Supplier Sustainability Handbook

November 2025

For the life you're after

Contents

01 Introduction

Purpose of the AIB Supplier Sustainability Handbook

What is Sustainability?

p.2

02 Environment

Carbon Emissions

What are carbon emissions?

What is a carbon footprint?

How to complete a carbon footprint?

Tools and resources for carbon footprinting

Carbon target setting

How to set a carbon target?

Climate transition plans

p.5

03 Social

Human Rights

AIB's expectations of its suppliers

Steps to introduce Human Rights practices in your business

Modern Slavery

What is Modern Slavery?

Mechanisms to mitigate against Modern Slavery

Guidance on what to include in a Modern Slavery policy

Best practices for an effective Modern Slavery policy

p.18

04 Governance

ESG management

Supply chain due diligence

Data protection

Implementing data protection measures

p.28

05 Best practices and tools for ESG

AIB's affiliations and partnerships related to ESG

p.37

Introduction

Purpose of the AIB Supplier Sustainability Handbook

What is Sustainability?

Purpose of the AIB Supplier Sustainability Handbook

This handbook is part of AIB Group's Responsible Sourcing Programme and has been developed as part of AIB's efforts to improve the sustainability of its procurement activities and improve sustainability maturity amongst its suppliers and contractors. AIB is committed to operating a sustainable supply chain, therefore ensuring its suppliers can understand and manage their own operations sustainably is a key strategic priority for us.

This handbook provides AIB's suppliers with information regarding some of our priority environmental, social, and governance (ESG) topics, and outlines practical steps that can be implemented in suppliers' own operations in order to become more sustainable, remain compliant with ESG regulations, and align with AIB's own sustainability ambitions.

AIB's priority ESG topics are:

01 **Environmental**
Reduction of Carbon Emissions

02 **Social**
Human Rights & Modern Slavery

03 **Governance**
Data Protection

What is Sustainability?

Sustainability is a broad term, at its core it means operating in a way that is environmentally, socially and economically sustainable in the long-term. ESG stands for Environmental, Social, and Governance, and provides a specific set of criteria that is data-driven, and that companies can measure and report against. It covers a wide range of issues that have an impact on business, and that businesses in turn have an impact on.

The environmental pillar includes issues such as carbon emissions, resource use, pollution, energy, water consumption, and waste management.

Social issues include health and safety, labour practices, and avoidance of human rights violations such as child labour and forced labour.

Governance refers to corporate governance and includes factors such as the structure of company leadership and the adoption of business ethics policies.

Adopting an ESG strategy has many benefits for businesses, including;

→ Reputational benefit
→ Competitive advantage
→ Remaining compliant with ever increasing ESG regulations
→ Improving relationships between a company and its employees, suppliers and communities
→ Improving internal management processes such as procurement processes.

Further, many companies have begun to implement sustainability within their purchasing practices, meaning that businesses with ESG strategies in place are becoming more attractive as business partners and suppliers.

Responsible businesses are those that embed sustainability into their business practices and engage transparently with all stakeholders.

Environment

What are carbon emissions?

What is a carbon footprint?

How to complete a carbon footprint?

Tools and resources for carbon footprinting

Carbon target setting

How to set a carbon target?

Climate transition plans

Environment

→

The 'E' pillar of ESG is about the impacts your business has on the environment and the risks the environment poses to your business.

This can be related to climate adaptation (the process of making adjustments to systems and practices to minimise the impacts of climate change), climate mitigation (efforts aimed at reducing or preventing the release of greenhouse gases to slow down climate change impacts), energy-use, water-use, or waste management. This section provides some information on these environmental aspects and steps you can take to improve the environmental performance of your business.

The release of carbon emissions significantly contributes to climate change. AIB is prioritising carbon emissions reduction within our own operations and within our value chain. AIB expects its suppliers to align with this priority and work towards carbon emission reductions.

The emissions targets AIB have set and validated for our own operations are (using 2019 as our baseline):

→ Reduce our absolute Scope 1 GHG emissions by 34% by 2027; and

→ Increase our annual sourcing of renewable electricity to 100% by 2030.

Our Scope 3 Portfolio Targets are in line with a 1.5 degree future and cover 36% of its total investment and lending by total assets as of 2021. Within its loan portfolio, AIB's portfolio targets cover 75% of its lending by total assets as of 2021.

What are carbon emissions?

→

Carbon dioxide is released from the burning of fossil fuels such as coal, oil and gas.

It is a greenhouse gas that contributes to global warming by disrupting the way in which the planet naturally regulates its temperature. Global warming leads to severe weather events such as storms and earthquakes, and the melting of ice sheets which causes rising sea-levels, impacting many low-lying lands.

Throughout business activities, carbon dioxide and other greenhouse gases are emitted. Many companies are therefore putting decarbonisation and emissions reductions strategies in place, in order to reduce their companies' contributions to climate change and its consequences.

What is a carbon footprint?

