



# We pledge to **DO MORE.**

**Detailed Sustainability Report**  
for the financial year ended  
31 December 2019

**AIB Group plc**



# BACKING A SUSTAINABLE FUTURE

## ABOUT THIS REPORT

Throughout this report, “AIB Group”, “AIB”, “the Group” “the bank” or “we” refers to AIB Group plc and its subsidiaries. This is AIB’s fourth Sustainability Report, reporting on non-financial activity, focusing specifically on the year ended 31 December 2019. Information on activity before and after these dates may be included by way of context, in particular for the first quarter of 2020.

In 2019, with the help of KPMG, we completed our third materiality exercise, outlined on page 20, engaging our key stakeholder groups: our customers, our people, investors, government and society, and regulators. From this exercise we identified the material topics that were of most importance to them. This report focuses primarily on our performance against these material topics.

## AUDIENCE FOR THIS REPORT

This report is aimed at our various stakeholder groups who want to know more about our sustainability approach and performance in 2019.

## REPORTING STANDARDS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It includes a GRI Content Index. This is provided on pages 84-93 so that readers can easily find specific data related to the GRI Standards.

Our sustainability site contains links to our related policies and codes, which are referenced in this report.

[www.aib.ie/sustainability](http://www.aib.ie/sustainability). Throughout this report we make

reference to information contained in our Annual Financial Report 2019 (AFR 2019). This is available at <https://aib.ie/investorrelations>

## ASSURANCE

Assurance has been provided by Deloitte on our preparation of the Detailed Sustainability Report in accordance with the GRI standards. Their independent assurance statement is on page 95 of this report.



# SUSTAINABILITY AT AIB

Together with our c. 2.8 million customers and 9,520 employees across AIB, we are inextricably linked to the societies in which we operate. We are committed to backing sustainable communities and making a positive contribution to society.

With scale, comes challenge and opportunity to ensure we make a positive contribution to the marketplace, creating long-term value for our customers, colleagues and the communities where we live and work.

As a bank, we have three core functions which are fundamental to modern-day life: to convert deposits and savings into financing for our customers; to manage this credit process and the risks associated with it; and finally to facilitate day-to-day payments safely and efficiently.

By doing these tasks well, we will make a meaningful contribution addressing many of the current and emerging issues in society including funding home creation, supporting jobs and enterprise and enhancing overall access to finance and financial inclusion.

Climate change is one of the greatest challenges of our time, and the role of finance to support the transition to a low-carbon economy cannot be understated or underestimated. While this issue

requires a long-term outlook, action is required NOW, which is why AIB has placed this issue at the heart of our strategy, pledging to **DO MORE** in addressing the climate change agenda, while challenging ourselves to deliver meaningful social and economic value to our customers, employees and communities.

By doing these tasks well, we will make a meaningful contribution addressing many of the current and emerging issues in society including funding home creation, supporting jobs and enterprise and enhancing overall access to finance and financial inclusion.

Central to everything we do, we will continue to be guided by our purpose: **To back our customers to achieve their dreams and ambitions.**



AIB is a financial services group operating predominantly in Ireland and the United Kingdom. We provide a range of services to retail, business and corporate customers, with market-leading positions in key segments. AIB is our principal brand across all geographies. In Ireland, EBS is our challenger brand and Haven is our mortgage broker channel.

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# 01 INTRODUCTION

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# AN INTRODUCTION FROM OUR CHIEF EXECUTIVE OFFICER, COLIN HUNT



**“CLIMATE CHANGE IS NOT THE MOST IMPORTANT ISSUE OF OUR TIME, IT’S THE MOST IMPORTANT ISSUE OF *ALL TIME*. AT AIB, WE ARE ACUTELY AWARE THAT WE ARE ONLY AT THE BEGINNING OF OUR SUSTAINABILITY CHALLENGE AND THAT THERE IS A GREAT DEAL MORE TO DO.”**

**COLIN HUNT**

AIB Chief Executive Officer

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**As I reach my first anniversary as CEO of AIB, I am delighted to introduce our 2019 Sustainability Report, updating you on our progress through the year and setting a clear direction for sustainability within AIB over the next strategic cycle. Being CEO of AIB brings both responsibility and opportunity to make a difference to our customers, colleagues, communities and other stakeholders.**

With over 2.8 million customers, AIB holds a distinctive role and responsibility in society, with a unique opportunity to make both a meaningful and positive impact in an increasingly challenging and complex world. It's a responsibility we take seriously, and that we action through our purpose, which is to back our customers to achieve their dreams and ambitions. When our customers thrive, so too do we. It's a shared ambition, creating shared value.

Over the last 12 months, I have been increasingly vocal about my ambition for AIB to play a leading role in responding to the greatest challenge of our time – climate change. Notwithstanding the core business of AIB in the successful delivery of day-to-day banking activities, this existential issue is at the heart of our sustainability strategy, pledging to Do More.

Before looking ahead, I want to recognise the progress made in 2019 as we continued to listen and respond to the social, economic and environmental issues that matter to our stakeholders.

On a positive note we continued to support our customers and the economy with funding for 8,200 new homes, including c. 900 social housing units. Our new lending volumes increased to over €12.3bn, supporting the economies in which we operate. We have also continued to focus

on financial inclusion with the extension of our Vulnerable Customer programme outlined on page 53. In addition, our continued investment into our digital platforms enabled our customers to manage their finances safely and securely.

However, we have to Do More. We must continue to ensure our customers get the best possible experience from us, continuing to listen and respond to them – improving how we serve them and learning from our mistakes, see page 41. Our people are the heartbeat of this business, and their engagement and support is critical for our success. That's why this issue forms part of the Culture Evolution Programme which we are actively embedding through the business, see page 69.

As we look to the future, challenges and opportunities remain, both in the short and longer term. Throughout 2019, AIB has been increasingly visible in demonstrating the role we can and will play in addressing the issue of climate change in

**“OVER THE LAST 12 MONTHS, I HAVE BEEN INCREASINGLY VOCAL ABOUT MY AMBITION FOR AIB TO PLAY A LEADING ROLE IN RESPONDING TO THE GREATEST CHALLENGE OF OUR TIME – CLIMATE CHANGE.”**

Ireland. It is THE existential issue of our time – and we know that we must do all we can to respond and adapt our lives around the necessary changes. We announced a €5bn Climate Action Fund, a Green Bond Framework and support for Ireland's second Climate Finance Week, the theme of which was Innovation & Collaboration.

In 2019, we achieved the Business in the Community – Business Working Responsibly Mark, retained our leadership status on the Carbon Disclosure Project (CDP) Climate List and were recently named Green Large Organisation of the Year at the Green Awards.

It was a great honour for me to represent AIB in the UN Headquarters in New York as the only Irish bank to become a Founding Signatory of the UNEP FI Principles for Responsible Banking. In addition, AIB was also the first Irish bank to become a Supporter of the Task Force on Climate-Related Financial Disclosures (TCFD). These are commitments that represent the seriousness of the challenge, and the ambition we have to lead the market in Ireland's response to this issue.



Founding Signatory of the Principles for Responsible Banking announced in September 2019.



Supporter of the United Nation's Sustainable Development Goals (SDGs) and its agenda for action on improving the wellbeing of present and future generations.



Supporter of the Task Force on Climate-Related Financial Disclosures, developing voluntary, consistent climate-related financial risk disclosures for use when providing information to investors, and other key stakeholders.



AIB was the first recipient of the: Business in the Community Ireland, Business Working Responsibly Mark for Group-wide operations.

Sustainability is now a central part of AIB's strategy. We are responding to the issues that matter to our stakeholders, holding ourselves to account for the progress we are making to meet and exceed their expectations of us.

Although the transition to a low-carbon economy will take time, there are areas where we can move more quickly and we are actively looking at the opportunities within our economy and society where we can support the adoption of low-carbon solutions. We look forward to bringing these to the market through 2020.

As we progress the next phase of our sustainability strategy, we are committing to Do More to accelerate the required transition, while continuing to enhance the economic and social value we create through the services we provide.

I want to thank the Sustainability Business Advisory Committee and Helen Normoyle as Chair for their continued focus and challenge as we move into the next phase of our work.

**COLIN HUNT**  
AIB Chief Executive Officer

Colin Hunt speaking at our third Sustainability Conference



# DO MORE

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

Helen Normoyle speaking at our  
third Sustainability Conference  
during Climate Finance Week 2019



**Across the globe, the requirement for businesses to focus their attention on the wider impact they have on the economies, society and environment in which they operate has never being greater; and, at the same time, customers, colleagues, investors and regulators expect greater levels of transparency in how businesses report on these matters.**

**“WE ARE, HOWEVER, ACUTELY AWARE THAT WE HAVE MORE TO DO. A TRULY SUSTAINABLE BANK IS ONE THAT IS TRUSTED AND, AS A RESULT, HAS THE SOCIAL LICENCE TO OPERATE THAT IT NEEDS TO SURVIVE AND TO THRIVE.”**

As Chair of the SBAC, I am pleased to present our fourth Sustainability Report which has been assured by Deloitte in accordance with the Global Reporting Initiative (GRI) standards. In this report we are introducing for the first time our sustainability ambitions and targets so that all of our stakeholders can clearly see the progress we are making on this evolving and critical journey. At the end of 2019 we undertook an extensive stakeholder engagement exercise, completing a materiality exercise with c. 800 stakeholders, see page 20. We wanted to understand the current macroeconomic issues that they believe are important for us to respond to, in addition to what they would like us to do in order to regain their trust. We have framed our key performance indicators in the context of the issues that are most important to them and to us.

Over the past 12 months AIB has made considerable progress on building out its strategic and operational sustainability agenda, as highlighted through the many examples in this report. AIB is a bank at the very heart of the Irish economy, and a strong economy requires a healthy environment. That’s why AIB has made climate action a primary focus of our refreshed sustainability strategy. We recognise that dealing with climate action is not straightforward – we need to balance the economic and social considerations of transitioning to a low-carbon economy with the growing urgency brought

forth by climate change. A period of transition with innovative support is required for our customers and colleagues to enable a notable and orderly shift to a low-carbon economy.

We are, however, acutely aware that we have more to do. A truly sustainable bank is one that is trusted and, as a result, has the social licence to operate that it needs to survive and to thrive. As we rebuild trust in AIB, we continue to take learnings from the mistakes of the past, including the Tracker Mortgage Examination programme. It is essential for our long-term sustainability that we learn from these mistakes, ensuring that our culture and our operations are focused on our customers and doing right by them all of the time. Our purpose gives our people a simple and clear basis from which to work.

We have launched a multi-year Culture Evolution Programme in recognition of improvements needed within the banking sector to rebuild trust and support consistent and fair customer outcomes. This programme is led by the Board and Executive Committee, and we are aiming to deliver sustained culture change throughout the Group, where our people have a strong customer focus and truly connect with our purpose, see page 69.

As Chair of the SBAC, our focus remains to ensure that sustainability is embedded into who we are and how we do things at AIB, and to support our CEO,

Colin Hunt, in driving this agenda forward. Over the past 12 months AIB has brought considerable focus and energy to the bank’s sustainability strategy, pledging to Do More. I would like to thank Colin and his Executive Committee for their commitment to making AIB a leader in sustainable banking.

I would like to sincerely thank my Board colleagues for their support in responding to this important agenda, for the Group and for our wider stakeholders. I would also like to thank Jim O’Hara who retired from the Board and thus SBAC in November 2019; and in parallel welcome both Ann O’Brien and Raj Singh who joined SBAC on their appointments as new Non-Executive Directors of AIB Group.

It is both an honour and a great responsibility to chair the SBAC. It is a role that I am privileged to undertake and that enables me, along with the team, to support and challenge the business in key areas that ultimately drive trust and engagement with all our stakeholders.

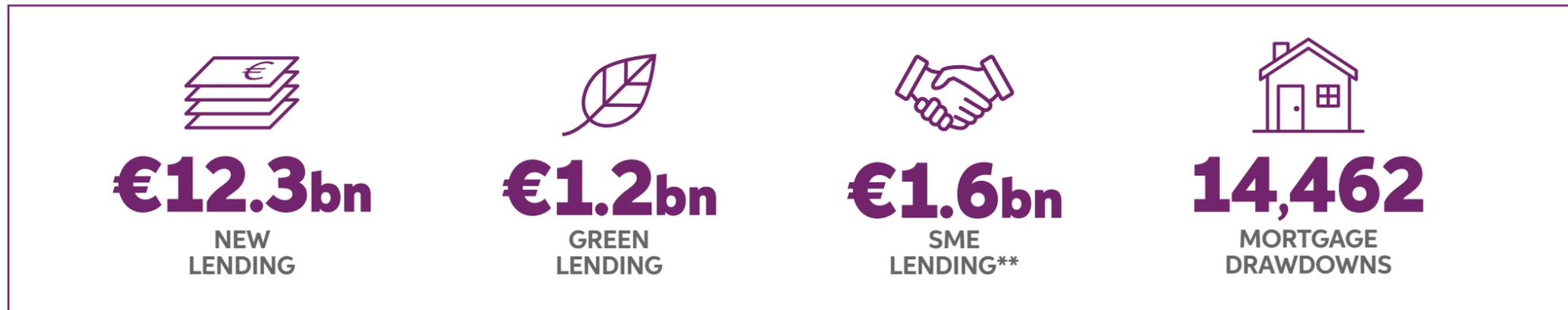
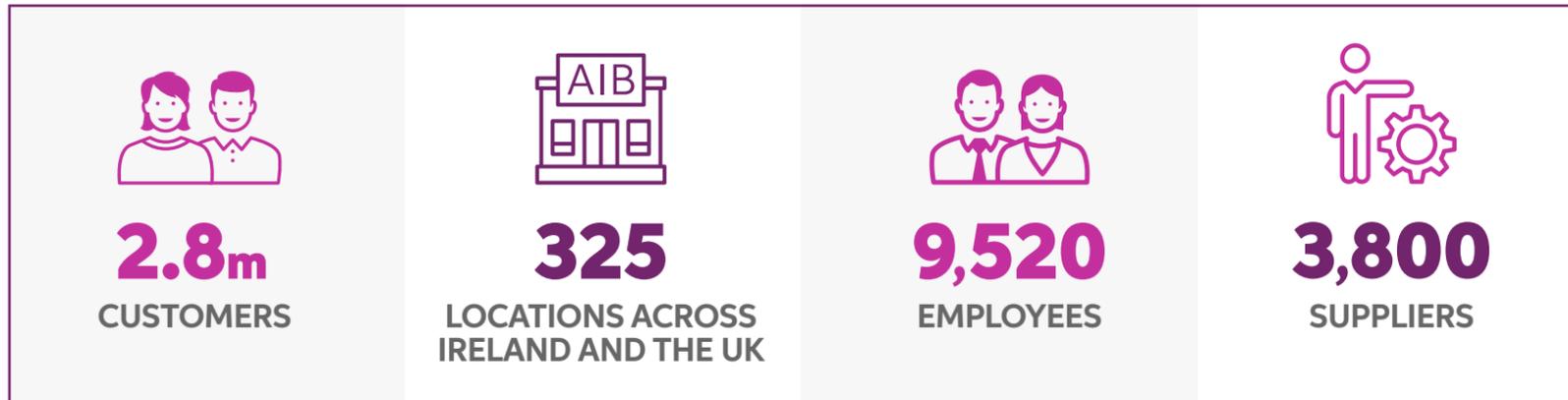


**HELEN NORMOYLE**  
Chair of Sustainable Business Advisory Committee

# THE VALUE WE CREATE

## OUR PURPOSE

To back our customers to achieve their dreams and ambitions.



Information as at December 2019. Sources: Company information and independent market research.

\* No. 1 among banks, personal lending excl. car finance.

\*\* SME lending in ROI

# OUR STRATEGIC APPROACH

In an evolution of our four-pillar 2017-2019 strategy we have added Sustainable Communities as a fifth pillar.

This new strategy reflects our ambition to be both a leading financial institution in climate action and a meaningful part of the communities in which we operate.

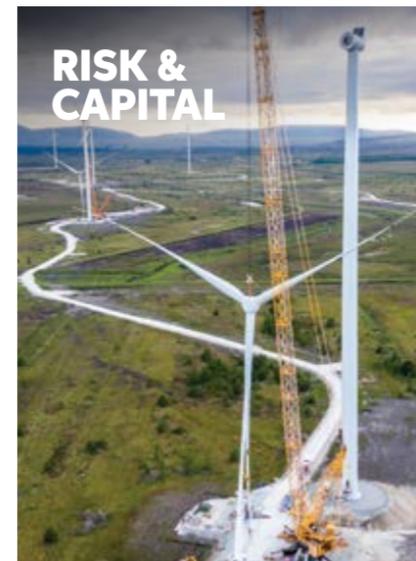
Our purpose remains: to back our customers to achieve their dreams and ambitions.



We put our customers at the heart of our organisation, providing for the full range of their financial needs conveniently and responsibly. We use technology to personalise our product and service offerings.



Our organisation, technology and partnering strategies drive efficiency in our back-, middle and front-office operations. We foster a culture of cost-awareness and accountability, simplifying our processes and ways of working.



We maintain a strong risk management framework, high asset quality and robust capital levels. We deploy our capital efficiently through effective risk model development, evolved risk pricing and our strategic business model choices.



We ensure that we have the right talent, skills and capabilities within the organisation to fulfill our purpose and execute our strategy. We enable talent effectiveness through a diverse and inclusive culture that is built on accountability, collaboration and trust.



We play a leadership role in creating innovative propositions and partnerships to help our customers transition to low-carbon economies. We make a meaningful contribution to the sustainability of the societies where we operate.



**CLICK HERE TO READ MORE**



For more information on our strategy to 2022 please see our Annual Financial Report, available at: <https://aib.ie/investorrelations>



# OUR SUSTAINABILITY STRATEGY

In AIB, 'We pledge to DO MORE'; Leading Ireland's transition to become a low-carbon economy; Challenging ourselves to deliver meaningful social and economic value to our customers and other stakeholders.

