to achieve continuous improvement in energy performance.

Governance & responsible business

Culture and Reputation Case Study

Case Study:

Customers at the Heart of Our Culture

Culture at AIB supports and enhances the Group strategy. With this in mind, AIB's Chief People Officer Dave McCormack discusses the importance of culture and the role it plays in ensuring positive customer outcomes, and outlines the decision to introduce a new value and associated behaviours in 2023.

Q. What is AIB's culture ambition?
Our ambition is to build a people-led culture where customers are truly at the heart of what we do. To achieve this, we are implementing a wide range of activities designed to ensure everyone is empowered to take action, to speak up, to be innovative and to live the AIB values in pursuit of positive customer outcomes.

Q. How does our culture support the Group strategy?
The culture we are striving for is based on three themes: embedding customer-centricity, empowering our people, and promoting innovative approaches to challenges and opportunities. Each of these underpins the AIB Group strategy. Customer-centricity will ensure we are truly 'Customer First' in our actions and well positioned to develop deeper relationships with our customers. Empowerment and innovation are crucial as we set about greening our loan book, and they are fundamental to the operational efficiency we will drive over the next few years.

Q. What drove the decision to introduce a new value in 2023 – Put Customers First?
Values set the tone for what we do, and how we do it. That's why they are important. Putting Customers First has always been our ambition; having it as a value reinforces that ambition. If we can all do that, truly embed a customer-centric approach to our work every day, it will make a huge difference to customer outcomes.

Q. How does AIB encourage our people to live our values?
When a new colleague joins AIB, the values and behaviours associated with each role are highlighted as part of their induction. Our core learning and development opportunities also feature the values, and they are regularly referenced in CEO, ExCo and internal communications as a reminder of their importance. A good example is the launch of our new strategic cycle, which included a strong emphasis on living our refreshed purpose and values.

Q. What are you looking forward to in 2024, in terms of culture?
In keeping with our new strategic cycle, 2024 marks a new phase in our Culture Programme at AIB. We will work to embed our refreshed purpose and values, especially our new value, Put Customers First. And we will implement an integrated set of initiatives – for example, our Customer First Recharge Programme and a new approach to performance and development – that I truly believe will take the culture at AIB to a new level.

Governance & responsible business

Cyber Security and Data Protection

Material Topic: **Cyber Security and Data Protection**

AIB has a track record of leading digital enablement within the context of the Irish banking landscape. We were the first Irish bank to go online, and we launched the first Irish banking app in 2011. Maintaining this leadership position continues to be an important aspect of the Group strategy given our customers' increased demand for more convenient ways of banking. The refreshed Cyber Strategy went to the AIB Board in early March 2023 and was approved.

In 2023, 2.2 million of our customers across the Group were digitally active, representing +96.7k growth during the year. We determine 'digitally active' as those customers who utilised our digital channels at least once across a 90-day period. At peak usage, AIB ROI customers made 3.62m daily interactions across these channels, which is an 11% increase on 2022. Since the COVID-19 pandemic, we have seen a large uptake in digital wallet use in particular. In 2023, we witnessed a 47% increase in the use of this channel along with a 64% increase in the value of transactions year-on-year. In the same period, the value of eCommerce transactions increased by 27%.

Today, online applications for our main personal products continue to rise. In 2023, 89% of personal loans, 67% of overdrafts and 69% of credit cards were applied for online, while a quarter of our mortgage applications were made online.

For our employees too, digitalisation has enabled more flexible working options as well as faster, data-enabled decision-making for the benefit of our customers, as delivered by our Customer Credit Transformation Programme (see page 38).

Given this continued growth in the centrality of digitalisation to AIB Group, we have dedicated significant resources to ensuring both the safety of our digital channels and appropriate use of our customers' data. Additionally, we are continuing to invest in technology, with an average annual IT spend of c. €275m committed from 2024 to 2026, to help us in delivering simplified, modern, resilient and customer-focused IT.

Information Security 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 (underpinning our IT infrastructure). We have well-established, comprehensive Information Security Standards in place for over 18 years. They are aligned to ISO 27001, reviewed regularly and independently assessed.