A company's carbon footprint refers to the total amount of greenhouse gases (GHGs) emitted directly or indirectly by that company, expressed in terms of carbon dioxide equivalent (CO_2e). It includes emissions from all sources related to the company's operations, products, and services. These emissions are typically categorised into three scopes:

Scope 1
Direct emissions

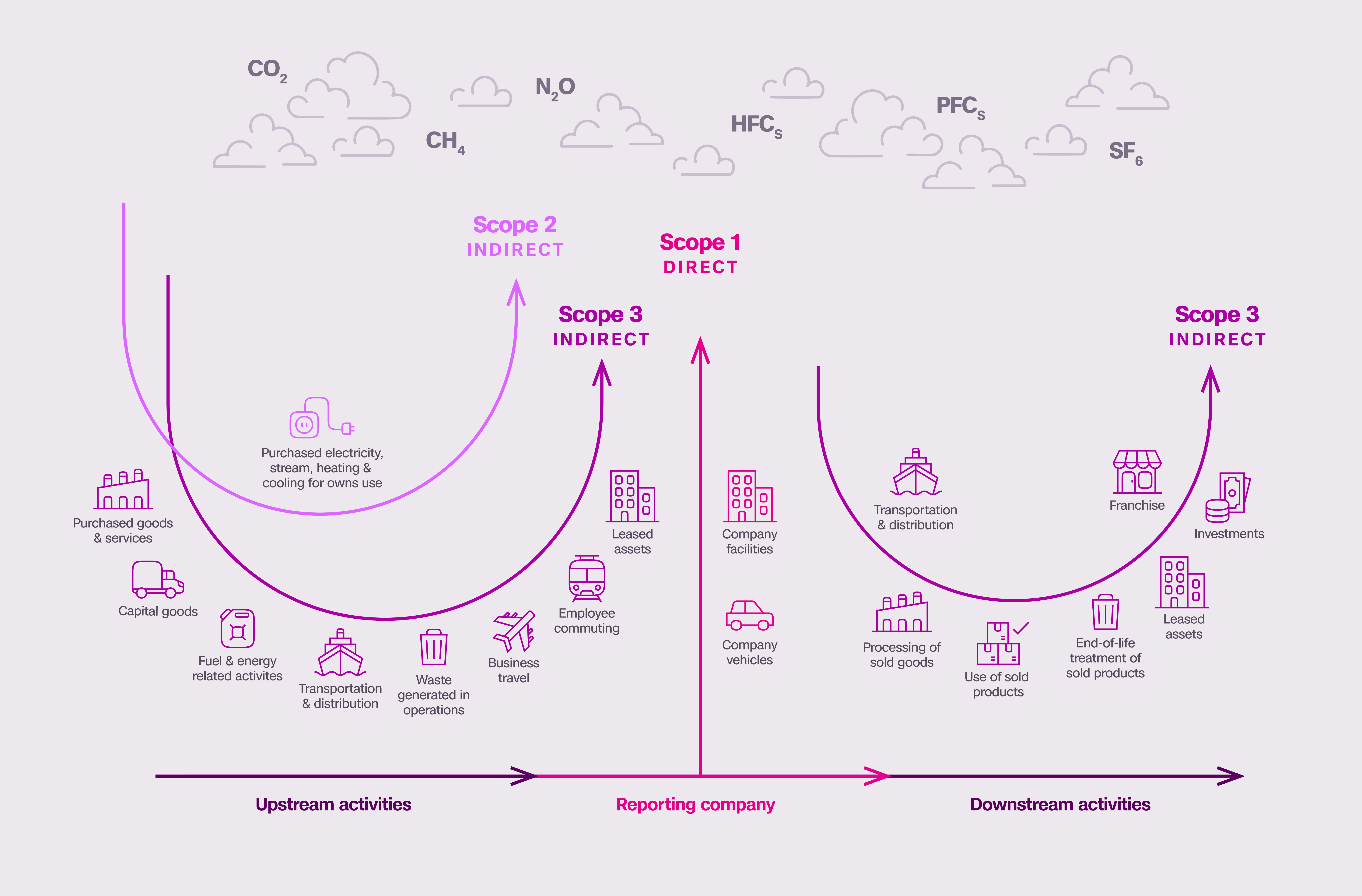
These are **emissions from sources that the company owns or controls directly**, such as **fuel combustion in company vehicles** or machinery or emissions from **natural gas used to heat** the company buildings and facilities.

Scope 2
Emissions from energy

These are emissions related to **the energy the company uses**, such as electricity, heating, and cooling purchased from a utility provider.

Scope 3
Other indirect emissions

These include **all other indirect emissions** that occur **in the company's value chain.** Examples include emissions from the production of purchased goods and services, business travel, employee commuting, waste disposal, and the use of sold products. There are 15 potential scope 3 categories.



A company's **carbon intensity measure** is the total CO2 emissions per unit of revenue.

This image describes the three different scopes of emissions businesses emit.

Understanding and measuring a company's carbon footprint is an essential first step for developing strategies to reduce emissions, comply with regulations, and achieve sustainability goals.

Source: GHG Protocol

How to complete a carbon footprint?

Step 1

Agree baseline

The baseline year is used to measure reductions or increases in emissions over time. Consider the following criteria when selecting a baseline year:

→ Choose a year for which comprehensive and reliable data is available.

→ Select a year that represents a stable period in the company's operations, without major disruptions like mergers, acquisitions, or divestments, COVID disruptions, which could skwew emissions data.

→ The baseline year should reflect the current business structure and operations as closely as possible.

→ We recommend measuring two years of carbon data to help you choose your baseline year.

Step 2

Identify emission sources and collect data

1. Identify emission sources

→ Map the company's operations and value chain: Document all the processes, operations, and assets involved in your company's value chain, from raw material acquisition to product distribution and disposal.

→ Collaborate with Department Heads: Work with managers from different departments (e.g., operations, procurement, logistics) to identify potential emission sources within their areas of responsibility.

2. Data collection

→ Scope 1: Gather data on fuel consumption, company vehicle use, and any direct emissions from owned or controlled facilities.

→ Scope 2: Collect data on electricity, heating, cooling, and steam purchased from external suppliers.