AMBITIONS & TARGETS

## CLIMATE ACTION

Leading the transition to low-carbon economies where we operate

- Lending for climate solutions €1bn p.a.
- 50% Reduction in emissions by 2030
- ESG Ratings – Achieve above average rating
- Carbon Disclosures Project, Climate Change retain leadership status

## BETTER BANKING EXPERIENCES

Building better banking experiences and products with a focus on continuous improvement and learning from our mistakes

- Relationship Net Promoter Score (NPS) – Personal +50
- Transaction NPS – Homes +60 SME +70
- Active mobile users >2m

## ECONOMIC & SOCIAL INCLUSION\*

Actively investing to support economic progress and social issues

- Play an active role in solving key social issues e.g. housing
- Enhanced Vulnerable Customer Programme
- Continued focus on Community Investment through our AIB Together Programme
- Enhanced Reprack Citizenship Environmental Score

## RESPONSIBLE & RESILIENT TECHNOLOGY\*

Protecting the privacy, security and integrity of our data and systems to ensure responsible practices and resilient technology

- Focused on resilience, modernising our business credit systems
- Expanding capability for deeper cyber insights to reinforce protection
- Enhanced Product Governance process
- Implement Data Ethics Standards

## CULTURE

Creating a world-class culture that is underpinned by our values, behaviours and actions

- Diversity – Woman as % of management – Gender balanced
- Implementation of a multi-year Culture Evolution Programme with embedded values and behaviours
- Top quartile for employee engagement relative to Gallup client population



\* Specific targets for these areas will be set during 2020

# 2019 PERFORMANCE SUMMARY – ACHIEVEMENTS IN KEY AREAS



## CLIMATE ACTION

- Established a €5bn Climate Action Fund
- Launch of our Green Bond Framework
- Founding Signatory of the UNEP FI Principles for Responsible Banking
- Achieved CDP Climate Change A- rating (leadership status)
- Support of the Task Force on Climate-Related Financial Disclosures (TCFD)
- Lead sponsor of Climate Finance Week Ireland 2019 and over 500 attendees at our 3rd AIB Sustainability Conference
- Launch of a new Green Mortgage
- Achieved the Business in the Community in Ireland Business Working Responsibly mark
- On track with commitments to the Low Carbon Pledge to reduce carbon emissions by 50% by 2030
- 33% Reduction of waste per employee in head office locations

## BETTER BANKING EXPERIENCES

- 93,000 Voice of the Customer surveys completed
- +34 Personal relationship NPS/+20 SME relationship NPS/+53 Homes transactional NPS
- 250 Specialist Homes advisors in place
- Completed the roll-out of the Express Mortgage Journey
- c. 15,000 Customers utilise new financial planning check online (since October 2019)
- Ongoing centralisation of complaints
- New customer enhancements including card freeze and unfreeze function
- Early warning indicators introduced for customers and ongoing work with debt advocacy groups
- Remote account opening process expanded and now available to students and graduates

## ECONOMIC & SOCIAL INCLUSION

- Funding for 8,200 new housing units including 900+ social housing units
- 500 participants in Women in Enterprise Programme
- Ongoing support of co-working spaces Ludgate and The PorterShed
- 32 Brexit advisors, nationwide Brexit seminars and 15,421 Brexit ready checks completed
- Dedicated Agri Advisors and ongoing collaboration with Teagasc
- Enhanced supports for Vulnerable Customers and c. 4,800 employees completed new training
- 7,500 students attended AIB Future Sparks and 129 Second-level schools participated in AIB Build a Bank
- 38,610 Basic Bank Accounts opened
- 2 days of volunteering available to each our people
- Ongoing partnerships with FoodCloud and SOAR
- Sponsorship of Gaelic Athletic Association (GAA) Club and County championships extended by 5 years

## RESPONSIBLE & RESILIENT TECHNOLOGY

- 1.5m Active digital customers
- 1.3m Active on mobile app
- Introduction of Strong Customer Authentication (SCA) for enhanced security
- Increase in digital payment transactions of almost 200%
- Voice ID registrations increased to over 150,000
- Over 26k business customer migrated to improved Internet Banking platform
- Ongoing focus and training on cyber security
- Continued focus on product governance and assurance
- System resilience – migration to new Treasury platform

## CULTURE

- Achieved 45% female representation at Executive Committee, 42% at Board and 42% at management level
- 64th percentile employee engagement (Gallup database)
- Multi-year Culture Evolution Programme launched
- Launch of our enhanced Graduate Programme
- Parental Leave Policy enhancements increasing both paid and unpaid leave available
- 100 Wellbeing advocates introduced across the business

# 02 ENGAGING

OUR CUSTOMER FIRST APPROACH

ONGOING STAKEHOLDER ENGAGEMENT

MATERIALITY EXERCISE

GOVERNANCE

# OUR CUSTOMER FIRST APPROACH

**Our customer first approach requires an unrelenting focus on our customers, driving positive outcomes for them. It also means holding our hands up when we get things wrong. We listen, learn and work to put things right for our customers.**

## CUSTOMER FIRST

Our purpose is to back our customers to achieve their dreams and ambitions. We aim to put our customers at the heart of our organisation, providing for the full range of their financial needs conveniently and responsibly.

## VOICE OF THE CUSTOMER

We actively listen to gain insights from our customers as to how we are performing in key areas. Our Voice of the Customer (VOC) Programme allows us to measure this using a Net Promoter Score (NPS). NPS measures how we are delivering on customer expectations by asking customers if they would recommend us to their family or friends. In 2019 we surveyed over 93,000 customers to understand how we were performing across 24 customer journeys, see page 39.

## CUSTOMERS IN DIFFICULTY

We are committed to working with our customers in difficulty in order to reach sustainable solutions. In 2019 we introduced early warning indicators for customers to increase engagement. We continue to support and work with independent debt advocacy groups including the Irish Mortgage Holders Organisation (IMHO) and the Money Advice and Budgeting Service (MABs). We also further advanced our Mortgage To Rent (MTR) solution to support instances where only one party to the mortgage is cooperating with the bank. This has increased the number of mortgage customers who may be eligible for MTR see page 42.

## SUPPORTING VULNERABLE CUSTOMERS

Our Vulnerable Customer Programme aims to support customers in vulnerable circumstances. The programme is built on the experience of staff who support customers every day and is focused on key areas including financial abuse, addiction, dementia, mental health, accessibility and economic resilience. In 2019 we established a Vulnerable Customer Support Team to assist with complex cases and all frontline employees have completed vulnerability training including Dementia and Mental Health awareness training (4,800 employees have completed 1.5 hours of vulnerability training) see page 53.

## WHEN THINGS GO WRONG

We have an unrelenting focus on delivering positive outcomes for our customers. Sometimes things go wrong, and when they do, we work hard to put things right for customers. We provide ongoing training to our employees focused on delivering positive outcomes for them at every interaction. We have a centralised approach to the management of complex complaints. We have reduced the average length of time that it takes to resolve these complex complaints by almost 50% (from 27 to 15 days). We have worked closely with the Financial Services and Pensions Ombudsman (FSPO) to settle complaints in

dispute, and have embraced face-to-face mediation using independent mediators from the FSPO. We provide a range of training options for employees, and in 2019 we introduced Customer Island, a scenario based, interactive programme where employees learn through stories, videos and audio clips. 5,608 people completed this training in 2019, see page 41.

In 2019 €300m additional provisions were taken to cover possible outcomes following a preliminary decision by the FSPO relating to a previously identified group of customers who had an option of a prevailing Tracker rate.



Mark Doyle, Chief Marketing Officer, AIB; Maeve Monaghan, Chief Executive, NOW Group; Andrew Herd, NOW Group Ambassador and Barry Aherne, Branch Manager, AIB Grafton Street

# ONGOING STAKEHOLDER ENGAGEMENT

We know how important it is to listen to, and engage with our stakeholders on an ongoing basis. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service to them.

# ONGOING STAKEHOLDER ENGAGEMENT

This page lists our stakeholder groups and the ways in which we engage. All five stakeholder groups contributed to our materiality exercise.



## CUSTOMERS

- Face to face interactions
- Voice of the Customer surveys (NPS)
- Ask AIB (social media communications)
- Complaints monitoring
- AIB website (Help Centre; Financial planning tools)
- Internet and Phone Banking Support
- Focus groups
- Reputation tracking
- Quantitative and qualitative research



## EMPLOYEES

- Team meetings and town hall engagements
- Employee engagement surveys
- Performance review process
- Speak Up and Grievance processes
- Intranet (internal communications channel)
- Industrial relations discussions
- Employee Resource Groups (ERGs)
- Culture conversations
- Health and safety monitoring



## INVESTORS

- Regular and ongoing structured engagement
- Financial and non-financial reporting
- Comprehensive Investor Relations Programme
- AGM and shareholder services
- Investor Relations website
- Industry conferences



## SOCIETY

- Direct partnerships and sponsorships
- AIB Together (volunteering and financial support)
- Community initiatives
- Financial and non-financial reporting
- Regular and ongoing structured engagement and events
- Education and inclusiveness activities
- Collaboration with relevant industry partners
- Vulnerable Customer Programme enhancements



## REGULATOR

- Regular and ongoing structured engagement
- Site visits
- Regulatory reporting

# MATERIALITY EXERCISE

In order to respond to the issues that matter to our stakeholders – we need to engage, listen and appreciate their views, understanding the role we play and the impact we make on their lives.

By doing this well, we also identify both the risks and opportunities we face as a business. As part of our ongoing engagement with our stakeholders, and in partnership with KPMG, we undertook our third materiality exercise in Q4 2019, asking our stakeholders to tell us the most important issues they want us to address as part of their relationship with us.

## CHANGES IN MATERIAL TOPICS

This year we updated our process, taking into consideration emerging trends in banking and international best practice. The most significant changes to our approach include:

- combining our macroeconomic and material issues
- including climate-related topics
- expanding our range of data-related topics.

Our process included both a qualitative and quantitative approach, through which we engaged with close to c. 800 individuals across our 5 stakeholder groups – our customers, colleagues, investors, society and regulators – in completing this exercise.

The chart on the right, maps the top ranking material topics analysed as part of this process, (demonstrating 14 of a possible 24). Our strategy and report responds to all of these issues, with a specific focus on those material to our business.

It is clear from the materiality exercise that greater progress is needed to raise awareness of the role finance plays in addressing climate change. Climate change is the defining issue of our time, the impacts of which are already visible in local and global economies and society. Given the importance of finance in supporting the transition to a low-carbon economy, we have a fundamental role to play which is why we will continue to focus our efforts on this issue.



### CLIMATE ACTION

- 1 Ensure a climate resilient and responsive business model
- 2 Products and services to address environmental and social issues

### BETTER BANKING EXPERIENCES

- 3 Usability of services and accessibility of products
- 4 Customer experience

### ECONOMIC & SOCIAL INCLUSION

- 5 Enable customers to make better informed financial decisions
- 6 Innovation and co-creation
- 7 Financial inclusion and literacy

### RESPONSIBLE & RESILIENT TECHNOLOGY

- 8 Digitisation and interconnectivity
- 9 Cyber security and business system resilience
- 10 Protect our customers' data and privacy

### CULTURE & GOVERNANCE

- 11 Comply with laws, codes and regulations
- 12 Talent attraction and retention
- 13 Corporate governance and accountability
- 14 Ethics and integrity

# GOVERNANCE STRUCTURE

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



## EXECUTIVE COMMITTEE

The Executive Committee (ExCo) is the most senior management committee of the Group and is accountable to the CEO. Subject to financial and risk limits set by the Board, and excluding those matters which are reserved specifically for the Board, the ExCo, under the stewardship of

the CEO, has responsibility for the day-to-day management of the Group's operations. The ExCo is currently at its highest level of gender diversity in the Group's history. Mary Whitelaw, Director of Corporate Affairs and Strategy is the bank's ExCo sponsor for sustainability.



AIB's Executive Committee

# SUSTAINABILITY GOVERNANCE AT AIB

## SUSTAINABLE BUSINESS ADVISORY COMMITTEE

The Sustainable Business Advisory Committee (SBAC) has been the overarching Board Advisory Committee responsible for the guidance of our sustainability agenda since 2016. It is chaired by Helen Normoyle, Non-Executive Director of AIB Group.

In 2019, membership of SBAC was refreshed following changes to the AIB Group Board membership. Non-Executive Director membership now includes Ann O'Brien and Raj Singh along with existing member Carolan Lennon. It also includes members of the Executive Committee including the Chief Executive Officer, Chief People Officer and the Director of Corporate Affairs & Strategy.

Throughout 2019 SBAC continued to support the business, with particular focus and contribution to the development and approval of the refreshed sustainability strategy as part of the Group strategy to 2022.

## SUSTAINABILITY IMPLEMENTATION GROUP

The Sustainability Implementation Group (SIG) was established in 2019 to embed the refreshed sustainability strategy in the business. SIG comprises of senior representatives from each business area across AIB who have specific responsibilities, including:

- agreeing the Group plan and deliverables to enable the sustainability strategy
- development of appropriate processes, propositions, targets and data points in support of the plan and overall ambition
- ownership of business area reporting to support ongoing stakeholder engagement and communications
- advocacy for sustainability within their business area, in particular across management teams.

Throughout 2020, SIG will continue to be a critical senior forum to accelerate the delivery of the agreed sustainability strategy, including the development of our approach to implementing the alignment of the UN Sustainable Development Goals and the Principles for Responsible Banking, and how we support the Task Force on Climate-Related Financial Disclosures (TCFD).



[CLICK HERE TO READ MORE](#)



For further information on governance at AIB please see our AFR 2019 (located in our Results Centre).



**BOARD OF DIRECTORS**

**SUSTAINABLE BUSINESS ADVISORY COMMITTEE**

**CEO**

**EXECUTIVE COMMITTEE (INCLUDING SUSTAINABILITY SPONSOR)**

# 03 RESPONDING

CLIMATE ACTION

BETTER BANKING EXPERIENCES

ECONOMIC AND SOCIAL INCLUSION

RESPONSIBLE AND RESILIENT TECHNOLOGY

CULTURE

# CLIMATE ACTION

Climate change is the defining issue of our time, the impacts of which are already visible locally and globally. We recognise the role we play in financing the transition to a low-carbon economy. We will continue to support our customers, employees and society through relevant and meaningful solutions to enable all of us lessen our impact.

# CLIMATE ACTION: OUR PROGRESS IN 2019

**MATERIAL TOPICS**      **ENSURE A CLIMATE RESILIENT AND RESPONSIVE BUSINESS MODEL**      **PRODUCTS AND SERVICES TO ADDRESS ENVIRONMENT AND SOCIAL ISSUES**



**BUSINESS WORKING RESPONSIBLY**  
Collective Mark

**ACHIEVED**

THE BITCI BUSINESS WORKING RESPONSIBLY MARK



UNEP FINANCE INITIATIVE

PRINCIPLES FOR RESPONSIBLE BANKING

**A FOUNDING SIGNATORY**

OF THE UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING

**€5bn**

**CLIMATE ACTION FUND IN PLACE**



**LAUNCH OF OUR GREEN BOND FRAMEWORK**

CDP CLIMATE CHANGE

**A- RATING**

**SUPPORT OF THE TCFD**



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Our Green Mortgage is NOT enough.

We pledge to **DO MORE.**



**NEW GREEN MORTGAGE**



**LEAD SPONSOR OF CLIMATE FINANCE WEEK IRELAND 2019**

# CLIMATE ACTION

Climate change is the defining issue of our time, the impacts of which are far reaching and already visible both locally and globally for all our stakeholders. While this issue is at times overshadowed by near-term matters for many of our stakeholders, we recognise the long-term role we play and opportunity we have in financing the transition to a low-carbon economy.

## CLIMATE RESILIENT & RESPONSIVE BUSINESS MODEL

Sustainable Communities is now the fifth pillar of our refreshed strategy, this is reflective of the work we are doing to ensure that we have a climate resilient and responsive business. This means both continuing to focus on improving our own impact on the climate as well as providing the finance to support our customers as we transition to low-carbon economies.

In September 2019, we became a Founding Signatory of the UNEP FI Principles for Responsible Banking and became a supporter of the Task Force for Climate-Related Financial Disclosures. Our alignment with these key initiatives will help us to continue to progress at pace on the climate action agenda, and we will report on our progress of implementation of both in our next sustainability report.

We are making progress working to integrate Environmental, Social and Governance (ESG) considerations into our lending decisions. Our Energy, Climate Action & Infrastructure and Structured Finance teams incorporate ESG considerations in both customer due diligence and assessment for finance. Cases with potential negative ESG impacts are escalated to senior

management for review. In 2019, as a result of these considerations, we exited a syndicated loan transaction.

Transitioning to a low-carbon economy is an imperative. We are contributing to ongoing dialogue on the climate agenda as lead sponsor for Climate Finance Week Ireland 2019 and will continue to support this for 2020. We also participate in industry level dialogue through our membership of and participation in the Banking and Payments Federation of Ireland and UK Finance.

We are continuously working to improve our own environmental impact. In 2019 we maintained leadership status on the CDP Climate Change list.

In 2019 we became a recipient of the Business in the Community Ireland's Business Working Responsibly Mark, and are on track to reduce our emissions by 50% by 2030 as signatories of the Low Carbon Pledge. See page 34



Sir David King,  
speaking at AIB's  
3rd Sustainability  
Conference

# CLIMATE ACTION

## PRODUCTS & SERVICES TO ADDRESS ENVIRONMENTAL & SOCIAL ISSUES

We have a key role to play in helping to address the environmental and social issues where we operate. We do this through our support across a range of environmental and social issues, including:

- providing finance for the production of renewable energy lending – through our multi-disciplinary Energy, Climate Action & Infrastructure team
- providing finance for energy efficient homes, through a Green Mortgage
- supporting sector-specific initiatives to aid carbon transition, like the Teagasc Grass10 multi-year initiative
- providing finance for the development and/or renovation of social housing
- continuing to invest in Socially Responsible Investments (SRI) and Green Bonds. We are building towards our medium target of holding 10% of our Treasury Fixed Income portfolio in SRI/ Green Bonds. As at the 31st of Dec 2019 the total size of the portfolio was €436m.