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 our standards, while our Information Security Management System extends beyond them.

An overarching Information Security Governance forum is supported by a number of groups that ensure the Group's information and technology assets are secured and protected. In addition, our Data Quality and Governance Committee provides oversight, direction and transparency in decision-making, assists in maintaining good data hygiene and provides escalation where required.

Controls

Unfortunately, the threat landscape is constantly evolving and accelerating. As such, our robust controls are monitored and tested regularly to prevent unauthorised parties from accessing, manipulating or acquiring data. We operate internal control testing aligned to the NIST Cybersecurity Framework. We have business continuity plans and incident response capabilities in place, and test them at least annually, running cyber simulations based on extreme but plausible scenarios. We also drive the delivery of new and enhanced controls to ensure we keep pace.

To assure the security of our IT systems and data, we complete external verification and vulnerability analysis. External verification is delivered through external audits, which are completed at least annually. Vulnerability analysis includes objective-based testing that simulates real-world cyber attacks. 80% of our IT infrastructure is aligned with ISO 27001 and NIST, and we continuously monitor key cyber risks.

AIB has a dedicated Security Incident team to analyse and respond to suspicious events. The team can be contacted by email or phone, or by using the reporter button embedded into our email. Our Cyber Threat Intelligence team collates and evaluates intelligence on known and emerging cyber threats targeting financial institutions.

In 2023, AIB did not experience any successful breaches of confidentiality as result of a cyber security incident, nor did we have incidents to our IT infrastructure that resulted in penalties.

Zero

breaches of confidentiality or IT infrastructure incidents that resulted in penalties or revenue losses.

Governance & responsible business

Cyber Security and Data Protection continued

Cyber Risk Management

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

Key cyber risk indicators monitored by the Board in 2023 include: number of high-impact cyber incidents; significant mitigated IT vulnerabilities; phishing resilience rate; timelines of incident detection; third party Cyber Risk; and investment in cyber security.

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

Awareness and Training

All employees are required to complete Information Security training annually, which covers our policy, reporting and escalation of issues. Additional training must be completed by high-risk users.

Training is underpinned by ongoing phishing simulations, by way of internal emails that pertain to be from bad actors, alerting and reminding employees and contractors of the tell-tale signs of a phishing campaign. The results allow us to measure AIB's resilience to such attacks. Typically, we conduct one simulation exercise per quarter for all employees; in 2023, we completed 12 phishing simulations in total – four for all employees and eight directed at specific high-risk users. In total, we sent 68,752 phishing simulation emails in 2023, an increase of +9.6% versus 2022.

In 2023, our Board received cyber training from our Chief Information Security Officer and 98% of our employees completed our Information Security training.

Preventing Service Disruptions

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

Our DDoS Programme supports our system resilience by ensuring that we have the appropriate defence mechanisms in place to prevent a sustained outage on our customer or employee channels. There were no successful DDoS attacks on AIB in 2023.

Data Protection

Our customers trust us with their information, and we have a responsibility to keep this information safe and be transparent in how we use and protect our customers' data. Our Human Rights Commitment compels us to safeguard our customers' right to privacy.

Our Code of Conduct sets out that AIB expects employees to maintain high standards of physical, information, and digital security. We respect all personal data that we process, and we have a responsibility to keep this information safe. Augmented processes and procedures we have set up to comply with the General Data Protection Regulation (GDPR) programme have helped us to build on our existing data protection capability in 2023. 98% of our employees and contractors completed training on data protection in 2023.