→ Scope 3: Gather data from activities such as employee commuting, business travel, waste disposal, and upstream supply chain emissions.

Example data sources for carbon footprinting:

	Emissions Sources	Data Source	Unit (Primary)
Scope 1	Natural Gas	Usage Report	m3
	Diesel	Finance	litres
	Refrigerants (F-gases)	Yearly Report	kg
Scope 2	Energy Purchased	Bills	kWh
Scope 3	Business Travel	Finance	km
	Waste	Waste Report	tonnes
	Water	Water Bill	m3
	Staff Commute	Staff Travel Survey	km & mode
	Purchased Goods & Services	Supplier Data	Supplier Data
	Use of sold product	Specification Manual	KWh, duration of use

Step 3

Quantify emissions

1. Use Emission Factors

Convert the collected data into CO2e using appropriate emission factors. Emission factors are coefficients that quantify the emissions per unit of activity (e.g., kg CO2e per kWh of electricity). Emission Factor sources:

→ Scope 1 & 2: **Sustainable Energy Authority of Ireland (SEAI)** or country relevant energy body.

→ Scope 2: **Carbon Toolkit 4 Business** or country equivalent site.

→ Scope 1 & 3: **SEAI, UK Department of Environment, Food & Rural Affairs (DEFRA)** or country relevant energy body.

2. Apply Calculations

Multiply activity data (e.g., energy use) by the corresponding emission factors to calculate the total emissions for each source.

Step 4

Verification of carbon footprint

In order to ensure that the carbon footprint has been done accurately, many companies choose to have their footprint verified by a third party.

→ **Third-Party Verification**
Consider having the carbon footprint verified by an independent third party to ensure accuracy and credibility.

→ **Certification**
Obtain certification from recognised organisations to enhance the trustworthiness of the carbon footprint data.

Why get your carbon footprint verified?

→ **Ensure accuracy and credibility**
Verification by an independent third party ensures that the data collection, calculations, and reporting processes are accurate, reducing the risk of errors or misstatements. A verified carbon footprint data is more credible and trustworthy to stakeholders, including investors, customers, regulators, and the public. It demonstrates that your company is serious about sustainability and transparency.

→ **Meet regulatory & reporting requirements**
Some regulations, industry standards, or sustainability frameworks require third-party verification of carbon emissions data. Meeting these requirements is essential for compliance. Verification is often a prerequisite for obtaining certifications, which enhances your company's reputation and can be a competitive advantage.

→ **Build customer and investor confidence**
Investors increasingly demand verified carbon data as part of their environmental, social, and governance (ESG) assessments. Verified data can lead to better access to capital and improved investor relations. Customers are more likely to trust and support companies with verified carbon footprints, especially as consumer awareness of environmental issues grows.

→ **Benchmarking and industry recognition**
Verification allows your company to confidently benchmark its carbon footprint against industry peers and participate in sustainability rankings or awards. Verified data reinforces your company's commitment to environmental stewardship, which can improve brand image and stakeholder relations.

Environmental and sustainability consultants can conduct third-party verification of carbon footprints.

Tools and resources for carbon footprinting

There are several global tools and consultancy agencies that can help companies with measuring and verifying their carbon footprinting. In many cases, external help and tools are necessary for companies starting off on their ESG journey to complete their carbon footprinting baselines and upskill employees to be able to continue ESG work. Choosing the right tool depends on the size of the company, the industry, and the scope of reporting aiming to be included (i.e., the scopes of emissions).

Tools include:

→ **Greenhouse Gas Protocol** tools and guidance can be used to help quantify emissions according to various sectoral standards.

→ Carbon Footprint Calculators, such as from **Carbon Trust** or **US Environmental Protection Agency** provide a GHG calculator for businesses in the US to estimate their emissions.

→ **The UN Climate Change's Climate Neutral Now** platform offers a carbon footprint calculator and resources for companies to calculate, reduce, and offset their emissions.

→ For Irish businesses, the Irish government has developed **a climate toolkit for businesses**, that includes a carbon calculator.

→ Sustainability consultancies can also lead the carbon footprint work on behalf of companies and use their tools and expertise to accurately calculate a company's emissions and develop action plans to reduce these emissions. For Irish-based suppliers, Enterprise Ireland provide a Green Service Providers Directory that lists out all the service providers to help organisations on their sustainability activities. **Click here to locate the directory on Enterprise Ireland.**

There are also several grant initiatives that can help companies financially cover the cost of their carbon footprints. **For more information see AIB Steps to Sustainability.** For example, for Irish companies, Enterprise Ireland Grants will cover Scope 1, 2 & 3 footprinting with grants such as **Green Start** or **Green Plus**. For companies in Ireland, the Irish **National Enterprise Hub** also offers support for companies wishing to implement sustainability initiatives if they meet eligibility requirements.

Carbon target setting

→

Many companies are now setting carbon emissions reduction targets. Setting targets allows companies to put in place a goal to reach, and a roadmap around which to plan their business operations in order to reach this goal.

Types of carbon targets

There are several types of carbon targets that a company can choose to set.

01 Science based target

A science-based target (SBT) is a greenhouse gas emissions reduction target set by the private sector in line with the level of decarbonisation required to limit global warming from exceeding 1.5 degrees Celsius above pre-industrial levels – a core goal of the Paris Agreement.