We recognise we have a long-term role to play in providing the finance for Ireland's transition to

a low-carbon economy. In 2019, we launched a number of products and services including €5bn Climate Action Fund, a Green Mortgage and a Green Bond Framework which will facilitate Green Bond issuances. Subject to market conditions it's our intention to issue our inaugural Green Bond in H1 2020.

### Looking ahead

We have made progress on this agenda in 2019, but there is still a great deal to do. We engaged in developing new products and propositions to support our customers, and to encourage transition to a low-carbon economy. We are working to:

- integrate ESG into our risk processes
- develop enhancements to enable reporting on Scope 3 supplier emissions
- develop a consolidated approach for data capture to support the TCFD reporting requirements.



[CLICK HERE TO READ MORE](#)

# €5 BILLION CLIMATE ACTION FUND

In June we announced a €5bn Climate Action Fund, made available for climate related and green products over the next five years.

This fund will be available to customers through a number of products and incentives – from electric vehicles, energy-efficient homes, to production of renewable energy. In 2019 we funded a total of €1.2bn in green lending.

## OUR ENERGY, CLIMATE ACTION & INFRASTRUCTURE TEAM

Our Energy, Climate Action & Infrastructure team consists of 15 professionals with diverse backgrounds, including advisory, corporate and commercial banking, private equity and engineering. This ensures we have a balanced approach to truly understanding our customers’ specific funding requirements. We can tailor flexible and unique solutions and ultimately deliver tangible value.

Our experienced team can deliver the complex banking needs of our expanding domestic and international customer base. We are one of the largest teams in the Irish market with extensive experience in non-recourse project finance. We complement this offering through our equity, mezzanine, and corporate financing solutions, allowing us to provide bespoke support to each of our customers.



## CASE STUDY

# FORESIGHT, POWERING OVER 10,500 HOMES

In December 2019 we funded 37.5MW of green energy generation capacity by providing acquisition finance for Foresight Group LLP’s purchase of two onshore wind farms.

Gruig in Co. Antrim, is a 25MW wind farm operational since 2009, and was Foresight’s first investment into large-scale wind in Northern Ireland and Todmorden Moor, is a 12.5MW wind farm located in Yorkshire, England, has been operational since 2014.

The green energy produced by the Gruig wind farm alone is sufficient to power 10,548 homes, saving 51,000 tonnes of CO<sub>2</sub> emissions every year compared to energy produced by coal-fired power stations.

Foresight was established in 1984 and is a leading independent infrastructure and private equity investment manager specialising in renewable energy infrastructure with c. £4bn of assets under management.

This investment supports many jobs in the region (e.g. equipment maintenance, management service providers, and local technical advisers) as well as supporting the local areas through community support funds and local habitat management projects. Foresight is committed to increasing the lifespan of the wind farm through further investment.

The transaction is aligned with our commitment to support sustainability projects in Ireland and the UK.



# A FOUNDING SIGNATORY OF THE UNEP FI – PRINCIPLES FOR RESPONSIBLE BANKING

AIB made a significant step in our commitment to sustainable banking in September, when we became a Founding Signatory of the United Nations Environment Programme – Finance Initiative (UNEP FI) Principles for Responsible Banking. The official launch was held at the UN headquarters in New York, with the UN Secretary-General, António Guterres.

The Principles provide the framework for a sustainable banking system and they are designed to help the industry demonstrate how it makes a positive contribution to society. They have been developed through an innovative partnership between banks worldwide and the UNEP FI.

The Principles acknowledge the banking industry's role and responsibility in shaping a sustainable future and set the scene for aligning the banking sector with the objectives of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement.

This marks the beginning of the most significant partnership to date between the global banking industry and the UN. The Principles were launched one day ahead of the UN Climate Action Summit.



LISTEN TO THE SPEECH →

Click here to hear Colin Hunt speaking about the importance of becoming a founding signatory.



PRINCIPLES FOR RESPONSIBLE BANKING

## CASE STUDY

## ESB BRIGHTER FUTURES

In February 2020, we supported the ESB in the financing of a new €1.4bn five-year sustainability linked loan, the first Irish utility to do so. The loan has been provided by 14 international banks, including AIB.

Along with the other lenders, it was agreed with ESB that the sustainability linked loan would contain specific key performance indicators (KPIs) directly linked to ESB's Brighter Future Strategy and its commitment to leading the transition to a reliable, affordable, low-carbon energy future. The KPIs are also fully aligned with the Irish Government's Climate Action Plan.

Specifically, the KPIs relate to the reduction of carbon emissions from ESB's generation fleet and increasing

the amount of energy produced from renewable technologies. Meeting these specific KPIs will result in a lower interest rate for ESB.

Pat Fenlon, Executive Director, Group Finance and Commercial, said:

**“The use of green finance, including this sustainability linked loan and our recent Green Bond, further demonstrates ESB's commitment to leading the transition to a low-carbon future while addressing the requirements of today's financial markets who are directing increasing levels of capital into carbon action investments. By having sustainability at the heart of our operations, we can maintain a viable and successful business with the financial strength to invest in this future for all our customers.”**



# LAUNCH OF OUR GREEN BOND FRAMEWORK

In September 2019, we launched a Green Bond Framework, in line with the globally recognised International Capital Markets Association (ICMA) green bond principles to support lending to projects in energy-efficient building, renewable energy, CO<sub>2</sub> reduction and other climate-related initiatives. ING Bank advised on the framework development itself while independent third party Sustainalytics carried out the second party opinion analysis. Sustainalytics are a global leader in environmental, social and governance (ESG) activity, and following their assessment, stated:

**“Sustainalytics is of the opinion that the AIB Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018.”**

Subject to market conditions, it is our intention to issue our inaugural Green Bond in H1 2020.

 [CLICK HERE TO READ MORE](#) 

Find out more about our Green Bond Framework here.



## CASE STUDY

## COMBATTING SINGLE-USE PLASTICS

**We have designed a waste strategy plan to increase the quality of our segregated materials, reduce our waste volumes and tackle the amount of single-use plastics used annually as part of our catering operations.**

Each type of single-use material presents different pressures on the natural environment, such as use of limited natural resources, land-use change and deforestation, waste generation or the contamination of recycling streams.

Since implementation of the new waste strategy, we have eliminated 11.5m plastic containers from our waste streams and prevented the generation of 283 tonnes of waste in our head office locations.

In 2019, at our new headquarters in Molesworth St, Dublin, we trialed a return scheme for all take-away containers in the restaurant and cafes onsite. Compostable single-use disposables were eliminated and replaced by reusable containers made from re-purposed materials like coffee and rice husk. Results show a reduction of 58% in procurement costs and the prevention of 3.3 tonnes of waste on an annual basis in the building. Combined with other initiatives we saw a 33% reduction in waste per employee in head office locations.

In 2020 we will be implementing this initiative across all of our restaurants.

**33%**  
**REDUCTION**  
**IN WASTE PER EMPLOYEE**  
**IN HEAD OFFICE LOCATIONS**

## SUPPORT OF THE TCFD

In September we also announced our support of the Task Force on Climate-related Financial Disclosures (TCFD).



The UK Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD), will develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

The Task Force will consider the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries. The work and recommendations of the Task Force will help companies understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors' needs.

We have commenced working through the physical and transition risks and opportunities across each of our sectors to understand the implications for enhanced data-capture, new propositions and credit decisioning.

## CDP CLIMATE CHANGE A- RATING



The Carbon Disclosure Project (CDP) aims to incentivise and guide companies on a journey through disclosure towards becoming a leader on environmental transparency and climate action. In 2019, over 8,400 companies disclosed information on climate measures through CDP.

We maintained leadership status and were awarded with an 'A-' Climate Change category rating in 2019. By achieving the 'A-' rating, AIB is among the top companies in the world, scoring well above the financial sector average of C, and demonstrates the significant strides made to date on our journey to become a more sustainable business and decarbonising our operations. We are focused on retaining this leadership status by providing increased disclosures on our Scope 3 emissions and implementing further energy efficiency measures to reduce our carbon footprint.

The launch of the CDP Ireland Report 2019



# CLIMATE FINANCE WEEK IRELAND 2019

We were proud to be the lead sponsor of Ireland’s Climate Finance Week 2019. Organised by Sustainable Nation Ireland and supported by the Department of Finance, Climate Finance Week took place in multiple venues across Dublin and Cork, from 4–8 November. The agenda saw over 2,200 attendees at c. 20 events taking place over five days. Core themes of the week were risk, opportunity, technology, policy and disclosure.

We opened the week with our third Sustainability Conference welcoming over 500 people to Dublin Castle and inviting them to join a climate conversation. At the conference we launched our new Green Mortgage product, offering a new lower rate of interest for Private Dwelling Home (PDH) mortgage customers with a BER rating of between A1 and B3. We also invited our employees to join an interactive session with our keynote speaker Jeff Furman, President of the Ben & Jerry’s Foundation. Jeff spoke about the power of linked prosperity, where social justice and ethical business practices are intertwined.



 **LISTEN TO THE HIGHLIGHTS** 

For highlights and messages from our keynote speakers please click here.

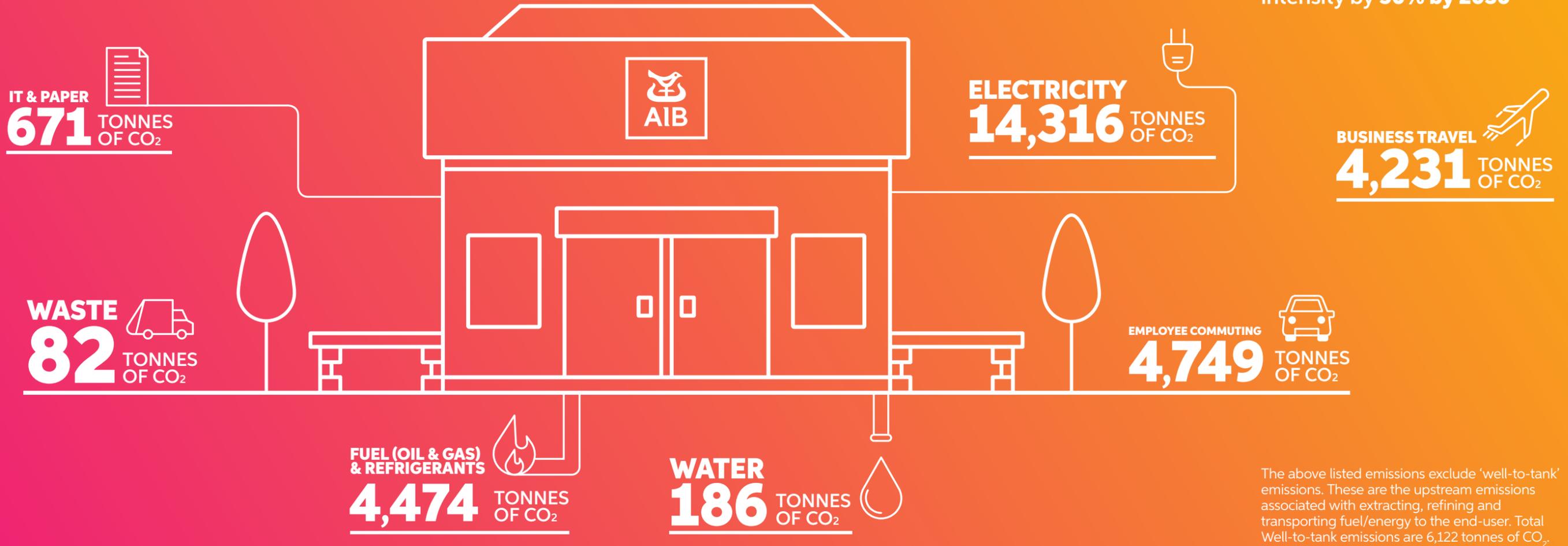


Jeff Furman, Helen Normoyle and Colin Hunt at our third Sustainability Conference

# OUR CARBON EMISSIONS

## OUR GOAL

To reduce our carbon emission intensity by **50% by 2030\***



The above listed emissions exclude 'well-to-tank' emissions. These are the upstream emissions associated with extracting, refining and transporting fuel/energy to the end-user. Total Well-to-tank emissions are 6,122 tonnes of CO<sub>2</sub>.

AIB's total carbon footprint in 2018 was **34,831 tonnes of CO<sub>2</sub>**

**↓ DOWN 20% SINCE 2014\*\***

The average footprint per AIB employee



**3.6 TONNES OF CO<sub>2</sub>**

Since 2014, we've saved **3,541,617KWH**



**ENOUGH TO POWER 984 HOMES FOR A YEAR**

\* against a 2014 baseline  
 \*\*Scope 1 and 2 emissions

## BUSINESS WORKING RESPONSIBLY MARK



In November, AIB was proud to be awarded the Business Working Responsibly Mark.

This was awarded by Business in the Community Ireland in recognition of AIB's work, commitment and ambition to put sustainability at the heart of our business.

The Business Working Responsibly Mark is the only independently audited standard for Sustainability in Ireland and is audited by the National Standards Authority of Ireland (NSAI) and based on ISO 26000 (ISO 26000 is defined as the international standard helping organisations effectively assess and address social responsibilities that are relevant and significant to their operations and processes; customers, employees, communities, and other stakeholders; and environmental impact). It is open to both members and non-members of Business in the Community Ireland. AIB was awarded the mark for our businesses in Ireland, UK and the USA.

The Business Working Responsibly Mark is valid for three years and is updated on a regular basis to reflect best practice in relation to sustainability, to ensure the highest standards.

Jim O'Keeffe, Managing Director, Retail Banking, accepting the Business Working Responsibly Mark on behalf of AIB.

## LOW CARBON PLEDGE

The first Low Carbon report was launched in June 2019, recording our progress and confirming that we are on track with the Low Carbon Pledge commitment to reduce our Scope 1 and 2 carbon emissions by 50%, by 2030.

**WE ARE ON TRACK WITH THE LOW CARBON PLEDGE'S COMMITMENT TO REDUCE OUR DIRECT CARBON EMISSIONS BY 50%, BY 2030**

The pledge is a commitment by Irish businesses to invest time and resources into creating more sustainable operations – by being more energy-efficient and reducing carbon emissions. The Low Carbon Pledge is powered by the Leaders' Group on Sustainability. The Group believes Irish industry will have a greater impact on sustainability by working together, sharing best practice in energy efficiency, by pooling resources and exchanging data – to help us improve our energy usage and that of our clients, supply chain and the communities in which we operate.

You can access the full report on the Business in the Community Ireland website.

<https://www.bitc.ie/the-leaders-group/the-low-carbon-pledge/>



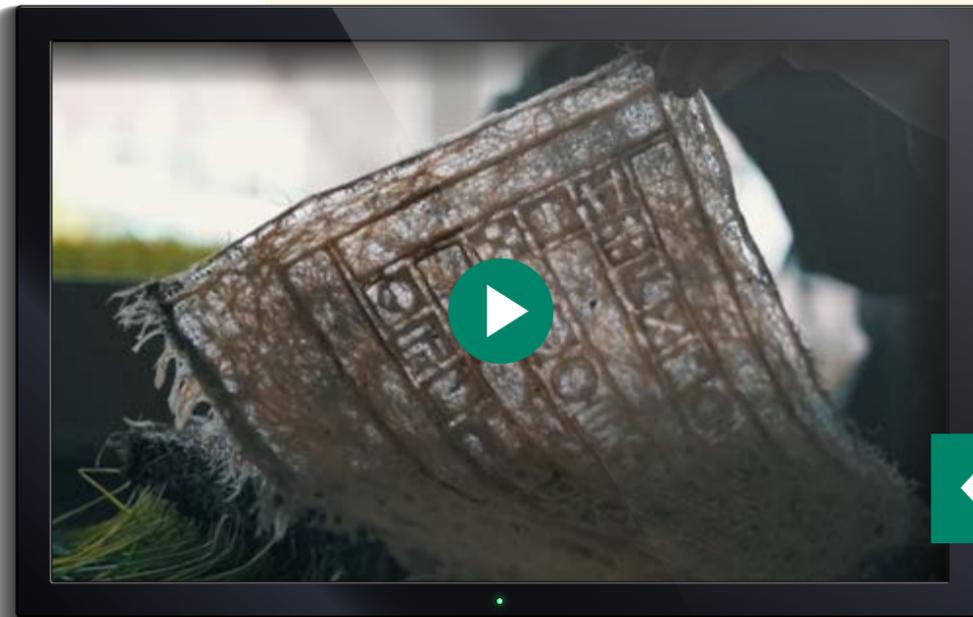
**CASE STUDY**

**10 | THE BOOK THAT GREW**

We are committed to backing farmers with the help they need to grow sustainable businesses and we decided to bring a message of sustainability and grass management to farmers in a unique and way.

We partnered with Teagasc to identify the 10 key steps towards maximising sustainability in farming resulting in better output and increased profitability. And we've delivered these in the most appropriate way: a book grown entirely from grass.

A world first, created by artist, Diana Scherer, '10 | The Book that Grew' showcases how small changes in farm practice can improve grass production and utilisation, to increase and sustain profitability as highlighted through the Teagasc Grass10 Programme. These include soil fertility, sward composition, grassland measurement and grazing infrastructure. Grown purely of grass and bound by traditional bookbinding techniques by Jamie Murphy of The Salvage Press, '10 | The Book that Grew' highlights farm practice to enable and empower Irish profitability and sustainability in a really unique way.