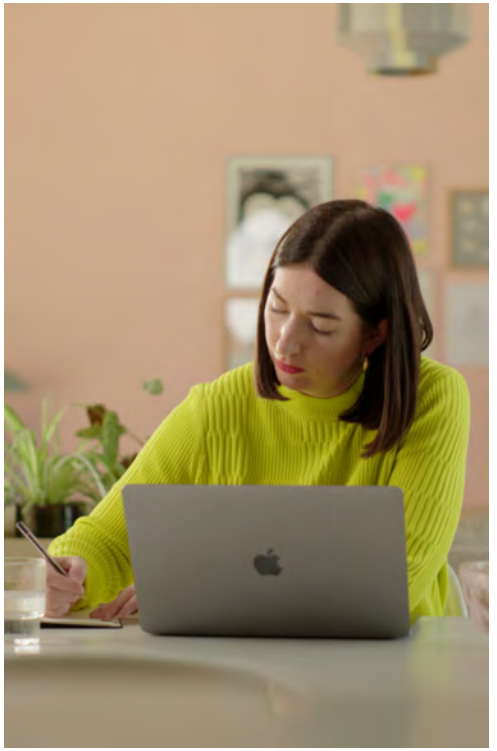
We inform customers of their rights and how we process their data in our Data Protection Notice, which is available on our website.

We have a Data Protection Officer (DPO) in both Ireland and in the UK. Our DPOs set our Data Protection policy and oversee its implementation across the organisation. Our DPOs are the point of contact for customers who have queries/ complaints about how we process their data or personal data breaches. They also interact with the Data Protection Supervisory Authorities in Ireland and the UK. A DPO Report is brought to the Board Risk Committee each year, providing a summary of the key thematic areas and emerging risks and associated mitigating actions.

During 2023, the Data Protection Office engaged with internal and external stakeholders regarding the management of personal data breaches, taking a proactive approach to identify and address reoccurring issues in a timely and comprehensive manner. The Data Protection Office also delivered a comprehensive personal data breaches training programme in 2023 to more than 3,000 staff across a range of business areas to reduce breach volumes and worked with internal stakeholders to evaluate and improve the controls and risk mitigation strategies in place.

In 2023, the Data Protection Office deployed a personal data breach assessment matrix which provides additional consistency to evaluating the likely severity and impact of a personal data breach. The matrix helps define thresholds for notifying the Data Protection Commission and affected individuals on the occurrence of personal data breaches in the organisation, in line with our obligations under GDPR. In addition, the assessment matrix helps us take swift mitigating actions to contain breaches and prevent further harm to affected data subjects. We keep the matrix under review, using breaches data to refine the criteria and enhance its effectiveness.

During 2023, the Data Protection Office significantly enhanced the effectiveness of its personal data breach processes by leveraging an automated dashboard reporting system on Shield.



This system provides real-time monitoring and centralises breaches information.

The dashboard ensures timely awareness of key metrics and trends, streamlining the management of breaches, while the visual representation of breaches information aids decision-making, and our continuous improvement, driven by data-driven insights. The dashboard also facilitates the tracking and resolution of breaches, as well as an audit trail demonstrating accountability in the business.

The Group Privacy Office (GPO) provides support and guidance to teams across the Bank, ensuring privacy considerations are at the heart of decisions that we make in areas such as the development of new products and initiatives, and the onboarding of new suppliers.

Governance & responsible business

Cyber Security and Data Protection continued

Data Protection Risk Management

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

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

Data Protection Assessments

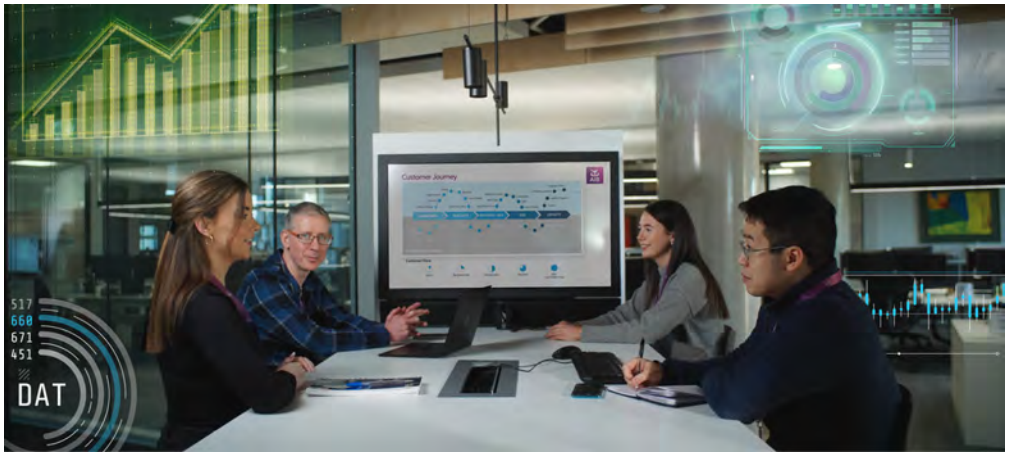
We recognise the importance of ensuring equivalent levels of protection are in place when sharing data with third parties and have appropriate data protection assessments in place.