The **Science Based Targets initiative (SBTi)** is a collaboration between global institutions such as the United Nations Global Compact, World Resources Institute and the Worldwide Fund for Nature. Science-based targets can be set through the **SBT Initiative**, whereby companies can submit their target for assessment and verification through an independent board, according to the initiative's criteria. Companies who have committed to setting SBTs, or who have had their targets approved, are listed on the **Initiative's website**.

Small and medium-sized enterprises can use a separate validation route for setting Near Term targets. This enables them to bypass the initial stage of committing to set a science-based target and the standard target validation process. The same process for setting climate targets applies to all business.

02 Climate

In line with the SBT **Net Zero Standard**, businesses are required to reduce emissions by 90-95% by 2050.

03 Carbon neutral

No distinct definition but usually refers to scope 1 and 2 only – not recommended.

04 Client

Client led and set targets, for example setting a carbon cap on building.

05 Internal

Usually, a stepping-stone target to achieve Group Targets such as climate. For example, fleet emission reduction by 35% by 2024.

06 Pledge

A public commitment or promise that can be used as a stepping stone to a public target, for example the Business in the Communities Ireland low carbon pledge.

How to set a carbon target?

Step 1

Understand your current carbon footprint

Measure and analyse emissions and establish a baseline year (i.e. a year that represents your normal level of emissions against which you seek to reduce emissions by a certain percentage by a future year).

Step 2

Set specific, measurable targets

Define the target type. Choose between absolute reduction targets (e.g., reducing total emissions by 30% by 2030) or intensity targets (e.g., reducing emissions per unit of production by 40% by 2030). Define the timeframe. Set short-term (3-5 years) and long-term (10 years out to 2050) targets to ensure both immediate action and alignment with long-term goals. Define the target coverage. Specify which scopes (1, 2, and/or 3) your targets will cover.

Step 3

Consider feasibility and ambition

Evaluate your company's current capabilities, resources, and technologies to ensure the targets are ambitious yet achievable. Look at what other companies in your industry are doing. While your targets should be realistic, they should also be ambitious enough to position your company as a leader in sustainability. If your long-term goals are particularly ambitious, set incremental targets to track progress and adjust along the way.

Step 4

Develop a decarbonisation strategy

Outline specific actions needed to achieve the targets, such as improving energy efficiency, switching to renewable energy, optimising supply chains, and reducing waste. Allocate the necessary resources, including budget, personnel, and technology, to support the implementation of the reduction strategies. And involve key stakeholders, including employees, suppliers, and customers, in your carbon reduction efforts. Collaboration across the value chain is essential to success.

Step 5

Communicate the target

Ensure all employees are aware of the targets and understand their role in achieving them and share your targets with external stakeholders, including customers, investors, and the public, to build trust and demonstrate your commitment to sustainability.

Step 6

Monitor, report, and adjust

Regularly monitor emissions and track progress toward your targets. Use key performance indicators (KPIs) to measure success and identify areas needing adjustment. Report your progress publicly and with full transparency.

Step 7

Review and revise targets

Periodically review your targets to ensure they remain relevant and achievable in light of new technologies, regulatory changes, or shifts in business strategy. Adjust targets if necessary to stay aligned with global climate goals.

Climate transition plans

A Climate Transition Plan is a comprehensive framework that helps organisations to align their operations, strategies and goals with their climate ambitions. This alignment is achieved by establishing specific strategies and clear accountability mechanisms to track progress. The Plan is the culmination of the above actions, on carbon measurement, target setting, and emissions reduction strategies. The EU Corporate Sustainability Reporting Disclosure (CSRD) defines a transition plan as:

"A specific type of action plan that is adopted by the undertaking in relation to a strategic decision and that addresses: i.e. public policy objective; and/or ii. an entity-specific action plan organised as a structured set of targets and actions, associated with a key strategic decision, a major change in business model, and/or particularly important actions and allocated resources".

A credible Climate Transition Plan is a time-bound action plan that outlines how an organisation will achieve its strategy to pivot its existing assets, operations, and entire business model towards a trajectory aligned with the latest and most ambitious climate science recommendation.

Before drafting a Climate Transition Plan, your company must first set a Climate Target. To align with best practice and improve legitimacy, it is recommended to set a Climate Target with the Science-Based Target Initiative (described on page 14) or at least commit to setting an SBT target. Many reporting frameworks, such as CDP, require a Science-Based Target to be set for a credible Climate Transition Plan. Since these targets are independently verified, their credibility and legitimacy are higher than those that have not been verified by a third-party.

For companies falling in scope of the CSRD, this legislation requires companies to report on their transition plans. Transition plans are also required by the Corporate Sustainability Due Diligence Directive (CSDDD). EFRAG (the European Financial Reporting Advisory Group) is currently developing Implementation Guidance on Transition Plans for Climate Change Mitigation, so suppliers falling in scope of CSRD should monitor publications from EFRAG to ensure their transition plans are in line with the latest guidelines. An early draft of this guidance, which provides useful background to climate transition planning, can be consulted **at this link.** Section 2.2 of the same document highlights which ESRS disclosures relate to transition plans, which is useful as a reference for companies falling within CSRD obligations.

A well-developed Climate Transition Plan should include;

→ Details of your company's scope, boundaries, metrics and targets to achieve a climate ambition.

→ An outline of your company's approach to climate transition planning. the governance and financing of the plan and integration of current sustainability policy and reporting structures in place.

→ An emissions reduction trajectory outline with relevant milestones to explain how the company aims to achieve a climate target.

→ Setting short, medium, and long-term climate targets for your company.

→ A summary of the implications of such targets to your company's business model and an outline of how the ambitions of the plan will be implemented.