← [CLICK HERE TO WATCH THE VIDEO](#)

**2020 –  
LOOKING  
AHEAD**

**€1bn**  
IN NEW CLIMATE  
ACTION LENDING

**ESG**  
ACHIEVE ABOVE  
AVERAGE RATINGS

**RETAIN CDP CLIMATE CHANGE  
LEADERSHIP STATUS**

**50%**  
REDUCTION  
IN CARBON EMISSIONS BY 2030  
LOW CARBON PLEDGE

# BETTER BANKING EXPERIENCES

The delivery of a positive customer experience, regardless of how or when our customers need us, is the cornerstone of a sustainable business. We are engaging, listening and working with all our customers to ensure they get the best banking experience from us when they need it.

AIB customers Warren and Anthony pictured at their new home

# BETTER BANKING EXPERIENCES: OUR PROGRESS IN 2019

MATERIAL TOPICS	CUSTOMER EXPERIENCE	USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS	
 <p>INCREASE IN DIGITAL PAYMENT TRANSACTIONS OF ALMOST</p> <h2>200%</h2>	<h2>93,000</h2> <p>VOICE OF THE CUSTOMER SURVEYS COMPLETED</p> 	<h2>15,000</h2> <p>CUSTOMERS UTILISE NEW FINANCIAL PLANNING CHECK ONLINE (since October 2019)</p> 	<h2>250</h2> <p>SPECIALIST HOMES ADVISORS</p> 
<p>NEW CUSTOMER ENHANCEMENTS INCLUDING CARD FREEZE AND UNFREEZE FUNCTION</p> 	<h2>NPS 2019</h2> <p><b>+34</b> RELATIONSHIP - PERSONAL</p> <p><b>+20</b> RELATIONSHIP - SME</p> <p><b>+53</b> HOMES TRANSACTIONAL</p>	<h2>COMPLETED</h2> <p>THE ROLL OUT OF THE EXPRESS MORTGAGE JOURNEY</p>	<p>INTRODUCTION OF <b>EARLY WARNING INDICATORS</b></p> 
<p>EXPANDED REMOTE ACCOUNT OPENING PROCESS NOW AVAILABLE TO STUDENTS AND GRADS</p> 			<p>ONGOING WORK WITH <b>DEBT ADVOCACY GROUPS</b></p>

# BETTER BANKING EXPERIENCES

The delivery of a positive customer experience is the cornerstone of a sustainable business. Customer service ranked highly as being important across all our stakeholder groups. We have a customer first approach and we are guided by our purpose: to back our customers to achieve their dreams and ambitions. We are engaging, listening and working with our customers to ensure they get the best banking experience from us when they need it.

## USABILITY OF SERVICES AND ACCESSIBILITY OF PRODUCTS

Our materiality exercise confirms the importance to our stakeholders of making our products and services personal, relevant, simple, easy to use and accessible, anywhere at any time.

We have a network of 325 locations across Ireland and the UK and 1.5m active digital users. We also offer banking services through An Post, with c. 950 locations in Ireland and through The Post Office which has over 11,500 locations in the UK. Our active mobile customers increased from c. 970k in 2018 to over 1.3m in 2019. Last year we facilitated 1.93m daily user interactions across all our channels.

We are always looking for new ways to improve the usability and accessibility of our products and services. One example of how we have responded is expanding our remote account opening offering. Our personal customers, including students and graduates, can now open an account with us using their smartphone. In addition, we have extended our opening hours and days of business to give our customers improved access to our services. Enhancements to products and services are subject to robust governance, and require approval by our Group Products & Propositions Committee.

With increasing reliance on digital information, we are focused on the privacy and security of our customers' data. You can read more about our approach to this on page 63.

We are continuing to work with our customers in difficulty, and in 2019 introduced early warning indicators to encourage customer engagement at an early stage. We continue to work with approved housing bodies such as iCare to find solutions for customers, allowing them to stay in their homes as part of a Mortgage to Rent scheme see page 42.

## CUSTOMER EXPERIENCE

Our customers' feedback and experiences inform and guide us, helping us to focus on our actions so that we can provide them with the best banking experiences.

Buying a home is a significant milestone for many customers. To assist, we have a team of specialist home advisors who will meet at a time and place which is convenient and customers can now receive approval in principle after a 90 minute consultation. Our My Mortgage app allows customers to upload all the necessary documents needed to assess the application and the approval in principle we issue lasts for 12 months.

On page 19 we set out a range of initiatives we use to engage all our stakeholders. Specifically for customers, key engagement mechanisms are our Voice of the Customer (VOC) programme and our Complaints management approach, see pages 39 and 41.

## How are we doing?

Through both our physical and digital presence, and continuous improvements in accessibility, we ensure our customers can access us how and when they need us.

Customers shared insights into their good, and sometimes not so good, experiences with us, helping us to shape better banking experiences. This year our Mortgage Customer experience has really resonated with our customers and this is reflected in our improved NPS score. Some of our other customer journeys need to be improved, particularly across our service journeys. We will be working to address these in 2020.

## VOICE OF THE CUSTOMER

Through our Voice of the Customer (VOC) programme, c. 20,000 customers per quarter have been telling us what's good and in what areas our products, services and how we deliver them needs to improve. We are listening to our customers, analysing the root causes of any issues and more importantly driving stronger experiences for our customers.

# 93,000

VOICE OF THE CUSTOMER  
SURVEYS COMPLETED



93,000 customers completed Voice of the Customer surveys in 2019, and had the opportunity to tell us how we were performing across 24 customer journeys. The majority of journeys increased from 2018, with two journeys showing no change and two showing a slight dip.

- Our personal customers have told us they have noticed significant improvements in the day to day banking experiences which was demonstrated in the Personal Relationship Net Promoter Score (NPS) which saw an increase of +9 vs 2018, to +34.
- SME customers rated the experience they had with us in 2019 at +20. This was marginally lower, than the experience they had with us in 2018 (+21).
- Half of transactional journeys are above 60, an increase of 5 journeys over 2018, with significant increases in new to bank and credit journeys.

### CUSTOMER THEMES

Some positive themes impacting our NPS scores include staff helpfulness, attitude and professionalism (mentioned 25,000 times) and good lending and credit facilities (mentioned 5,800 times). Where we have added friction to our processes, negatives themes have emerged for some of our digital journeys such as internet banking as customers reference the added effort experienced in completing their day-to-day banking.

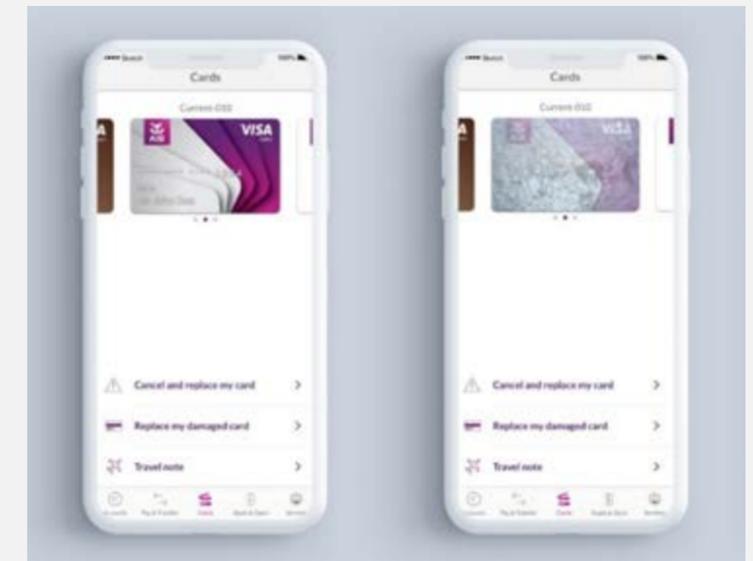
## INCREASED CUSTOMER OPTIONS

Card Freeze / Unfreeze was introduced in 2019 for debit and credit cards, in response to customer feedback.

This feature allows our customers to place a temporary freeze on their card if mislaid. This can be done via internet banking or the mobile app, and if the customer finds their card they can lift the temporary hold immediately. The reaction has been highly positive from customers, with significant usage of both the freeze and unfreeze function to date.

Over the past couple of years, we have also seen a significant shift in customer behaviour when paying for goods in store or online. Customers are moving away from cash or using their plastic (debit/credit card) and are paying using digital options on their personal devices, such as their phones.

In 2019, we saw an uplift in volume of transactions using the digital payment option of almost 200%. This was an increase from 9.4m transactions to 28m transactions.



## 9.4m TO 28m DIGITAL PAYMENT TRANSACTIONS

# HOMES CENTRE OF EXCELLENCE

In April 2019 we completed the national roll-out of the Express Mortgage Journey which offers our customers an Approval In Principle at the end of a consultation with a specialist Homes Advisor, available in branch, online or over the phone.

Our new Express Mortgage Journey provides customers with a seamless experience combining best in class technology and supported by a team of dedicated Homes Advisors in the Homes Centre of Excellence (HCoE).

In 2019, 50% of our mortgage customers came through the Express Mortgage journey, and of these customers 93% used our new My Mortgage Web App. The app provides customers with information on the tasks and documents needed to progress their application while allowing upload of these documents from anywhere, while also providing a messaging service.

The HCoE offers extended phone opening hours from 8am to 7pm Mon-Fri. Last year we assisted over 2,370 customers into their new home using the Express Mortgage Journey and we provided positive customer experience evidenced with a Net Promoter Score of +64.



The HCoE team

# HOW SORTED ARE YOU?

## AIB'S FINANCIAL PLANNING TOOL

According to the Central Statistics Office 2019 Pension Coverage report, 40% of workers aged 20-69 don't have a pension and say the main reason is that they haven't had time to organise it. This inertia is also prevalent when it comes to life and illness protection where two in five households would struggle if something bad was to happen\*. Building awareness helps unlock this inertia.

Our "How Sorted Are You?" quiz is a simple online tool we launched in late 2019. The quiz focuses on three key areas, Protection, Pensions and Investments. Our questions help our customers understand their needs and readiness in order to secure their financial future. Customers who take the quiz are provided with a short report outlining

any financial planning gaps that they may have. They can then request a call-back with one of our qualified Financial Planning Advisors who can talk to them about their individual needs and the options available to them.

Since it was launched in October 2019 over 15,000 customers have taken the quiz, and we expect this number to grow through 2020.

 VISIT OUR SITE TO FIND OUT HOW SORTED YOU ARE



\* Source: The Irish Times, April 2018

# WHEN THINGS GO WRONG

Our customer first agenda means having an unrelenting focus on delivering positive outcomes for our customers. It also means that when things go wrong, we listen, learn and work hard to put things right for our customers.

## A CENTRALISED APPROACH

Customer Care Limerick was established in 2016 to manage complex complaints and errors. The nature of these complaints means that no two cases are alike. The expert knowledge of the team and the fact that we assign each case an individual team member means that cases are solved more efficiently.

We listen to and empathise with customers to understand and resolve complaints as effectively as possible. Understanding our customers better,

means, in most cases, we can reach a satisfactory conclusion for both them and us. Acknowledging how our mistakes can affect our customer's lives and working hard to resolve these mistakes helps to build trust. Centralisation will continue during 2020.

## FACE-TO-FACE MEDIATION

If a customer complains to the Financial Services and Pensions Ombudsman (FSPO), the case enters into dispute resolution. During this process, we work with the FSPO to settle the complaints. We have embraced this process, settling 81% of dispute resolution cases in 2019.

Sometimes during dispute resolution cases, it becomes clear that the complaint could be better managed through face-to-face mediation. An independent mediator from the office of the FSPO manages this voluntary and confidential process.

Customers have found the personal nature of face-to-face mediation to be very effective in resolving

difficult complex complaints. In 2019, we increased the number of mediations attended.

## ON-GOING TRAINING

Effective training is key to improving how customer complaints are managed, and we continually review how we can best equip our people to improve customer outcomes.

We provide a range of complaints training options including full day classroom based training and web based training.

Customer Island is a scenario based, interactive training programme where employees learn through

stories, videos and audio clips. It has been well received with 5,608 people completing the training in 2019. The training has picked up various awards including a gold Stevie International Business Awards 2019 and three Brandon Hall Group Awards.



**5,608**  
EMPLOYEES  
COMPLETE NEW  
TRAINING

**FROM 2015** **TO 2019**  
**27** → **15**  
days to resolve complex complaints

**FROM 2015** **TO 2019**  
**-47** → **-18**  
complaints NPS



# SUPPORTING OUR CUSTOMERS IN DIFFICULTY

We are committed to working with our customers in difficulty in order to reach sustainable solutions.

## EARLY WARNING INDICATORS

A key focus for us is to work with our customers to reduce arrears and our non performing exposures (NPEs). To support our customers and encourage ongoing engagement at what can be a difficult time we made some key changes in 2019.

- We created the ability to predict customers at risk before the arrears event occurs through building a number of predictive arrears models using customer analytics capability.
- We used behavioural economics principles in crafting the language in our messaging to our customers to ensure it was meaningful, simple and clear.

For our EBS customers we introduced “prompt to pay” nudges via SMS when customers were identified as at risk of falling into arrears.

For a number of AIB mortgage customers we conducted a feedback study with early arrears mortgage holders to help craft the content to be sent via SMS. This message contained helpful advice and feedback quoted directly from the customer study.

## MORTGAGE TO RENT

AIB, the Irish Mortgage Holders Organisation (IMHO) and iCare Housing established a joint initiative in late 2017. The Housing Agency’s Mortgage to Rent (MTR) scheme, is an initiative which focuses on keeping customers in financial difficulty in their homes. If a customer’s mortgage is unsustainable, they may qualify for MTR, which allows them and their family stay in their home with ownership transferring to an Approved Housing Body (AHB) such as iCare.

In 2019, we further advanced our MTR solution to support instances where only one person involved is cooperating with the bank. This has increased the number of mortgage customers who may be eligible for MTR.

To date, we have completed 153 MTR cases since the scheme was introduced in 2012. This includes 72 cases in 2019.

## WORKING WITH ADVOCACY GROUPS:

We continue to support and work with independent debt advocacy groups including the (IMHO) and the Money Advice and Budgeting Service (MABS). Regular meetings and communication between AIB and these groups ensures that the bank can share details of any engagement initiatives or solution enhancements that we introduce. These clear lines of communication facilitate open discussion on a wide range of customer related matters.

## WORRIED ABOUT PAYMENTS?

If our customers are worried about payments or are experiencing financial difficulties, they can find helpful information on the following websites:



# 2020 – LOOKING AHEAD



## TARGETS:

PERSONAL +50  
TRANSACTIONAL SME +70  
HOMES +60

>2m

OF OUR CUSTOMERS  
TRANSACTIONING  
DIGITALLY

**ENHANCED**  
DIGITAL SERVICE JOURNEYS

# ECONOMIC AND SOCIAL INCLUSION

With over 2.8m customers, we have a clear responsibility to add value to the economy and society through the provision of appropriate finance to support livelihoods. We also have a duty to ensure our products and propositions are relevant and accessible. We appreciate our role, actively working to demonstrate the value we create as a pillar bank both directly, and through the investment in partnerships to benefit our customers both now and in the future.

# ECONOMIC AND SOCIAL INCLUSION: OUR PROGRESS IN 2019

MATERIAL TOPICS		ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS	INNOVATION AND CO-CREATION		FINANCIAL INCLUSION AND LITERACY	
<p><b>32</b> </p> <p><b>BREXIT ADVISORS</b></p>	<p><b>15,421</b></p> <p><b>BREXIT READY CHECKS</b></p>	<p><b>8,200</b></p> <p><b>NEW</b></p> <p></p> <p><b>900+</b></p> <p><b>SOCIAL HOUSING UNITS</b></p>	<p><b>500</b> </p> <p><b>BUSINESS OWNERS TAKE PART IN WOMEN IN ENTERPRISE PROGRAMME</b></p>	<p></p> <p><b>7,500</b></p> <p><b>SECOND-LEVEL STUDENTS ATTEND AIB FUTURE SPARKS</b></p>	<p></p> <p><b>129</b></p> <p><b>SECOND-LEVEL SCHOOLS PARTICIPATED IN AIB BUILD A BANK</b></p>	
<p><b>ENHANCED CURRENT ACCOUNT PROPOSITION</b></p>	<p><b>11</b> </p> <p><b>AGRI ADVISORS IN PLACE, ONGOING PARTNERSHIP WITH TEAGASC</b></p>	<p><b>INNOVATION HUBS</b></p> <p><b>PORTERSHED AND LUDGATE</b></p>	<p><b>MAIN COMMUNITY PARTNERS</b></p> <p>  </p>	<p><b>38,610</b> </p> <p><b>BASIC BANK ACCOUNTS OPENED</b></p>	<p><b>ENHANCED VULNERABLE CUSTOMER SUPPORTS</b></p>	

# ECONOMIC & SOCIAL INCLUSION

**With over 2.8m customers from all walks of life, we have a clear responsibility to add value to the economy and society through the provision of appropriate finance to support livelihoods and partnerships to enhance our service to our customers. We also have a duty to ensure our products and propositions enable our customers to make the best possible financial decisions for their individual personal circumstances. This role and responsibility is recognised by our stakeholders.**

## **ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS**

Delivering clear, transparent, easily understandable and high-quality products and services that help and empower customers make better financial decisions is a material topic for our stakeholders and a key imperative for us.

We put strong emphasis on robust product governance. Our Product and Proposition Risk Policy sets out how we manage and mitigate risks on development of new markets, products, propositions and services, together with substantial changes to existing products. Product and proposition owners across our business are responsible for ensuring that their products and services are being managed in line with this policy.

One of the key risks addressed by the policy is Conduct Risk relating to products. It is critical in the design of our products/services that product owners clearly identify the customers' needs, take into consideration the needs of customers who are deemed to be vulnerable, and incorporate their feedback and input into the design.