When sharing data beyond the EEA, we expect that equivalent levels of protection are in place for personal data as those provided by the General Data Protection Regulation. Trust and transparency are at the core of our commitment to safeguarding our customers' personal data. We conduct rigorous Data Protection Impact Assessments where high-risk processing is identified, and Balancing Tests to assess and ensure data subject rights are respected.

Our Group Internal Audit and Group Risk Assurance teams play critical roles in ensuring compliance with data protection laws and regulations by completing targeted reviews around our processing activities. We use the outputs of these reviews to make informed decisions regarding the effectiveness of our data protection assessments in order to protect customer data, build trust, and enhance transparency with our customers.

Data Ethics

As a responsible financial service provider, we prioritise the security and ethical use of our customer data. We are committed to safeguarding our customer data. Our Code of Conduct requires us to comply with the spirit and letter of all relevant laws and regulations, including the Data Protection Acts, GDPR, and ePrivacy Regulation. Privacy is not just a legal requirement; it is also our ethical duty. We employ robust technical and organisational measures to protect customer data, and we continuously educate our staff on privacy best practices that ensure fairness, transparency, and accountability. Trust is the cornerstone of our relationship with our customers, and we pledge to uphold it with integrity and diligence.



Members of the AIB Data & Analytics team

Preparing for DORA

The Digital Operational Resilience Act (DORA) is a key part of the European Commission's Digital Finance package. It consolidates the obligations that firms will face and is the EU's most significant regulatory initiative on operational resilience and cyber security in the financial services sector, impacting both financial entities and their technology providers.

It came into force on 16 January 2023, and will apply from 17 January 2025 following a two-year implementation period. As such, AIB mobilised a cross-function DORA programme in the first quarter of 2023 to assess our capability and close any gaps, ensuring that we are DORA-ready in good time.

While the EU ePrivacy Regulations are yet to be finalised, we introduced a new ePrivacy policy in 2022 which has been further embedded within the organisation during 2023. Our ePrivacy policy is part of our Regulatory Compliance Risk Management Framework and defines our approach to the effective management of ePrivacy risks. The purpose of the policy is to provide clear policy rules and principles to be applied to the management of electronic communications for the Group. The Data Protection Office reviewed the ePrivacy policy in 2023 as part of the annual review to ensure its continuing effectiveness. In 2023, DPO also delivered training on ePrivacy to a range of our customer facing business units.

For our AIBNY office, the final amended version of NYSDFS Rule 500 was issued in November 2023. The final rule relating to cyber security requirements, includes new governance, technical, reporting, incident response, business continuity planning, and notification requirements, as well as new enforcement provisions. The Department of Financial Services (DFS) has provided a timeline of when the various provisions of the new rule will take effect, with incident reporting and certification requirements having come into effect on 1 December 2023. We have been working internally to ensure compliance with the new rule. DFS has provided training sessions on the new law, which AIB staff have attended. Staff from AIBNY have also been engaging with industry groups in New York, regarding interpretations of the rule and to gain a better understanding of expectations from the Regulator.

Breaches of Privacy and Losses of Data

In 2023, we received 20 complaints from the Data Protection Commission (DPC) regarding breaches of data privacy, while none were received from the Information Commissioner's Office (ICO). The majority of these complaints related to subject access requests whereby the DPC engaged directly with AIB. In 2023, we received 240 DP complaints from customers directly, and 140 DP complaints in 2022.