→ A brief outline of the company's engagement strategy with key stakeholders in their business and supply chain for their buy-in into the Climate Transition Plan.

The plan will then become a guide for your company on your decarbonisation journey and provide a concrete strategy for realising your climate objectives based on well-developed actions and milestones.

Example of Climate Transition Plan: SSE

Social

Steps to introduce Human Rights practices in your business

Mechanisms to mitigate against Modern Slavery

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Best practices for an effective Modern Slavery Policy

AIB's expectations of its suppliers

What is Modern Slavery?

Social

→

The Social pillar of ESG relates to the impact your business has on society and the risks society pose to your business.

The broad term of society typically includes employees, suppliers and their workers, business partners, local communities, etc. Companies should act with care to avoid threats to human rights and ensure fair and safe working conditions within their own operations and throughout its entire supply chain.

Human Rights

Human Rights is central to how we work at AIB.

This covers a multitude of areas that include rights that are protected in legislation, such as race (including colour, nationality, ethnic and national origin), religion or belief, age, disability, gender and gender reassignment, sexual orientation, marriage or civil partnership, pregnancy or maternity, family status and membership of the Travelling Community.

Safe working conditions are an integral part of our culture, our purpose, our sustainability strategy and is central to our business plans. We are committed to ensuring the safety of our employees, customers, contractors, visitors and our workplaces.

AIB's expectations of its suppliers

AIB conducts its business activities in accordance with the highest possible standards of ethical conduct. We want to do business with suppliers that have similar values to us, and operate in the same responsible manner.

We expect our suppliers to:

Respect the human rights of your employees and to comply with all relevant legislation, regulations and directives in the countries and communities in which you operate.

Respect the rights of employees to join or refrain from joining worker organisations and allow workplace access for such organisations to facilitate their representative functions.

Prohibit forced labour and human trafficking in your supply chain.

Ensure employees' working hours and pay rates comply with national laws and industry standards.

Prohibit the use of child labour.

Ensure that employees' total worked hours shall not exceed the maximum allowable under local legislation.

Ensure all employees' overtime is voluntary and compensated in accordance with applicable laws.

Provide clear and uniformly applied disciplinary and grievance procedures including prohibiting mental, physical or verbal abuse.

We encourage our suppliers to:

01

Put in place controls

that support a zero-tolerance approach towards discrimination, bullying or harassment.

02

Collect data

to understand the profile of your workforce and have measures in place to improve diversity.

Steps to introduce Human Rights practices in your business

Step 1

Treating employees fairly and avoiding discrimination in hiring

Methods to ensure fair treatment of employees and avoiding discrimination include:

Fostering an inclusive culture
Implement diversity and inclusion training, create clear anti-discrimination policies, and encourage open communication to support an equitable workplace environment.

Offering equal opportunities for advancement and growth
Ensure that all employees have access to training, mentorship, and promotion opportunities regardless of background, race, or gender.

Allow employees to speak up on challenges at work
Offering opportunities for employees to raise grievances or concerns about how they are treated at work is important to ensure any incidences of discrimination are uncovered and addressed. Such mechanisms can include regular HR check-ins, helplines, etc.

Standardisation of the hiring process
Use of structured interviews and consistent evaluation criteria to ensure all candidates are assessed based on the same set of qualifications and competencies.

Elimination of bias from job descriptions
Write inclusive job descriptions free from gendered language or unnecessary requirements that may unintentionally discriminate against certain groups.

Diverse hiring panels
Recruitment panels involving diverse groups of individuals reduces unconscious bias and ensures fair evaluation of candidates.

Step 2

Put in place controls supporting a zero-tolerance approach towards discrimination, bullying or harassment

Putting in place controls to introduce a zero-tolerance approach towards bullying and harassment can include:

Create and communicate a written anti-discrimination, anti-bullying, and anti-harassment policy, in which unacceptable behaviours and reporting procedures are clearly defined.

Provide training for all employees on the policy and the importance of respect, inclusion, and reporting. Ensure that key messages are regularly reinforced through internal and external communications.

Set up reporting mechanisms to offer accessible and confidential channels for complaints will ensure incidences of bullying or harassment is reported and addressed.

Ensure any complaints are investigated and dealt with promptly, fairly, and confidentially. A consistent approach to complaints, and appropriate actions when violations occur is essential.

Regularly monitor, assess, and review policies and gather feedback on your company's process to continually assess the effectiveness of your approach. Anonymous employee surveys on your processes will help highlight gaps in your approach and areas to be improved.

Step 3

Put in place policies, practices and employee offerings including trainings

To put in place these policies, you should:

Evaluate the current climate within the company through surveys, focus groups, or audits.

Define your companies' goals and objectives, for example, fostering an inclusive working environment.

Develop a policy, outlining clear expectations and goals for fostering diversity and inclusion at your company.

Create a governance structure to oversee human rights related policies at your company: ensuring buy-in from leadership is essential to reinforce your messaging company-wide.

Create training, education, and support programmes to ensure all employees are on the same page.

Communicate progress towards your objectives.

What is Modern Slavery?

→

Modern Slavery is an umbrella term used to describe practices where an individual is exploited, often for commercial gain. It can take the form of human trafficking or forced labour and can take place in a company's upstream supply chain.

AIB has identified Modern Slavery as a priority ESG topics and expects its suppliers to:

→ Develop and publish a Modern Slavery Policy.

→ Treat employees fairly, avoid discrimination, and provide reasonable accommodations to staff.