Under our customer first approach, our ethos is that both new and existing customers are treated in a fair and transparent manner. Minimum competency requirements are in place to ensure customers get the required level of service from employees who provide advice and information on retail financial products for and on behalf of regulated firms. Our customer-facing employees involved in the distribution of products must have and maintain relevant qualifications to comply with Minimum Competency Code requirements specific to the products they distribute.

We have a wide range of sector specialists in place, providing expert knowledge and insights. The potential impacts of Brexit remains a concern, to support customers we have 32 Brexit advisors in place, we provided quarterly sentiment insights along with Brexit seminars and an online Brexit Ready Check, see page 48. We also have 11 Agri advisors with strong sectoral knowledge, providing objective farm financial and technical analysis on individual farm cases as needed.

## **INNOVATION AND CO-CREATION**

Our stakeholders have told us that it is important to them that we provide the best products and services for customers by embracing future trends through continuous investments in new revenue models, dynamic and proactive approach towards collaborations and investment in new businesses.

Along with supporting innovation in our own business, we also have a role to play in providing finance for innovative enterprises. Sometimes we respond to this directly through providing banking facilities or loans, but also in helping to finance the initiatives that foster and support new enterprises. We have invested in some really exciting initiatives across the country – most recently with The PorterShed and Ludgate and have a long association with NovaUCD, see pages 52 and 49.

Over 500 businesses took part in the Women in Enterprise programme in 2019. The programme focuses on improving participants' leadership and communication skills, while also focusing on business growth strategies and branding skills through training workshops delivered by the Entrepreneurs Academy.

# ECONOMIC & SOCIAL INCLUSION

## FINANCIAL INCLUSION AND LITERACY

It is important to our stakeholders that we ensure equal access to affordable and clear, products and services for all customer groups at every stage in their lives. This includes improving the skills and knowledge that allows an individual to make informed and effective financial decisions.

In 2019, as part of an EU-wide initiative, we opened 38,610 basic bank accounts for previously unbanked customers. 133 schools participated in our money management programme – Money and Me.

We have been a funding partner of the Social Finance Foundation (SFF) since its inception. Through the Banking & Payments Federation of Ireland, we recently collaborated with other funding partners to agree to provide a substantial new tranche of low-cost funding to SFF, to support social and micro enterprises for the period 2021-2025. Day to day we refer business leads to Microfinance Ireland for credit applications that do not meet our credit criteria, see page 47.

Every day we support customers who are impacted by many difficult issues including financial abuse, dementia and accessibility. We set up a centralised vulnerable customer team to provide advice and guidance to our customer facing employees and to liaise with support bodies such as the Health Service Executive (HSE), St. John of God and Women's Aid to help support our customers, who may be facing challenges relating to their financial wellbeing.

Traditionally, banking communications were delivered using very formal language. Our Customer Language training programme is improving our communications. It equips our employees to communicate with customers and each other in clear, easy to use language.

## How are we doing?

We appreciate our role in economic and social inclusion, and are actively working to demonstrate the value we create directly and through our investment in partnerships.

We've made good progress in promoting financial literacy and in enabling our customers to make better informed financial decisions. We have also made progress in providing enhanced supports for vulnerable customers and we will be enhancing these supports in 2020. We recognise innovation and co-creation as areas where we can do more. Due to the magnitude of the climate challenge, we see climate action as an area where innovation and co-creation could make a big impression in moving the agenda forward. We have a significant role to play in providing finance to support this, and with our dedicated Climate Action Fund we are ready to embrace this opportunity.



# SUPPORTING SOCIAL & MICRO FINANCE

The Social Finance Foundation (SFF) was established in 2007 as a Government initiative with the Irish Banking Industry through Banking & Payments Federation Ireland (BPFI) – the representative body for the banking, payments and fintech sectors.

The purpose of SFF is to enable organisations in the social sector, who do not meet the credit criteria of mainstream lenders, to borrow funds at affordable rates. These organisations typically include charities, community groups, social enterprises, local sports clubs and child/elderly/special needs care. SFF also runs a Microloan Scheme for Consumers. Under this Scheme, the SFF works with various stakeholders to provide loan finance specifically to those in receipt of social welfare and who may otherwise be totally dependent on moneylenders. Loans are provided through participating credit unions

SFF is funded by the banking industry in Ireland. At the outset, through the BPFI (then Irish Banking Federation) the banking Industry (including AIB) provided **€25m** equity, as a gift, and in 2009 provided a 12 year loan facility for €72m (€6m p.a.) at a subsidised rate of interest. The purpose of the subsidy was to provide funding to the social sector at affordable rates.

In 2020, the BPFI has facilitated agreement by the country's main banks, including AIB, to provide a substantial new tranche of low-cost funding to SFF for the period 2021-2025.

## MICROFINANCE IRELAND

Microfinance Ireland (MFI), a subsidiary of SFF, is a not-for-profit lender that works in partnership with Local Enterprise Offices nationally. It offers loans of up to €25k to individuals to set-up or support an existing micro-enterprise (<10 employees), where such funding does not meet the credit criteria of mainstream lenders. The Banking Industry responded to a request from the government to provide loan funding at an affordable rate to MFI. A **€15m** loan facility was provided, through AIB, Bank of Ireland and Ulster Bank.

To date, through SFF and MFI, the banking industry support has helped to fund social and micro enterprise across the country:

- SFF has provided c. €100 million to over 1,000 community and social enterprise projects all over the country.
- MFI has distributed €23m across 2,000 micro-enterprises in every county in Ireland.

We are committed to supporting MFI in assisting the SME community. We play a role by referring business leads to MFI, typically for credit applications that do not meet our credit criteria or discussions that don't progress to credit applications. AIB is represented on the board of MFI.



**FOR MORE INFORMATION SEE:**

[www.SFF.ie](http://www.SFF.ie)

[www.itmakessenseloan.ie](http://www.itmakessenseloan.ie)

[www.microfinanceireland.ie](http://www.microfinanceireland.ie)

[www.clanncredo.ie](http://www.clanncredo.ie)

[www.communityfinance.ie](http://www.communityfinance.ie)

# SUPPORTING OUR CUSTOMERS THROUGH BREXIT

We have been working closely with our customers since the Brexit referendum to help navigate the impacts that Brexit may have on their business and to put a plan in place which will help mitigate against these impacts. We have developed a range of supports for our customers to help them get Brexit ready.

We ran a series of seven Brexit workshops in partnership with Binder Dijker Otte (BDO) during September and October 2019. These workshops were designed to provide businesses with practical advice on customs and finance to help them get Brexit ready. Feedback from businesses in attendance was very positive.

We have 32 Brexit Advisors in place nationwide whose role is to support staff and customers in understanding the impacts of Brexit and the supports available.

### BREXIT READY

The AIB Brexit Ready Check is an online tool which was developed to assist SMEs in understanding how Brexit will affect their business. In less than five minutes customers can get a risk assessment of the effect Brexit may or may not have on their business and provide them with a personalised report containing practical advice to help understand those risks. **15,421 Brexit ready checks** were completed in 2019.

AIB have partnered with Euler Hermes who can provide businesses with a deep understanding of sector and country risk which supports exporters to minimise the risk in their debtor book. AIB customers can avail of the Euler Hermes “Free Export Credit Check” which is a free risk assessment on five of their

existing or potential overseas clients to provide them with greater peace of mind when they trade with these clients.

A DHL 50% discount is available for AIB business customers which is a key support for businesses looking to diversify into new markets.

The AIB Brexit Sentiment Index tracked SME business sentiment across the island of Ireland during the Brexit negotiations. The quarterly survey provides key insights for customers into how Brexit is impacting businesses now and into the future and the overall level of planning among SMEs.

Economic Analysis and weekly podcasts are provided by AIB’s economists and treasury experts. These provided insightful analysis and discussion

on prevailing topics impacting financial markets, including Brexit.

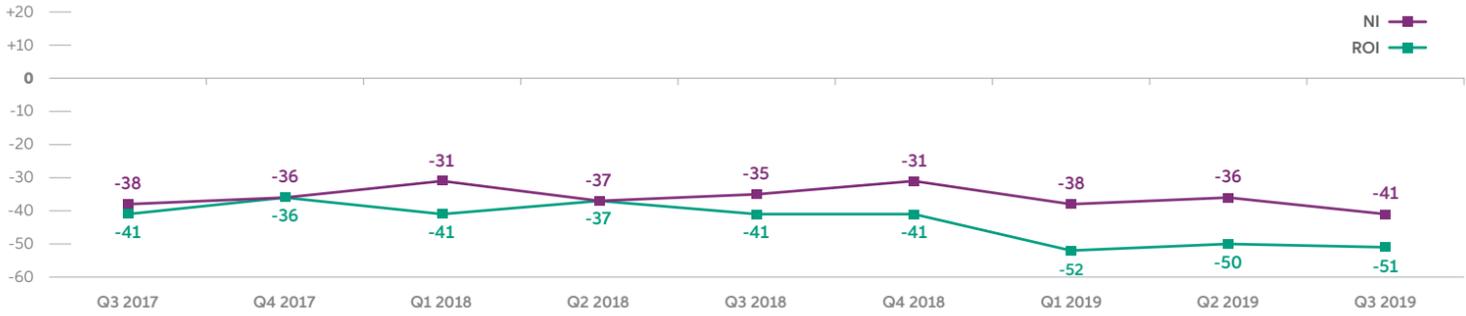


We have dedicated Brexit customer support line – **0818 300 081** – available Monday to Friday 8am to 9pm.

We have a range of working capital solutions available including Business Credit Line (12-month low cost working capital facility), Promptpay (11-month payment plan for Revenue liabilities and audit fees), Invoice Discounting and the SBCI Brexit Loan Scheme.



### AIB BREXIT SENTIMENT INDEX\* (Q3 2019)



Source: Ipsos MRBI

\*The Index reflects and measures the sentiment of Irish SMEs in the Republic of Ireland and Northern Ireland towards Brexit, summarised as a single number, with a potential range from +100 to -100. It takes the difference between the positive and negative responses across four key measures: Impact on business now, Impact on future business (next 5 years), Level of visibility and, finally, the Wider economic impact of Brexit.

## SUSTAINABLE FOOD PRODUCTION

Ireland is well regarded as a quality, safe and sustainable food producer. We have a dedicated Agri Advisor Team based around the country who work to support the needs of our farming customers. Our 11 Agri Advisors have strong sectoral knowledge, and can provide objective farm financial and technical analysis on individual farm cases as needed.



**11**  
AGRI ADVISORS IN PLACE,  
ONGOING PARTNERSHIP  
WITH TEAGASC

### COLLABORATION

Collaboration with industry partners is key to finding innovative ways to make farming in Ireland more sustainable. In 2019 we partnered with Teagasc, on the Grass10 initiative profiling best practice in grassland management via farm walks and other resources. The initiative aims to increase grass utilisation on Irish livestock farms, therein improving on-farm profitability and sustainability. We were also the main sponsor of the Irish Grassland Association Dairy Summer Tour, the main focus of the event was achieving a high performance. We also held a number of insights events including the Macra na Feirme Agri Seminar which focused on “Farming – A Changing Landscape” and AIB “Shed Talks” at the National Ploughing Championships, focused on sustainability and farm succession.

### AGTECH INNOVATION

With technological advancement one of the key enablers to overcome the sustainability challenge, we have partnered with a number of industry stakeholders and are one of the main sponsors of the new NovaUCD AgTech Connector Innovation Hub. Based at UCD Lyons Estate, Co. Kildare, the goal of the AgTech Connector is to bring together the AgTech ecosystem in Ireland. It provides access to on-farm research collaboration opportunities, a location to test and trial their products and services in a real-world environment; along with access to dedicated acceleration programmes and incubation facilities.

## ENHANCED PROPOSITION

With the introduction of the High Cost of Credit – Overdrafts regulation in the UK, we have recently enhanced our Current Account proposition for our UK personal customers.

We have introduced new text messages which alert customers to when they are about to use or have used their overdraft facility, also reminding them that charges may apply. Personal Current Account customers also now receive a series of emails throughout the year if they have repeatedly incurred fees. These emails contain helpful information to assist customers in managing their accounts and how they can avoid fees in the future. Both enhancements offer customers greater transparency and control of their finances as well as providing them with useful information for the day to day operation of their accounts.

## STATEMENT OF FEES

We introduced a new Statement of Fees on all personal payment accounts in late 2019, in line with the European Payment Accounts Directive (PAD).

This Statement of Fees provides customers with an annual breakdown of all the fees, charges and interest on their personal payment account. This greatly increases the transparency of our charges and allows customers to see the annual cost of operating their payment account at a glance. Statement of Fees are provided to customers in e-statement or paper format, or both, depending on their preferences, with the majority of customers opting for e-statement.



**FOR FURTHER INFORMATION  
PLEASE CLICK HERE**

# HOUSING

Housing is one of the biggest social issues in Ireland today.

AIB plays a critical role at every point in the housing chain: from providing funding for large-scale developments to creating a more efficient journey for home buyers to collaborating with housing associations. Every day we back our customers to have a place that they can call home.



## CASE STUDY

# CIRCLE HOUSING

Circle, a Voluntary Housing Association (Circle VHA) has agreed a landmark €51 million investment package which will provide social and affordable housing for families across the country. The approved housing body announced its plans to deliver 250 homes over the course of the next 12 months through an innovative model of financing.

The finance package, structured by Centrus, who acted as Financial Advisor to Circle VHA, and funded by AIB, provides the housing association with a three-part loan, over a 30-year period, which includes a revolving credit facility, a term loan and a working capital facility. The nature of the agreed package allows Circle VHA to re-use the borrowed funds at any time over the period of the loan, providing a safeguard for ongoing speedy development of social housing.

The deal is the largest private financing package to any approved housing body in the country, and it is hoped that the initial 250 homes are the first of many thousands to be developed in the coming years in areas such as Dublin, Cork, Limerick, Waterford Kildare and Galway.

**“We are absolutely delighted with this historic agreement which has ultimately safeguarded our passage to delivering over 250 homes for social housing across the country in a mere matter of months. This innovative public-private partnership approach is what is needed to solve the housing crisis and now with our 30-year agreement, we estimate we will be able to bring approximately 300 social houses to the market each year.”**

**John Hannigan**  
CEO, Circle VHA



## WOMEN IN ENTERPRISE

The AIB Women in Enterprise (WIE) programme saw over 500 businesses partaking in the programme in its second year.

The programme focuses on improving participants' leadership and communication skills, while also focusing on business growth strategies and branding skills through training workshops delivered by the Entrepreneurs Academy.

Parallel to these masterclasses, was the AIB WIE Growth Academy, which saw 60 business owners attending six days of intensive training on topics including leadership, sales, digital strategy and finance. The AIB WIE Growth Academy also provides an opportunity for business owners to gain support of fellow business owners through mentoring and sharing learning experiences.

**500**   
**BUSINESSES**  
**PARTAKING IN THE**  
**PROGRAMME**

All of the businesses that participated in the programmes were invited to apply for the Strategic Growth Award, 10 businesses were chosen by the judges and these businesses will benefit from continued learnings into 2020 with one-to-one mentoring, leadership days and continued additional supports.

Participants of the programmes have gone on to win other national awards including Network Ireland Business Women of the Year, Excellence in Local Government Awards, Business All Stars and Image Business Woman of the year.



← [CLICK HERE TO VIEW HIGHLIGHTS OF THE WIE PROGRAMME](#)

# THE PORTERSHED & LUDGATE

## COMMUNITY, COLLABORATION AND COWORKING

Located just off Eyre Square in Galway City, The PorterShed first opened its doors in 2016 and has since grown into a truly remarkable place seen to continually support young companies and technological innovation. Backed by AIB, the co-working space has established itself as a hive of activity and interaction for start-ups by housing available hot desks for visiting entrepreneurs as well as residential companies. Over the years, The PorterShed has grown from strength to strength, contributing over €22m to the local economy and creating over 700 jobs in the area as well as hosting 1,040 separate events.

**“The PorterShed has become a beacon for the West region and has been instrumental in developing a critical mass of tech companies in Galway. Currently it is home to 42 companies with over 150 people using the facility every day and supporting the creation of 720 sustainable jobs in the region. The PorterShed is the first building in the Galway City Innovation District (GCID) 2020 will see the development of two new locations increasing our footprint threefold and providing a springboard to build on our success and deliver on the vision of GCID.”**

**Mary Rodgers**

Innovation Community Manager, The PorterShed

## A DIGITAL CITY IN WEST CORK

At the edge of south-west Ireland, Skibbereen’s Ludgate Hub houses a unique entrepreneurial eco-system which focuses on developing digital and technological innovation in the area. With over 1 GB connection, the space supports global businesses with state of the art facilities and network connectivity. Inheriting its name from Skibbereen native Percy Ludgate (1883- 1922) who invented one of the world’s first computers, Ludgate Hub is now looking to expand further with plans of opening a second building in 2020.

Making headway on its objective to create over 1,500 direct/indirect jobs via a sustainable digital economy, the Hub has contributed €4.2m to the local and wider economic area. Not only does Ludgate support numerous industries including tech, bio-economy, aviation services and e-commerce companies, it also hosts various digital education courses for children and adults in Skibbereen.



Colin Hunt on a recent visit to The PorterShed



A co-working space in The PorterShed



VISIT  
[PORTERSHED.COM](https://www.portershed.com)



VISIT  
[LUDGATE.IE](https://www.ludgate.ie)

# VULNERABLE CUSTOMERS

There are those times in life when we're less able to cope with the everyday things. Banking is for everyone and we want to make sure all of our customers can look after their money even during more difficult times.