In 2023, we reported 522 personal data breaches of which 520 were to the DPC and two were reported to the ICO. While these may include losses of customer data or inaccuracy, the majority of those we reported related to unauthorised disclosure of personal data.

When breaches of privacy occur, our focus is on ensuring there are organisational and technical measures in place to prevent such breaches from reoccurring.

Governance & responsible business

Cyber Security and Data Protection Case Study

Case Study:

Enhancing Our Data Protection Notice

Our customers trust us with their information. We recognise that one in six adults in Ireland struggle to read and that it is important to be clear with them about how we use their personal data. In 2023, we updated AIB's Data Protection Notice (DPN) with the best interests of our customers in mind.

The DPN delivers on our GDPR transparency requirements while informing our customers about how their personal data is used. The enhanced DPN incorporates the previous DPN and Frequently Asked Questions into one consolidated, more easily read and more user-friendly and functional document.

In the first half of 2023, the DPO developed an enhanced DPN, taking into consideration the best practices within and beyond the financial services sector, and engaging with the Group's internal Data Protection community, including our Tone of Voice, Vulnerable Customer, ESG Transformation and Corporate Affairs functions, as well as the National Adult Literacy Agency (NALA). The primary objective was to merge the existing Summary DPN and FAQs into one clear and simple document.

Our resulting enhanced DPN achieved the NALA Plain English Mark, the first time NALA has awarded this mark for a DPN in the financial services sector. This recognises that our DPN provides information in a clear and easy-to-use form, using clear and plain language.

Our work on enhancing the DPN underscored the importance of collaboration across the organisation as we challenged ourselves to do more for our customers. This collaboration created a roadmap of further transparency initiatives, which has resulted in the publication of a DPN BAU Change Process supporting the business in understanding the actions to be taken where new or revised processing activities would require a change to the DPN along with a reconciliation and gap analysis of our existing Records of Processing.

Received the

NALA

National Adult Literacy Agency (NALA) Plain English Mark on our DPN – a first in Irish financial services.

In 2024, we will aim to maintain this NALA Plain English Mark with the aim of adopting a consistent standard for all privacy-related notices across the Group, including the Summary DPN. We are focused on ensuring privacy-related notices are accessible to all our customers, including children, vulnerable individuals and those who consider English not to be their primary language.

Our Data Protection Notice can be found on our website at aib.ie/sustainability.

AIB Group plc Head Office Molesworth Street

Governance & Responsible business – Ambition

In 2024 and beyond, our focus will include the following:

Corporate Governance

- Our supplier relationships will be further enhanced in 2024 with the launch of an updated AIB Responsible Supplier Code. Additionally, we will begin the process of expanding the minimum ESG related selection requirements that top tier suppliers must meet; and the incorporation of an ESG Questionnaire into all top tier supplier selection processes, with ESG criteria assigned a minimum weighting.

Culture and reputation

- 2024 will mark a new phase in AIB's culture programme, in support of our new strategic cycle. The aim is to embed our refreshed purpose and values, especially our new value, Put Customers First. Based on this foundation, we will build our culture around three themes: embedding customer-centricity, empowering our people, and promoting innovation in pursuit of greater efficiencies and positive customer outcomes.

Cyber security and data protection

- Maintain NALA Plain English Mark on our DPN, while also investigating the possibility of producing video content, as well as, a DPN specifically for children which will focus on presenting the information in a manner that will reach our young customers to enhance their understanding.
- Introducing larger font documents for our customers who require additional support and work on translation of the DPN for our customers whose native language is not English.
- Ensuring that AIB is Digital Operational Resilience Act (DORA) ready for 17 January 2025 with work continuing through 2025 and beyond to operationalise and embed the ensuing changes. NIS2 readiness will be achieved as part of DORA readiness.
- Delivering compliance with New York Department of Financial Services 23 NY Cybersecurity Regulation 500 in line with the 29 April and 1 November 2024 compliance dates, and a defined programme in place for the subsequent dates in 2025.