Mechanisms to mitigate against Modern Slavery

→

Preventing Modern Slavery in a business requires a comprehensive approach that includes strong policies, awareness, due diligence, and continuous monitoring. Here are key steps a business can take to prevent Modern Slavery:

Create a clear policy

Develop a Modern Slavery Policy that clearly states the company's commitment to preventing Modern Slavery in all forms. The policy should outline expectations for employees, suppliers, and partners. See page 27 for guidelines on what to include in a Modern Slavery Policy.

Communicate the policy

Ensure that your employees, your suppliers, and anyone else acting on behalf of AIB are aware of the requirements of your Modern Slavery Policy and can implement these requirements in their activities.

Engage and train employees

→ Provide training to employees on how to recognise signs of Modern Slavery and what to do if they suspect it. This is particularly important for those in procurement, HR, and operations.

→ Complete Modern Slavery Training with the Supply Chain Sustainability School.

→ Encourage speaking out and establish clear reporting mechanisms for employees to raise concerns about Modern Slavery, ensuring that they can do so confidentially and without fear of retaliation.

→ Ensure your company's recruitment practices are ethical, especially when hiring low-wage workers or sourcing labour through agencies. Avoid recruitment fees that could lead to debt bondage.

→ Work only with reputable recruitment agencies that adhere to ethical standards and are transparent about their practices.

→ Establish programs that support vulnerable workers, such as providing access to education, healthcare, and legal assistance.

→ Ensure that all workers have freedom of movement, and are not subject to practices like passport confiscation, which can be a sign of forced labour.

Guidance on what to include in a Modern Slavery policy

Introduction and purpose

Begin with a clear statement that your organisation is committed to preventing Modern Slavery in all its forms within its operations and supply chains. Explain why the policy is necessary, including your organisation's legal obligations, ethical considerations, and commitment to human rights.

Legal and regulatory framework

List the laws and regulations that your organisation is committed to complying with, such as the UK Modern Slavery Act, or other relevant international laws. Mention any voluntary standards or guidelines your organisation adheres to, such as the UN Guiding Principles on Business and Human Rights.

Accountability

Define the roles and responsibilities in implementing and overseeing the policy (senior management, employees, suppliers). Ensure the policy is available in multiple languages and accessible formats as needed.

Scope

Define who the policy applies to, including employees, contractors, suppliers, and any other stakeholders. Mention whether the policy applies globally or in specific regions.

Policy principles

State that your organisation has a zero-tolerance approach to Modern Slavery and expects the same from all partners and suppliers. Outline your commitment to fair wages, safe working conditions, and ethical recruitment practices. Describe your organisation's responsibility to ensure that all suppliers and contractors comply with the policy.

Reporting, monitoring & support

Explain the mechanisms available for employees, suppliers and other stakeholders to report concerns or incidents related to Modern Slavery. Outline the steps your organisation will take if Modern Slavery is identified, including support for victims. Describe the actions that will be taken against suppliers or contractors found to be in violation of the policy.

Definitions

Provide a clear definition of Modern Slavery, including human trafficking, forced labour, child labour, and other relevant terms.

Periodic review

State how often the policy will be reviewed and updated to ensure it remains relevant and effective. Assign responsibility for the policy's review to a specific department or individual.

Due diligence and risk assessment

Explain how your organisation identifies, assesses, and mitigates the risk of Modern Slavery within its operations and supply chain. Outline how you engage with suppliers to ensure compliance, including audits, assessments, and questionnaires. Describe the training provided to employees, suppliers, and partners on recognising and preventing Modern Slavery.

01 Plain language

Use clear and concise language to make the policy easily understandable.

02 Customisation

Tailor the policy to reflect your organisation's specific operations, risks, and industry.

03 Transparency

Ensure that the policy is transparent and publicly available to demonstrate your commitment to combating Modern Slavery.

Governance

ESG management

Supply chain due diligence

Data protection

Implementing data protection measures

Governance

→

Good governance for ESG includes having policies and procedures related to sustainability in place, as well as having an effective corporate governance structure in place to manage these policies and activities.

ESG management

→

An important starting point for effective governance for ESG includes having a team and/or dedicated employee/s to overseeing ESG planning, strategy, implementation and reporting.

The responsible persons can oversee measures to ensure the business functions well on the above-described environmental and social measures, and ensure your business stays compliant with relevant regulatory requirements.

Supply chain due diligence

A key aspect of effective ESG management is conducting supply chain due diligence. Due diligence is the process of thoroughly investigating and assessing a business, investment, or individual to verify facts, identify risks, and ensure informed decision-making. The OECD Due Diligence for Responsible Business Conduct lays out a step-by-step process for the incorporation of due diligence into your procurement activities. This due diligence process helps companies assess and address actual and potential negative impacts in their supply chains and business relationships.

OECD has developed guidance and tools to explain these processes and to support companies in putting them into practice, which we encourage you to consult and implement within your business.

Concrete actions that your company can do in order to implement each of the six steps of due diligence includes:

Step 1
Embed responsible business conduct into policies and management systems

→ Adopt a Sustainable Procurement Policy.

→ Introduce a Supplier Code of Conduct.

→ Integrate ESG related risks into your Company Risk Register.

Step 2
Identify and assess adverse impacts

→ If your company is in scope of the CSRD legislation, you must conduct a Double Materiality Assessment, to assess the impacts, risks and opportunities of your company on the environment and vice versa. The EU Corporate Sustainability Reporting Directive outlines a step-by-step guide of this process.

→ Conduct a Sectoral Impact Assessment, to assess the environmental and social risks associated with suppliers in specific sectors of your supply chain.