Our Vulnerable Customer Programme aims to support customers in vulnerable circumstances. The programme is built on the experience of staff who support customers every day and is focused on key areas including financial abuse, addiction, dementia, mental health, accessibility and economic resilience

## FINANCIAL ABUSE

It is estimated that 198k women in Ireland suffer from financial abuse, many of whom are our customers, so this is an issue that is more prevalent than it may seem. In order to help raise awareness of this issue and the support available, we collaborated with Women's Aid Ireland on a campaign to illustrate how it feels to briefly step into the shoes of a victim.

## VULNERABLE CUSTOMER SUPPORT TEAM

Our Vulnerable Customer Support Team was established in 2019 to assist with complex customer cases. Since its inception the team has dealt with a wide variety of customer circumstances with the most prevalent cases resulting from financial abuse or dementia. The Support Team has developed links and works closely with advocacy groups including the HSE Safeguarding Committees and SAGE Advocacy.

## STAFF TRAINING AND AWARENESS

- All frontline staff have completed vulnerability training including Dementia and Mental Health awareness training (4,800 staff have completed 1.5 hours of vulnerability training).
- c. 300 arrears staff have completed the HSE safeTALK Suicide Awareness training.
- The Vulnerable Customer Support Team has completed specialist training provided by the HSE, St John of Gods and Women's Aid.
- Centralised vulnerability guidance, available on our internal staff site, received c. 20k hits during 2019.

We have a direct line: **0818 227 056** that will put customers in through to service specialists.

## JUST A MINUTE (JAM) CARD

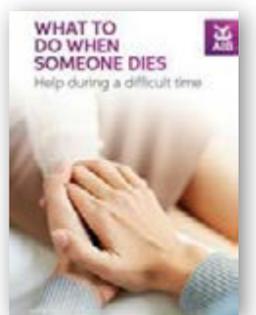
We have partnered with the NOW Group to become a 'JAM Card Friendly' organisation. The JAM Card allows anyone with a communication barrier to tell others they need 'Just A Minute' discreetly and easily. It can be used by people with Asperger's syndrome or autism, those who have a brain injury as well as people who otherwise feel self-conscious about their ability to effectively communicate.

Maeve Monaghan, Chief Executive at NOW Group said

**"We're delighted to welcome AIB as a JAM Card friendly bank. The JAM Card was developed by NOW Group participants and we are sure that it will prove valuable to AIB customers. We have been working with AIB over a number of months and are impressed with their commitment to offer excellent customer service to all their customers. They have put JAM Card training at the heart of their support to their vulnerable customers in the knowledge that it will help make their business better."**

## BEREAVEMENT

When a customer dies, sorting out financial affairs can be difficult and sometimes overwhelming. During 2019 we made a number of changes to the bereavement process to make things as simple as possible. These changes are captured in the newly published guide 'What to do when someone dies'. The guide includes a checklist to take a customer through the steps relevant to them.



# FUTURE SPARKS & BUILD A BANK

## AIB FUTURE SPARKS PROGRAMME

The AIB Future Sparks Programme is aimed at second level students. The programme consists of the AIB Build A Bank Challenge, AIB Money and Me and the AIB Future Sparks Festival.

AIB Future Sparks Festival brings together leaders in business and young entrepreneurs to inspire students and to show them the power of potential. This event gives students access to Ireland's more innovative industries with different business models at the heart including technology, creativity and lifestyle. In 2019 7,500 students attended the event.

R&B singer Erica Cody at the launch of Future Sparks Festival 2020



## BUILD A BANK CHALLENGE

The AIB Build A Bank Challenge is a long running schools programme now in its 18th year. The AIB Build A Bank Challenge offers students in transition and fifth year an opportunity to showcase their creativity, innovation and entrepreneurship. Students also get the chance to give back to their school and community and learn new skills that will stand to them for life. Not only will they be introduced to the world of banking and business, but they will also get to win some great prizes along the way.

All competing students are invited to the AIB Build A Bank National Final in the RDS which takes place in March where they will meet other school bank teams, receive professional feedback on their hard work and ultimately be in with the chance of being crowned Build A Bank Champions and win €5,000 for their school.

In 2019, 129 schools took part with 2,500 students in attendance for the event, and saw Confey College, Leixlip crowned overall winners.

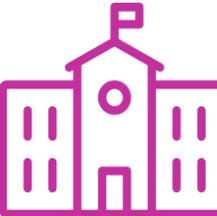


[CLICK HERE FOR MORE ABOUT FUTURE SPARKS](#)

## AIB MONEY AND ME

The AIB Money and Me Programme, has been designed to help teachers to deliver easy to understand and relevant money management advice in the classroom.

This programme has been developed in conjunction with teachers to provide practical financial literacy to students, enabling them to be confident about managing their money and understanding the importance of saving and budgeting and improving their money management skills. AIB's Student Officers deliver an introductory presentation to the class, then leave a suite of resources for teachers to deliver an exciting and engaging series of lessons. The aim is to prepare students for independent thinking so that they are confident about their financial decisions. In 2019, 133 schools participated in the programme.

**133**   
**SCHOOLS**  
**PARTICIPATED IN**  
**AIB MONEY & ME**



— **MONEY AND ME** —



# SUPPORTING THE HEALTHCARE SECTOR

**Demand for all healthcare services is growing strongly due to the growing population and ageing demographics.**

We published Nursing Homes Outlook Report in November 2019 which gives stakeholders a snapshot of the demand for nursing home beds across the country and other key industry metrics.

The trend towards larger nursing homes continues as operators seek to increase bed numbers to get economies of scale with an increasing number of homes now having 100+ beds. Smaller homes continue to be particularly challenged by operating costs and regulatory pressures with a number closing during the year.

There was a strong level of acquisition activity as the nursing home sector continues to consolidate into larger groups and an increase in the acquisition of nursing home properties separate from the trading business. These transactions in particular are being driven by overseas investors.

Our lending to the nursing home sector continued to be strong as operators seek loan finance for new builds, extension of existing homes, shareholder buyouts and acquisitions in practically every county in Ireland. We also supported a number of new nursing home developments in 2019.

Demand for home care services for older people continues to increase significantly, we supported home care businesses to grow their capacity.

Demand for residential and other services for people with intellectual disabilities is growing and is expected to increase further in the future with increased life expectancy, and the national policy of moving people from congregated settings to community-based houses. We supported new residential facilities in the community and home care for the disability sector.

A key recommendation of the cross party, SlainteCare Report 2017, is the expansion of primary care services, Project Ireland 2040, report confirms that a decisive shift towards primary care is required to meet growing demands for health and social care services, especially management of chronic disease. We supported the development of new Primary care centres (PCCs) through lending, which will be used to deliver these services across the country.



**CLICK HERE TO READ MORE** →

Download the Nursing Homes Outlook Report.



**CASE STUDY**

**LOVE LATER LIFE**

**AIB in Northern Ireland has selected a leading older people's charity, Age NI, as a new charity partner. Age NI provides invaluable support, including advice, care and well-being services, to help older and more vulnerable people stay independent and connected in later life.**

We will be working closely with Age NI to provide support and extra care for those more vulnerable people, including supporting the following initiatives:

- Launch of a digital ambassador programme, which will proactively encourage and support older customers to embrace digital banking.
- Supporting financial education, which will include initiatives to help customers improve their finances and capabilities.
- Age NI demonstration days will be held in different branch locations to enhance community engagement.
- Volunteers from Age NI will be taking part in a number of focus groups to user-test products and services and contribute valuable feedback and customer insights.

## OUR COMMUNITIES

2019 saw the first anniversary of AIB Together, a Group-wide community programme. As well as a €2.4m financial investment into core partners FoodCloud and Soar, this programme offers two days per year for each employee to volunteer for local charities or community organisations. 2019 saw the launch of a AIB Together Funding, where we will make an additional contribution to the funds raised for charity or community groups by our people.



**Together**

Supporting Our Communities



An AIB team on a FoodCloud gleaning exercise in Meath

# OUR COMMUNITIES

## FOODCLOUD

As part of this programme, we have a €1.8m three-year partnership with FoodCloud, a multi-award-winning social enterprise that enables the redistribution of surplus food from industry to the charity sector. This funding is part matched by Government funding channelled through Social Innovation Fund Ireland (SIFI).

FoodCloud has helped ensure 65 million meals have gone to people and not to waste; they now move more than 37 meals every minute of every day.

In 2019, FoodCloud distributed over 19 million meals to almost 9,000 charities across Ireland and the UK.

With our support, FoodCloud have increased their impact by 160% since 2018, with the aim to double it by the end of 2020.

Our volunteers have played a key role, most notably with the Fund for European Aid to the Most Deprived (FEAD). 500,000 meals have been prepared using products packed by AIB volunteers, and top beneficiaries have been Crosscare, Depaul, Dublin Simon and SVP.

**“Excellent! Really interesting – great to do a full day of packing and then the next delivery and collecting the food – so insightful!! Thanks so much to all – a fantastic day!!”**

AIB Cork volunteer



### Our investment has had the following impact on FoodCloud:

- The equivalent of **8 million meals** have gone to people and not to waste
- **3,662 tonnes of surplus food** has been redistributed to charities
- Approximately **11,718 tonnes** of CO<sub>2</sub>-equivalent has been avoided
- **921 AIB volunteers** have helped at FoodCloud, contributing a total of **6,153 hours** in Dublin, Cork and Galway Hubs
- A gleaning programme (collection of left-over crops) commenced with **30 AIB volunteers** in 2019
- AIB volunteers have contributed to the distribution of **413 tonnes of food for FEAD orders**
- This contributed to FoodCloud providing more than **279,000 FEAD food packs to over 151,000 people.**

## YOUTH AND EDUCATION

Youth and Education is one of our community themes, and we enjoy partnerships with a variety of third-level institutions, including Dublin City University (DCU), University College Dublin (UCD) and Technological University Dublin (TUD). In Northern Ireland, AIB supports Graduate and Student of the Year awards in both the Ulster University and Queen’s University Belfast.

We have partnered with Junior Achievement Ireland since its inception in 1996, and over 1,000 of our colleagues have been involved during the past 20+ years, benefitting more than 27,000 students in Ireland. Junior Achievement helps children of all ages understand the benefits of staying in education, and has worked with more than 3,000 volunteers to facilitate educational opportunities for more than 63,000 students.

## SOAR

Soar delivers early-intervention, preventative, character development wellness workshops for young people aged 12 to 18, from all backgrounds. Its school workshops aim to empower young people to thrive, believe in themselves and fulfil their potential.



Soar has worked with over 38,000 young people since 2012, and over 14,000 teenagers have experienced a Soar workshop since the start of the AIB Together programme in 2018.

## GROW IT YOURSELF (GIY)

AIB has signed up to partner with GIY in the GROW Circle in 2020. GIY is a not for profit social enterprise helping people to grow some of their own food at home, at work, at school and in the community.



### The programme will consist of:

#### 1. Sustainable Food Action:

GIY will work with AIB to develop and progress a measurable sustainable food action plan for employees based on 5 action areas.

#### 2. Sustainable Food Learning:

Structured food sustainability workshops, summits and events to help AIB to connect with and learn from other GROW Circle companies, business leaders and sustainability experts.

CASE  
STUDY

## AIB ART

AIB's Art Collection began in 1980 when works were acquired to preserve and support this key visual aspect of Ireland's cultural heritage. From the outset, the bank intended to build a representative collection, including works by Irish artists based at home and abroad and works by non-Irish artists based here. This collection traces the development of Irish art, beginning with the birth of modernism around 1880, up to 2008.

Over the course of almost three decades, we gradually built up a broad representative collection of modern Irish art to the point that we have now secured what will be an enduring collection for the Irish state.

Bringing the AIB Art Collection to the widest possible audience is of enormous importance to us as custodians of the works. We are doing so through an extensive Lending Programme that invites the public to enjoy the richness and beauty of the collection's many pieces. Works on loan can now be seen in many State institutions as well as through exhibitions around the country. This lending programme has intensified in recent years with artworks constantly on loan to a broad range of public institutions including galleries and third level colleges.

During 2019, artworks from the collection could be viewed in the RHA Gallery Dublin, Limerick City Gallery, National Gallery of Ireland, Crawford Art Gallery Cork, Irish Museum of Modern Art, Croke Park, Tallaght University Hospital, Royal Irish Academy of Music and Museum of Literature of Ireland.

In 2012, AIB gave 39 key works to the State and these can be enjoyed by the public at the Crawford Art Gallery, Cork.



Martin Gale, *Waking Up*



Stephen McKeena, *Interior with Red Folder*



Willie Doherty, *Border Road*

# GAE LIC ATHLETIC ASSOCIATION (GAA)

This year sees the start of AIB's 29th year in partnership with the Club Championships and 6th season backing both Club and County. We are proud to continue to support the Club Championships across football, hurling and camogie.

The AIB GAA Club Championships, a competition we are very proud of, provides an opportunity for the thousands of players, coaches and volunteers who enable the playing and development of GAA nationwide to shine, as they seek All-Ireland Champions status for their clubs and communities. These games bring the toughest players to the forefront as they compete for All-Ireland glory. In 2015 we also became proud sponsors of the All Ireland Football Championship, giving us the opportunity to engage with the 1,700 GAA clubs and communities in Ireland all year round. In May 2018, we were delighted to reaffirm our position as the GAA's main sponsor by committing to a further five-year sponsorship agreement that will continue the partnership up to the end of 2022. The partnership now incorporates: Title Sponsor of AIB GAA Club Championships in Hurling, Football and Camogie, across Junior, Intermediate and Senior levels; and sponsor of the Senior Football Championship.



Niamh O'Callaghan,  
camogie star for  
Sarsfields and Cork.

## 2020 – LOOKING AHEAD

CONTINUED FOCUS ON  
**COMMUNITY  
INVESTMENT**



PLAY AN ACTIVE  
ROLE IN SOLVING  
SOCIAL ISSUES  
INCLUDING HOUSING

**ENHANCED**  
VULNERABLE CUSTOMER PROGRAMME

**ENHANCED  
REPTRAK  
CITIZENSHIP**  
ENVIRONMENTAL SCORE

# RESPONSIBLE AND RESILIENT TECHNOLOGY

Enabling our customers to transact digitally while keeping their data and accounts safe 24/7, is a key priority for us. We continually invest in strengthening our IT and cybersecurity systems, developing strong partnerships and training our people to help protect our customers against scams, while delivering an optimum digital experience with us.

Mick Ebeling of Not Impossible Labs,  
speaking at our third Sustainability  
Conference, November 2019

# RESPONSIBLE AND RESILIENT TECHNOLOGY: OUR PROGRESS IN 2019

MATERIAL TOPICS		DIGITISATION AND INTERCONNECTIVITY	CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE	PROTECT OUR CUSTOMER'S DATA AND PRIVACY	
<b>INSTITUTE OF BANKING TRAINING</b>	<b>1.5m</b> ACTIVE DIGITAL CUSTOMERS	<b>OVER 26K BUSINESS CUSTOMERS</b> MIGRATED TO IMPROVED INTERNET BANKING PLATFORM	<b>MIGRATION TO NEW TREASURY SYSTEM</b>	<b>INTRODUCTION OF STRONG CUSTOMER AUTHENTICATION</b>	<b>DATA PROTECTION TRAINING</b>
<b>1.3m</b> ACTIVE ON MOBILE APP	<b>1.93m</b> DAILY USER INTERACTIONS	<b>ONGOING CYBERSECURITY TRAINING &amp; ENHANCEMENTS</b>	<b>PRODUCT ASSURANCE REVIEWS ONGOING</b>	<b>VOICE ID REGISTRATIONS</b> INCREASED TO OVER <b>150,000</b>	

# RESPONSIBLE AND RESILIENT TECHNOLOGY

With 1.5m active digital customers it's no surprise that our materiality exercise confirms the importance of protecting our customers' data and privacy and providing responsible and resilient technology to our stakeholders to ensure a reliable and uninterrupted service.

## DIGITISATION AND INTERCONNECTIVITY

Digitisation presents both enormous opportunity and challenge for banking. We aim to optimise digitisation and interconnectivity to meet our stakeholders' expectations and strengthen our customer experience.

With more customers using our digital channels, we want to ensure our employees fully understand the digital transformation and the positive role that digital plays in enhancing our engagements with our customers. This is why in 2019 we launched the Digital Banking Revolution course, which we developed in partnership with the Institute of Banking in Ireland.

Our staff piloted the training, and it is now being made available by the Institute of Banking to all other members in the banking and financial services market across Ireland, see page 66.

## BUILDING AWARENESS

It is a mandatory requirement for all employees to complete our Information Security course annually. The training covers our policy, data protection law, reporting and escalation of issues, and is underpinned by ongoing phishing simulation exercises. A small number of employees with enhanced system access must complete additional training. Our Board also receives periodic cyber security training.

Through our online Security Centre, we also work to help our customer be aware of threats associated with the internet and other frauds, and we publish information on current security threats.

## CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE

Cyber security threats come in many forms and they can seriously affect us and our customers.

Our cyber security strategy comprises six key objectives:

1. keeping AIB and our customers safe
2. ensuring proper oversight is in place
3. making informed cyber decisions
4. improving capabilities and maturing
5. delivering value for our organisation
6. operating effective and flexible controls.

We design and operate our systems to remain secure, while providing products and services that are fit for purpose. Our Information Security Standards are aligned to ISO 27001, reviewed regularly and also subject to independent review by a third party. Our Information Security Management system (ISMS) extends beyond our Standards, it includes, an overarching Information Security Governance forum, which is supported by a number

of sub-groups that ensure AIB's information and technology assets are secured and protected. Our Data Governance Committee provides oversight, direction and transparency in decision making, assists us in maintaining good security hygiene and provides an escalation path to Board where required.

We actively monitor and test to ensure that our controls prevent unauthorised parties from accessing, manipulating or acquiring data. We also drive the delivery of new and enhanced controls to ensure we keep pace with the continued evolution of cyber threats.