→ Geographic Profiling of suppliers, to have an overview of where suppliers are located in areas posing high human rights, corruption or conflict risk.

Step 3
Cease, prevent, or mitigate against participating in activities that could create adverse impacts on people or the environment

→ Set Expectations, Targets, Minimum Requirements, and KPIs for your suppliers to achieve in order to continue doing business with you (continuous improvement with regards to ethics).

→ Conducting Supplier Audits.

→ Grievance and whistleblowing mechanisms.

→ Provide training (internal and supplier) on ethical business, avoiding actual or potential negative impacts, ESG principles, etc.

→ Corrective action plans, in case of non-compliance with your expectations.

→ Collaborate with industry initiatives, that can develop your organisation's knowledge of ESG and responsible business, and grow your network in this area.

→ Engage affected stakeholders, to uncover areas in which your business can improve, which would help mitigate or avoid any negative impacts on people, communities, or the environment that are impacted by your business activities.

Step 4

Track implementation and results

Monitoring your due diligence process' implementation can be done through:

→ Supplier Performance Management Tools.

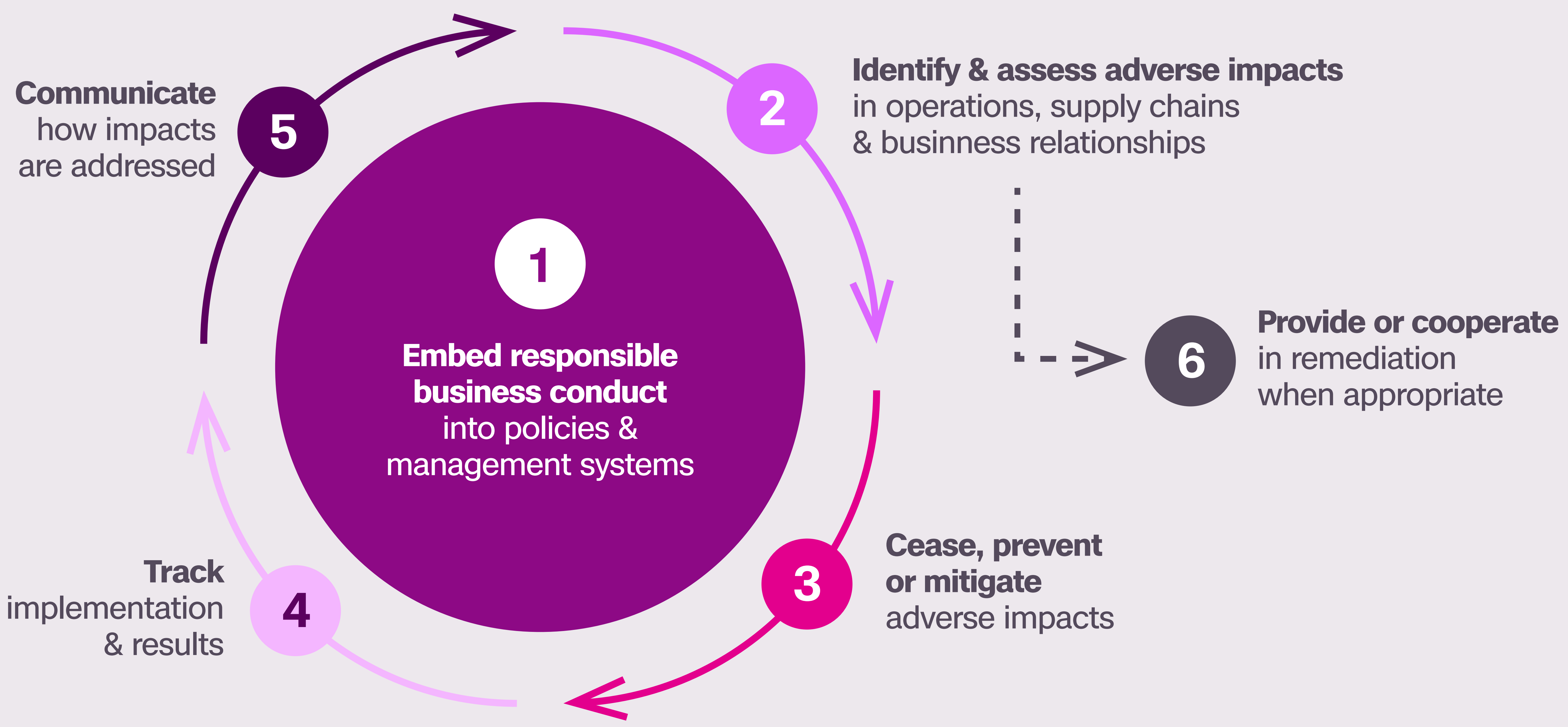
→ Supplier Audits.

Step 5

Communicate how impacts are addressed

→ Periodic reporting. This can be included in relevant company documentation such as a due diligence statement or company sustainability statement.

The six steps of due diligence are:



Step 6

Provide for or cooperate in remediation of negative impacts when is necessary

→ “Remediation” and “remedy” refer to both the processes of providing remedy for an adverse impact and to the substantive outcomes (i.e. remedy) that can counteract, or “make good”, the adverse impact.

→ Establish operational-level grievance mechanisms.

→ Engage with workers’ representatives and trade unions to establish a process through which they can raise complaints.

→ Seek to restore the affected person/s to the situation they would be in had the adverse impact not occurred (where possible).

→ Enable remediation that is proportionate to the significance and scale of the adverse impact.

→ Comply with the law and seek out international guidelines on remediation.

→ Consult and engage with impacted rightsholders and their representatives in the determination of the remedy.

→ Seek to assess the level of satisfaction of those who have raised complaints with the process provided and its outcome(s).

→ Cooperate in good faith with judicial or non-judicial mechanisms.

Data protection

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We require all our suppliers to, (at minimum), comply with their legal obligations regarding data security to ensure robust data protection measures across our entire supply chain.

Implementing data protection measures

Step 1

Understand the data protection and security regulatory requirements applicable to your company in the region(s) in which your company operates.

Many laws and regulations covering data protection and security have been introduced in recent years, each with different requirements for companies to implement in order to ensure compliance. In the EU, the key regulations include GDPR, DORA and NIS2.

→ The General Data Protection Regulation (GDPR) regulates the collection, processing, and storage of personal data within the EU, ensuring individuals' rights to privacy and data protection, while imposing strict requirements on organisations to safeguard personal data and report breaches. The law requires companies in scope to implement measures to protect personal data, ensure transparency in data processing, uphold individuals' rights, and promptly report data breaches, while conducting regular audits to ensure ongoing compliance.

→ The Digital Operations Resilience Act (DORA) aims to strengthen the digital operational resilience of financial institutions in the EU by establishing requirements for managing ICT risks, ensuring continuity of services, and enhancing the ability to respond to and recover from cyber incidents and other operational disruptions. DORA requires applicable companies to establish robust ICT risk management frameworks, ensure continuity of services through resilience testing, and report significant cyber incidents, while also managing third-party risks and ensuring effective recovery plans.

→ The Network and Information Security Directive 2 (NIS2) strengthens cybersecurity resilience across critical infrastructure operators in the EU by establishing stricter requirements for managing cyber risks and responding to incidents. NIS2 mandates in-scope organisations to implement robust cybersecurity measures, conduct risk assessments, and develop response and recovery plans for significant incidents. The directive requires in-scope companies to report significant cyber incidents to their respective national authorities and mandates supply chain risk management, requiring companies into address cybersecurity risks posed by third parties.

AIB expects its suppliers to be aware of all data protection regulations that may apply to them, and that they are acting to ensure that they all comply with the requirements of these laws.

Step 2

Establish a data protection framework/policy

→ Creating a Data Protection framework or strategy that aligns with the above legal and industry requirements can include data classification, data flow mapping, and data retention policies that your company has in place.

→ Appointing a Data Protection Officer to monitor this framework would also support the implementation of such work.

→ Other policies and procedures that can be implemented can include data access control, data encryption, vendor risk management, and regular audits of data handling practices.

Step 3

Implement technical infrastructure for data protection

If your company handles sensitive data, the introduction of technical safeguards such as firewalls, Intrusion Prevention Systems, or Multi-Factor Authentication are advisable to help protect access to systems that store sensitive information.

Step 4

Employee training and awareness

→ Training of employees regarding data protection helps to ensure that no breaches of data security occur due to lack of information on employee responsibilities for data management.

→ Such training could include data cybersecurity and ‘phishing’ awareness, and data protection responsibilities of each employee at your company.

Best practices and tools for ESG

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Leading companies in terms of ESG can align with or sign up to multi-stakeholder collaborations or international agreements to have their efforts certified or recognised.

Such international instruments include:

- → The International Bill of Human Rights.
- → International Labour Organization Conventions.
- → The United Nations Guidelines for Consumer Protection.
- → The United Nations Global Compact.

It is also encouraged that companies align their policies and procedures to these instruments, as this demonstrates commitment to best-in-class corporate sustainability.

Companies can also become accredited with international standards to demonstrate high quality ESG performance, for example by seeking accreditation from International Organisation on Standards (**ISO accreditations**) on certain topics such as ISO 26000 on Social Responsibility or ISO 14001 on Environmental Management System, or by becoming **B Corp** certified.

AIB's affiliations and partnerships related to ESG

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AIB participates in a wide range of partnerships and affiliations related to ESG.

For more information, or to access addition ESG resources, consider joining the following networks or platforms.

→ CDP (AIB has achieved the leadership rating since 2016).

→ ISO (AIB is certified to ISO 14001 and ISO 50001).

→ Business Working Responsibly accredited.

→ MSCI rating of AA.

→ S&P Global: 2023 Corporate Sustainability Assessment AIB achieved a score of 60/100.

→ ESG Risk Rating of 11.4. This rating was assessed by Morningstar Sustainalytics to be at Low Risk of experiencing material financial impacts from ESG factors and was ranked by Sustainalytics as 59 out of 1,051 Banks. AIB is also a Sustainalytics ESG Industry Top Rated company for 2024.

→ Sustainable Business Impact Awards 2020:

Winner - Outstanding Achievement in Sustainable Business Impact Award.

Winner - Excellence in Environment.

Shortlisted - Excellence in Marketplace Community partnership with charity.

→ Irish HR Champion: Winner 2020.

→ Green Awards 2020: Winner - Green Large Organisation of the Year (1000+ employees).

→ AIB is a member of the FTSE4 Good Index Series.

AIB is committed to the following global frameworks:

→ Task Force on Climate-related Financial Disclosures.

→ United Nations Global Compact.

→ Valuable 500.

→ United Nations Environment Programme Finance Initiative.

→ Low Carbon Pledge.

→ Human Rights Commitment.

→ World Economic Forum Stakeholder Capitalism Metrics.

→ Equator Principles.

For more information on our sustainability commitments, please visit:
International Commitments

For the life you're after

→ aib.ie/suppliers