## EUROPEAN PARTNERSHIP

We partner with other institutions across Europe (including the Cyber Defence Alliance) to foster an open, knowledge-sharing and mutual-protection culture.

# RESPONSIBLE AND RESILIENT TECHNOLOGY

## DATA PRIVACY

Our customers trust us with their information, and we have a responsibility to keep this information safe. In 2018, we invested significantly in our General Data Protection Regulation (GDPR) programme to build on our existing data protection capability and ensure we are fair and transparent in how we use and protect our customers data. In 2019 we continued to embed data protection throughout our organisation.

To support this we have a Data Protection Officer (DPO) in both Ireland and in the UK and a Group Privacy Office. Our DPOs set our Data Protection Policy and oversee its implementation across the organisation. In our Data Protection Notice we inform customers of their rights and how we process their data. 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 Regulators in Ireland and the UK.

The Group Privacy Office is responsible for embedding privacy by design across our business and ensuring that privacy considerations are at the heart of the decisions that we make, ranging from developing new products and initiatives to the on-boarding of new suppliers.

Our Data Rights team support data subjects who exercise their rights – including Data Subject Access Requests and the right to object to processing.

## Data and analytics governance

The Data and Analytics Committee is our senior committee with responsibility for overseeing the bank's data and analytics agenda.

The committee is chaired by the Chief Operating Officer and has representation from our customer facing business areas as well as key support functions.

One of the roles of the committee is to provide leadership and direction in relation to privacy and data ethics and ensure that how we use data is aligned with our overall strategy and values.

## How are we doing?

While embracing the opportunities the digital agenda represents, our controls, training, reporting and where needed remediation approach helps to prevent significant breaches or misuse of our customer data.

The data agenda continues to advance. As new technologies and approaches evolve, it will continue to change and become increasingly complex.

We will continue to invest annually across our technology infrastructure. This investment, supported by robust governance and a strong risk culture, will ensure our technology continues to be responsible and reliable and will enable us to continue to respond to the ongoing challenges.

## DAILY USER INTERACTIONS



# STRONG CUSTOMER AUTHENTICATION

The EU Payment Services Directive 2 (PSD2) came into force initially in January 2018, with a second phase taking effect in September 2019.

PSD2 aims to open up the financial services market across Europe allowing new payment service providers known as Third Party Providers (TPPs) access to customer's accounts, with their permission, whilst at the same time promoting greater transparency and enhanced security for our customers through the introduction of Strong Customer Authentication (SCA).

Since the introduction of SCA in September 2019, over 1.4m customers have successfully enrolled. Introducing these new requirements across our digital channels, provides increased security, more personal control and the ability for us to provide more services through our mobile platform.



# VOICE ID

'Voice ID' was launched last year to support the 16k daily inbound calls received by AIB's contact centres.

The Voice ID technology is a speaker authentication technology that captures a voice sample from a live caller, compares it to a previously stored voiceprint, and produces a confidence score of how closely the caller's voice sample matches the voiceprint. A voiceprint includes more than 100 unique physical and behavioural characteristics of a person such as length of the vocal tract, nasal passage, pitch, cadence, accent, etc. which makes a voiceprint as unique to an individual as a fingerprint is. Uptake on this optional service exceeded expectations with over 150k enrolments to date.

AIB's Digital Engagement Team were awarded Best Use of Disruptive Technology at the 2019 Spider Awards, for this project which was a great achievement for the team recognising the dedication put into delivering this industry-leading initiative.



## CASE STUDY

## AIB FORMS JOINT VENTURE TO ACQUIRE PAYZONE

AIB and First Data Corporation received regulatory approval to acquire a 95.9% stake in payments firm Payzone in October. AIB holds a 75% stake in the joint acquisition with First Data Corporation taking the remaining 25%.



Payzone is a leading provider of specialised payment services in Ireland facilitating consumer payments by cash, card and card-not-present for every day consumer needs. Payzone has a strong track record of delivering innovation and new product development and has a suite of online and mobile payment solutions servicing in excess of 300,000 registered consumers in over 7,000 retail outlets throughout Ireland.

The acquisition was consistent with our strategy to make selective investments to evolve our customer service and product proposition in our core market. It brings a significant fintech capability to AIB and will further strengthen our digital agenda in a post PSD2/Open Banking economy.

### ONGOING SYSTEM RESILIENCE – TREASURY SYSTEM MIGRATION

We completed the multi-year modernisation programme of our Treasury Platform in Q4 2019. The primary driver for this change was the replacement of our existing Opics platform to a leading Treasury trading platform that offers more configurable and flexible solutions.

We completed release 1 in September 2017. This included all Money Market, Call & Notice & Futures products. We migrated all Foreign Exchange products in Release 2 which went live in October 2018. The scope of our third and final release was IRDs (Interest Rate Derivatives) and Bonds and this was successfully delivered in November 2019.

Now that we are successfully live on the new platform we are exploring ways of harvesting our investment. This includes the migration of EBS Treasury deals off the system hosted by Capita thereby facilitating cost savings and simplification of accounting processes.

Additionally, we are leveraging the new platform to expand our Securities Financing capability to reduce the cost of holding excess liquidity in a risk averse and capital efficient manner.

### PRODUCT GOVERNANCE AND ASSURANCE

We are aware of the importance of providing responsible products to our customers. Our Product and Propositions Risk Policy sets out our approach for managing and mitigating risks relating to the development of new products, propositions and substantial changes to existing ones. It also applies to the solutions we use to help customers in difficulty. Key requirements of our policy are that customers' needs are considered throughout the development and management of products, and that all product risks, including conduct related risks, are identified and managed appropriately. A Product Risk Assessment is completed at key stages of the Product Lifecycle. Products are allocated a risk rating, and reviewed on a periodic basis matched to its rating. These ratings are recorded on the Group Risk Management' system.

Our Group Product & Propositions Committee is responsible for reviewing and approving new products and propositions including consumer solutions and substantial changes to existing products; and to provide oversight of the Group's Product portfolio to ensure it remains fit for purpose for customers. This committee is a sub-committee of the Group Conduct Committee. Operational Risk provides ongoing oversight and monitoring of the Group's Product Risk profile. Product owners across the organisation are responsible for:

- identifying and assessing product related risks and ensuring adequately designed controls are in place and operating effectively
- overseeing the end to end lifecycle of each product, including monitoring that the product operates as intended and is sold, distributed and fulfilled correctly to the approved target market
- ongoing monitoring of complaints and errors relating to their products and for, where required, conducting appropriate root cause analysis.

Our policy requires that employees involved in the development, distribution and fulfilment of products are adequately trained. Customer-facing employees involved in the distribution of products must have and maintain relevant qualification(s) to comply with MCR requirements specific to the products they distribute. For example our mortgage advisors must hold a Qualified Financial Advisor (QFA) qualification or Accredited Product Adviser (Loans) qualification. Employees maintain their qualifications through Continuous Professional Development. Management monitor that employees maintain the appropriate qualifications for their role.

Work is ongoing within the organisation to constantly enhance our product assurance processes, 2019 saw work undertaken to design and deploy an enhanced product review capability that improves the depth and quality of assurance being provided across our

product set. This has included automating product assurance alerts and key performance indicators for our top ten products which accounts for a significant portion of our product volumes.

We will continue to take a risk based approach to product assurance and governance as we move forward.

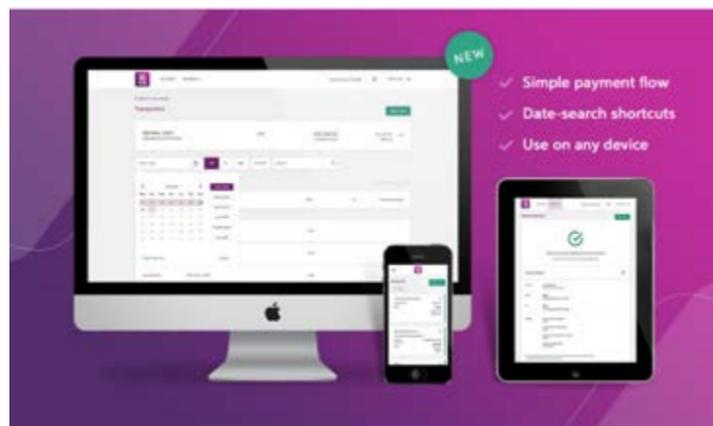
## iBUSINESS BANKING

We have heavily invested in delivering a best in class experience for our business customers, with a substantial new upgrade to our online services currently underway.

The iBB upgrade is being rolled out as part of a multi-year project to update a piece of critical infrastructure for business customers, particularly in the bulk payment area. The old system, while providing key functionality, had become outdated from a customer perspective.

Over 26k of our customers are now able to avail of this improved channel, with positive feedback from our enabled customers to date.

Upgrades to the platform continue to be rolled out, with the most recent feature being future dated payments across all jurisdictions. Customers can now book in a payment up to 90 days in advance.



### CASE STUDY

## DIGITAL BANKING REVOLUTION – A COLLABORATION WITH THE INSTITUTE OF BANKING (IOB)

The Institute of Banking, in association with AIB, has launched 'Digital Banking Revolution', a new education programme. The course has been developed to educate people who work in financial services on the rapidly changing digital landscape within the industry. Employees will gain a deeper understanding of how the industry is evolving to meet changing customer needs and expectations.

Consisting of six 30-minute online modules, participants who take the course will consider the impact digital has on areas such as customer expectations and experience, conduct of business obligations in digital financial services, security and trust, the digital financial services ecosystem, and looking to 'what's next?' for the industry.

The programme was developed in collaboration between our subject matter experts and the Institute's education and instructional design team.

The programme is now available to all members in the banking and financial services market across Ireland.

## 2020 – LOOKING AHEAD



**FOCUSED ON RESILIENCE, MODERNISING OUR BUSINESS CREDIT SYSTEMS**

**EXPANDING CAPABILITY FOR DEEPER CYBER INSIGHTS TO REINFORCE PROTECTION**



**DATA ETHICS STANDARDS IMPLEMENTED**

**ENHANCED PRODUCT ASSURANCE PROGRAMME**

# CULTURE

**We have developed a multi-year Culture Evolution Programme, led by the Board and Executive Committee, aiming to deliver sustained culture change throughout the Group, where our people have a strong customer focus and connect with our purpose. Our people are key to our success and we continue to focus on building a diverse and inclusive working environment that attracts and retains talent.**

AIB was highlighted in the 2019 Balance for Better Business report as having one of the most gender balanced boardrooms in Ireland

# CULTURE: OUR PROGRESS IN 2019



**45%**   
**FEMALE REPRESENTATION ON EXECUTIVE COMMITTEE**

 **42%**  
**FEMALE REPRESENTATION AT MANAGEMENT LEVEL**

**6**  
**EMPLOYEE RESOURCE GROUPS IN PLACE**

 **42%**  
**FEMALE REPRESENTATION ON THE BOARD**

 **MULTI-YEAR CULTURE EVOLUTION PROGRAMME DEVELOPED AND LAUNCHED**

MEMBER OF OPEN DOORS, PROMOTING **INCLUSIVITY** IN THE WORKPLACE

**100**  
**WELLBEING ADVOCATES ACROSS THE BUSINESS**

**1,283**  
**EMPLOYEES GAIN UNIVERSITY AWARD THROUGH INSTITUTE OF BANKING**

 **ENHANCEMENTS TO OUR PARENTAL LEAVE POLICY INCREASING BOTH PAID AND UNPAID LEAVE AVAILABLE TO PARENTS**

 **ENHANCED GRADUATE PROGRAMME**

**64<sup>TH</sup>** **PERCENTILE ON WORLDWIDE GALLUP DATABASE FOR ENGAGEMENT**

# CULTURE

Fostering a strong culture of accountability, integrity and openness, supported through appropriate governance and regulatory frameworks is a key tenet for our future sustainability. It is no surprise that this issue remains high on the agenda for all our stakeholders.

## THE CULTURE EVOLUTION PROGRAMME

Over the last decade, post financial crisis, significant progress has been made in advancing the culture of AIB. The Board and Executive Committee recognises that culture evolution is a continuous journey and are committed to advancing our culture.

As a result of this, a multi-year Culture Evolution Programme was developed to embark AIB on this next phase of culture evolution in order to drive the kind of organisational culture that, over time, demonstrates to the public that we have successfully made the transition to a consumer-focused ethos.

### THE PROGRAMME WAS DEVELOPED WITH 3 PHASES:

#### PHASE 1

**Diagnostic;** undertake a diagnostic in order to understand our current culture including the prevailing underlying behaviours and risks.



#### PHASE 2

**Cultural Ambition;** define the cultural ambition and behaviours associated with same for the organisation.



#### PHASE 3

**Organisation Enablement;** Undertake a series of organisational activities and initiatives throughout 2020–2022 to enable sustainable culture transformation.

The programme is being led by Robert Mulhall, Managing Director Designate AIB Group (UK) plc, and was shaped through inputs from key stakeholders, including our employees.

We welcome the launch of the Irish Banking Culture Board (IBCB), an industry initiative, established with the aim of rebuilding trust in the financial services sector and promoting fair customer outcomes. The IBCB undertook a public and stakeholder consultation process and conducted a bank employee culture survey. In April 2019, the IBCB launched and published the outcomes of the consultation process and survey results, which provided AIB with a baseline assessment of our culture and was considered as part of the Diagnostic phase of the Culture Evolution Programme. The survey was based on the UK Banking Standards Board Assessment Framework, focused on nine characteristics. The results highlighted that our employees feel:

- **positive** towards the areas of: respect, honesty, competence, shared purpose and reliability; and
- **negatively** towards the areas of: resilience, responsiveness, accountability and openness

## CASE STUDY

## CULTURE CONVERSATIONS

**Culture Conversations were launched as a new way to engage employees from all levels, roles, tenures and locations in the diagnostic phase of the Programme.**

Conversations consisted of both technology driven and traditional focus group workshops in order to gather both quantitative and qualitative data into our culture, at its best and its worst. c.800 employees participated in the conversations throughout August and September, with 12 held across 6 locations. Overall, the views of employees were consistent across locations with many sharing particular examples of issues they have experienced and where we can enhance. Employees recognised and connected with our purpose - to back our customers to achieve their dreams and ambitions, however, felt disconnected with our brand values.

The outcomes identified that we have a lot of work to do over the coming years particularly in the areas relating to collaboration, trust, accountability and positive spirit and vitality.

# CULTURE

## TALENT ATTRACTION AND RETENTION

Our employees and their ongoing development are key to the success of our business. A new career structure was introduced in 2019 to empower our people to drive their career journeys. The new career structure represents a long-term shift in our approach to career planning and development, with a simplified approach to careers and jobs, allowing us to become more agile as a business. In 2019 we also expanded the learning and development opportunities available in AIB.

Our stakeholders recognise the importance of recruiting, engaging and retaining motivated and high quality employees, in order to create a workforce that can meet the demands of the future. The competing demands on financial and technical skills means that attracting, retaining and developing our employees is critical to the sustainability of our business model.

We seek to ensure transparency, fairness and collaboration in all of our dealings with employees. We respect human rights. We are committed to being a good employer and we don't partner with or buy from organisations which we know to breach human rights or fair practices.

We are an equal opportunities recruiter and employer, adhering to all local laws and regulations on employment rights, pay, employment

representation, diversity and gender balance, and adhere to established industrial relations mechanisms wherever we operate. On employee engagement we outperform the majority of other companies in the Gallup Global database.

In 2019 we continued to invest in developing our employees. All employees are required to complete mandatory training annually and we also provide access to a wide range of online training. iLearn is our training programme providing both online and instructor-led courses across a wide range of topics from Excel to Lean Six Sigma.

Our current and emerging leaders, year-long leaders' programmes – Emerging Leaders and Leading with Purpose – have been shortlisted for a CIPD Learning and Development Award, and were completed by 57 employees in 2019.

### How are we doing?

We believe our approach has been successful in attracting, retaining and developing our employees despite significant competitive demand and during periods of significant restructuring. Nonetheless this is a dynamic process where such pressures are unlikely to ease in the foreseeable future.

**37,350** CONTINUOUS PROFESSIONAL DEVELOPMENT HOURS

## INVEST IN YOU

Every November, we dedicate one week to remind our people to take the time to focus on their career and invest in their learning and development. Invest in You Week 2019 brought our new career structure and capabilities to life, while increasing awareness and utilisation of iLearn and iExplore (our new careers experience platform) and the many other tools available to employees, while also linking careers in AIB to sustainability and accountability. Across the week over 2,500 people attended 145 events across 25 locations, and we saw an increase of return visits to iExplore of over 1,100 - more than 10% of our employees.

## THE INSTITUTE OF BANKING

We encourage our employees to complete Continuous Professional Development (CPD) hours through appropriate bodies such as The Institute of Banking (IoB).

In 2019, 7,499 AIB employees were listed as members of the IoB and 6,309 participated in the CPD scheme, completing a total of 37,350 CPD hours. 1,283 employees received a university award through the IoB for their studies.



## NURTURING GRADUATES

In 2019 we made a number of enhancements to our Graduate Programme.

We launched AIB's new Graduate Programme at the University College Dublin Careers Network Open Day in September 2019 to a significant response, receiving over 3,500 applications to our programmes starting in September 2020.



We also launched a new Learning & Development Programme designed specifically for our new graduates.

We had a Group-wide intake of 83 graduates in 2019, who took part in our new AIB Graduate Development Journey. This programme has been designed to help our graduates develop the key skills and behaviours required in order to have a successful and fulfilling career in AIB. Through a blend of online and class-led learning, it covers three main themes:

- **Thrive at Work** – learn more about yourself, managing your wellbeing, enhancing your resilience.
- **The Power of Teams** – learn how to collaborate and contribute within high-performing teams.
- **Make a Difference** – Build the skills that allow you to effectively contribute to AIB's strategy.

The AIB Graduate Programme welcomed 83 recent graduates to our business

## EMPLOYEE ENGAGEMENT

We have partnered with global engagement experts Gallup since 2013 to gain insights through the employee lifecycle and create meaningful action plans.

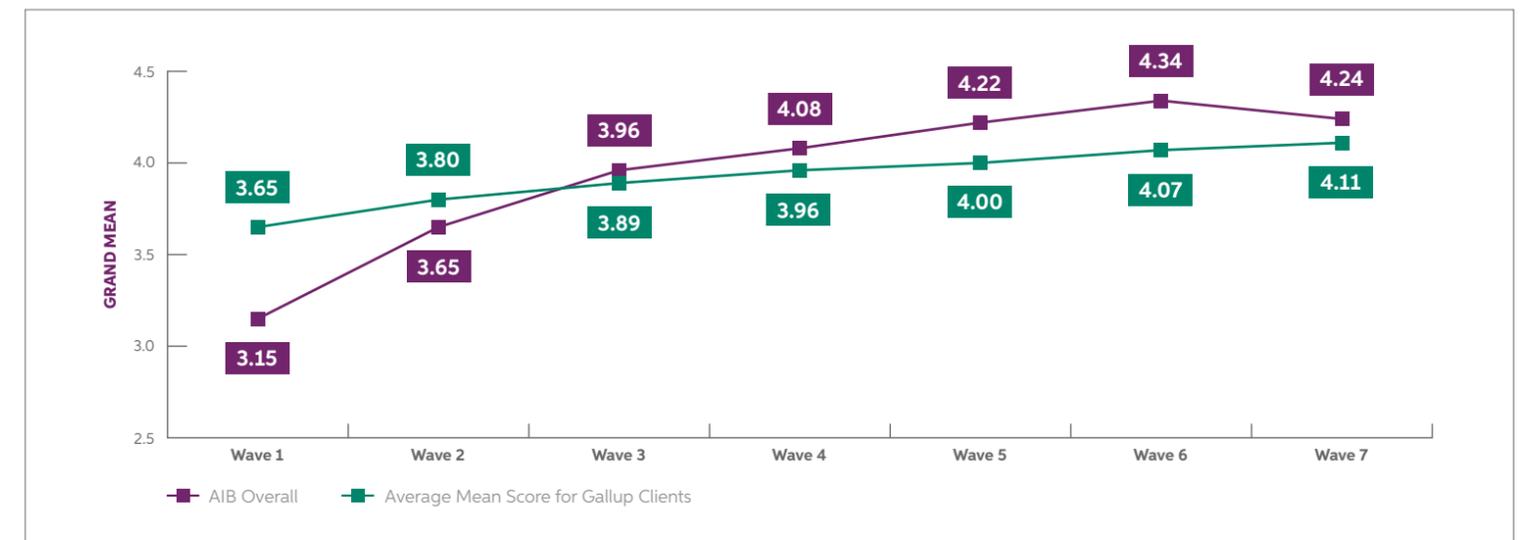
iConnect is an anonymous survey that gives us a snapshot in time of teams' engagement levels, and our high participation shows that the survey is a trusted channel for employees to have their say. Overall the bank is outperforming the majority of other companies in the database and other Irish companies. The results are meaningful, and at a

**88%**  
PARTICIPATION RATE



Group level we get real actionable insights on how people feel about different aspects of the employee experience at AIB.

In terms of our employee engagement, our iConnect results showed an 88% participation rate, which is a 1% reduction from 2018, and our employee engagement levels moved from the 72nd to the 64th percentile of companies in the Gallup global database. We have been reflecting on the messages conveyed by the survey and are committed to continuing to focus on making AIB an even better place to work over the years ahead.



## WELLBEING

We have developed a three-year wellbeing programme for AIB employees. 2019 was about building the foundations, with its official launch taking place in 2020.

Using a bottom-up approach, the programme has been developed by employees for employees, with over 600 people directly involved in facilitating programme activities. One of its key principles is to upskill our own people. As such, 100 Wellbeing Advocates were identified and appointed to lead the programme across the Group. This includes the re-launch of AIB's Sports and Social Clubs and Societies, the creation of a High Performance Coaching network and the introduction of a Wellbeing App.

### Parental leave enhancements

Changes to our Parental Leave policy were introduced in 2019 to provide working mothers and fathers in AIB with an extra two weeks paid leave to spend with their child under 12 months of age and an additional four weeks unpaid leave for those with children under the age of 18. We have gone beyond our obligations in offering this paid benefit in Ireland and the UK and in extending the age the unpaid portion of leave can be taken to 18. This unpaid leave entitlement will increase by a further four weeks from September 2020.

## WOMEN MATTERS

In 2019, the Women Matters Employee Resource Group (ERG) focused on gaining a better understanding of employees' experiences of the holistic maternity and adoptive leave journeys within AIB in order to address any challenges or inconsistencies.

In order to gather real life-journey experiences, from the moment of announcing the happy news to a people leader to the return to work, a Group-wide survey was conducted and a number of focus groups were held. Findings identified that the maternity leave experience was fundamentally shaped by a person's people leader and, specifically, his or her perspective of maternity leave as either a brief interlude in a full career or a major disruption.

As a result, the Women Matters ERG, in collaboration with HR and partnership with The Parenting Institute, designed a Managing Inclusively workshop for people leaders, and created resource guides for expecting parents and people leaders. Over 150 people leaders from across the organisation participated in these workshops, which provided them with the opportunity to recognise the benefits of a diverse and inclusive team, encouraging them to actively support employees through the maternity and adoptive leave journeys as well as other important life events such as bereavement, long-term illness or caring for an elderly parent.



## PRIDE MATTERS

The Pride Matters ERG aims to raise awareness, create a network for support, develop communication and educate people across AIB on LGBTQ+ in the workplace.

As part of their educational focus, the Pride Matters ERG designed and launched two workshops in 2019:

1. An LGBTQ+ 101 workshop to educate employees on topics such as: terminology; gender identity and expression; how to be an ally and support an individual; signs to look out for regarding mental ill health; and the "dos and don'ts" when someone comes out.
2. An LGBTQ+ Parents and Guardians workshop to assist parents, guardians or family members of an LGBTQ+ individual, with an overview of frequently asked questions about common issues.

We were proud to support Pride during the summer months, decorating our locations with rainbows and distributing Pride Packs across the Group. Employees participated in Pride events across Ireland and the UK and in addition, AIB sponsored both Dublin and Cork Pride parades with Clover payment acceptance devices, enabling the facilitation of fundraising for several charities.

A *Transitioning in the Workplace* guide was created in 2019 for employees who may wish to transition in the workplace and for a people leader or colleagues to support someone's transition.

In December 2019, AIB is one of the first organisations in the financial services sector in Ireland to receive the Investors in Diversity Bronze logo from the Irish Centre for Diversity, an acknowledgement of our "extensive range of relevant and up-to-date policies" which represent many different aspects of diversity and inclusion.

## FAMILY MATTERS

The Family Matters ERG held a number of events throughout the year to provide support and information on topics of interest to the group. These included talks on Dyslexia, Family Mental Wellness, Internet Safety For Families and Making a Will.

International Family week was celebrated with storytelling videos by a number of the Executive team.

A number of supports were put in place for those employees and their partners who are on various stages of the IVF journey. These included an IVF Guidance Policy, partnership with SIMs Fertility Clinic who provided discounted rates and free blood tests carried out at AIB locations.

Our Science Technology Engineering and Maths (STEM) programme for transition year students continued with 60 students from across the country taking part in a week long programme in February and October profiling exciting careers and opportunities in STEM.

## BALANCE FOR BETTER BUSINESS

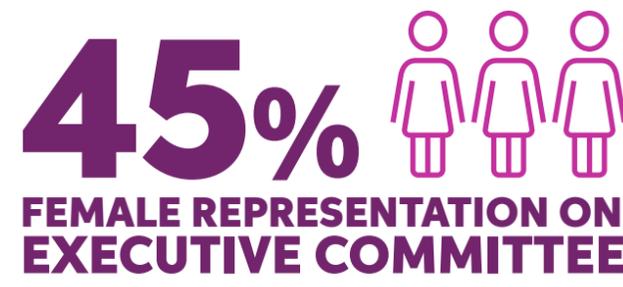
In 2018, the Government invited businesses across a diverse range of sectors to come together to undertake an independent business-led review on the gender balance of business leadership in Ireland. Balance for Better Business (BFBB) was launched with the aim to improve better gender balance at senior levels of Irish companies.



The BFBB published their first report in May 2019, noting 27.3% female representation on AIB's Board. To drive momentum, the BFBB set targets for listed companies to enhance gender representation at Board level.

The second BFBB report was published in December 2019, noting 42% female representation on AIB's Board following the appointments of new Non-Executive Directors. In addition to the targets set for Board level, the second report sets new targets for senior leadership teams of listed companies.

AIB's Executive Committee has 45% female representation at time of publication. Leading by example with Board and Executive Committee diversity, we aim to create a workforce that has a broad and diverse mix of talent, skills and experience.



## OPENING DOORS

We are a founding member of Open Doors, an initiative aiming to increase access to employment for marginalised groups through work experience placements, employability training and other structured supports.

In 2019, we conducted research to identify the barriers and triggers to opening a bank account for refugees. As part of this research, we held internal workshops, sought the perspective of non-governmental organisations who work with and support non-Irish nationals and consulted the Department of Justice and Equality. We are looking forward to implementing process changes to enable improved bank account opening in 2020.



# CULTURE

## COMPLY WITH LAWS, CODES AND REGULATION

Through our materiality exercise our stakeholders have identified it is a material topic for them that we anticipate and comply with national and international regulatory and policy changes in the financial services industry.

We make every effort to ensure we operate fairly and transparently in our business practices, adhering to all relevant laws and regulations. We also require our suppliers to do likewise in relation to any contracts.

We do so through the operation of our governance, oversight and control processes. Risk management procedures are used to identify and quantify risks, establish controls, conduct regular reviews and audits of their effectiveness, and escalate and remediate where issues and breaches occur. These are complemented by supporting policies on conduct, conflicts of interest and our mechanisms for raising concerns, see page 76.

### How are we doing?

This approach has proven effective in addressing risks within the immediate control of the bank. There remain challenges due to the extent of our knowledge of an individual customer's or supplier's operations, particularly where these are not germane to the financial relationship between ourselves and the customer. Nonetheless, we will continue to strive at all times to ensure that we neither operate our own business nor facilitate others in their operation of their business in a manner that would breach laws, codes or regulations.

## ETHICS & INTEGRITY

Our stakeholders tell us that a fair, transparent and moral code of conduct for the strategic and operational management and decision making processes of the bank is important to them. We will be introducing new values and behaviours in 2020.

Acting in an ethical, trustworthy and compliant manner is at the forefront of how we operate our business. This manifests itself most clearly in how we treat our customers, in our compliance with laws and in preventing fraud and corrupt practices in our business and among our employees.

Our Code of Conduct on page 76, sets out the core values, principles, standards and norms of behaviour of our bank and everyone working in AIB. It underpins everything we do and so in the interest of transparency, we make it publicly available on our website. Our CEO is the policy sponsor of the Code. It is subject to annual review by our Executive Committee, Conduct Committee and Board Audit Committee and annual approval by our Board. Annually, a Code of Conduct activities report is presented to the Board Audit Committee.

### How are we doing?

We believe our approach to date has been successful. We recognise that this is a continuously evolving challenge and we will take all due measures to ensure that we have the capacity to meet it.



# CULTURE

## CORPORATE GOVERNANCE AND ACCOUNTABILITY

Our stakeholders require that we ensure that AIB is managed in the interest of the shareholders and stakeholders following a framework of rules and practices to ensure accountability, fairness and transparency in our relationship with all stakeholders.

### The following supports us to deliver on this:

- Strong governance
- Leadership and regular employee training
- Our Code of Conduct and supporting policies/ Codes on Anti-Bribery & Corruption, Conflicts of Interest
- Anti-Money Laundering and Countering the Financing of Terrorism policy
- Mechanisms for raising concerns
- Disciplinary procedures
- Proactive audit, monitoring, control and risk management environments.

Specifically to support anti-bribery and corruption, each business area is responsible for completing an annual risk assessment of activities and processes to identify those which might give rise to potential conflict situations, and, where additional management oversight is required, to monitor all

registered conflicts of interests, and to ensure that staff members are regularly informed of the potential risks and mitigants required.

Those working for the bank on an insourced/ outsourced basis need to comply with the principles set out in the Conflicts of Interests policy and are required to refer to their line manager if they have any queries.

Our Anti-Money Laundering and Countering the Financing of Terrorism policy, which sets out our due diligence requirements for new and existing customers, reflects our commitment to play our part in the banking industry's and wider society's efforts to combat money laundering and terrorist financing. We do not make political donations.

To support all our policies, we require business areas to maintain and operate effective operating procedures and controls, and employees to complete annual training.

### All employees are required to complete the following courses:

- Code of Conduct
- Conflicts of Interest
- Health and Safety
- Information Security

- Anti-Money laundering, Countering the Financing of Terrorism and Economic Sanctions
- Data Protection
- Risk Appetite
- Speak Up
- Personal and Physical Security
- Group Risk Management Framework (RMF)

Comprehensive reviews of the following codes/ policies were conducted in 2019:

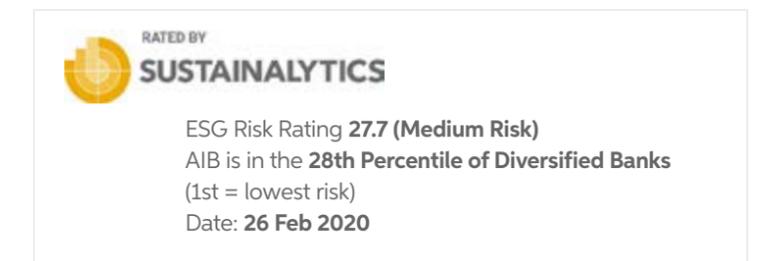
- Code of Conduct
- Anti-Bribery and Corruption
- Annual Leave
- Parental Leave
- Fitness & Probity
- Conflicts of Interest

Each review involved extensive stakeholder engagement across the bank and consideration to external best practice as appropriate.

### How are we doing?

We recognise we have more to do in this area. We have launched a Cultural Evolution Programme, and we will be launching new values and behaviours in 2020. We will report on this progress in our next report.

In recent assessments, key ESG rating agencies assessed our Corporate Governance to be one of our strongest attributes.



# CULTURE

## CODE OF CONDUCT

The core values, principles, standards and behaviours of anyone working in or for AIB are contained in our Code of Conduct.

Our Code of Conduct has evolved over a number of years, providing a framework for many of our people policies on behaviour and conduct. Its associated policies include: Conflicts of Interests; Anti-Bribery and Corruption; Conduct of Personal, Financial and Tax Affairs; Social Media; Diversity & Inclusion; and Speak up. The Code, is owned and managed by our Human Resources (HR) team and is supported by our Conduct Risk Framework.

### Employees

All employees are required to adhere to our Code of Conduct. Within our performance review process, known as Aspire, employees are required to attest to it. Breaches of our Code are subject to disciplinary action, up to and including dismissal. Annual training on the Code, delivered through iLearn, is mandatory for all employees, and completion is recorded, monitored and tested by local business teams with central oversight from HR.

### Suppliers

Our Code sets out that we don't partner with or buy from organisations that we know to breach human

rights or fair practices. We require our key suppliers to attest to the Code, as well as other key policies, including our Data Protection Policy, and where relevant, to conform to the UK Modern Slavery Act, see GRI 102-9 page 86.

The Chief Executive Officer is the policy sponsor of the Code and it is subject to annual review by our Executive Committee, Conduct Committee and the Board Audit Committee and annual approval by the Board.

An annual Code of Conduct activities report is presented to the Board Audit Committee to report on:

- the previous year's activities;
- developments for the Code and its associated policies;
- awareness levels of the Code;
- aspects for review, and;
- breaches identified and actions taken.

### Raising concerns

Every organisation faces the risk that something will go wrong either accidentally or otherwise. It is very important that we hear about such things, at an early stage, so we can fix them. We have a number of mechanisms in place for raising concerns, including our Speak Up (whistleblowing) process.

Our Speak Up policy provides guidance on the process for reporting 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, and/or;
- 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.

Concerns can be raised anonymously, but this may limit our ability to fully investigate them. In 2019, all guidance requests and concerns raised were successfully concluded by dedicated case managers.

The Chief People Officer is the Executive Committee sponsor of our Speak Up policy while an Executive Committee sub-group has responsibility for reviewing all Speak Up cases and their follow-up actions. Two Non-Executive directors are Whistleblowing Champions for the UK and Ireland.

Investigations are conducted, as appropriate, by HR, nominated 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.

In 2019, we launched a dedicated, mandatory online training module for all employees. Training modules notify staff of the Speak Up policies and processes and contact details/channels for raising a concern. Training has been provided to managers on how to handle concerns appropriately.

### Other mechanisms for raising concerns include:

- 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
- Complaints – we operate a comprehensive complaints process designed to provide our customers with the opportunity to be heard, have concerns investigated and make good where needed.



[CLICK HERE TO READ THE AIB CODE OF CONDUCT](#)



[CLICK HERE FOR THE AIB COMPLAINTS FORM](#)

# 04 RISK

MANAGING SUSTAINABILITY RISK

RISK MANAGEMENT

SUSTAINABILITY AND RISK

2020 AREAS OF DEVELOPMENT

# MANAGING SUSTAINABILITY RISK

Our governance arrangements include structures and processes to identify, manage, mitigate, monitor and report the risks to which we are exposed. A cornerstone of our risk management approach is the Three Lines of Defence model.

# RISK MANAGEMENT

Our governance structures and processes identify, manage, mitigate, monitor and report the risks to which we are exposed.

Our risk management methodologies and structures are aligned to the Three Lines of Defence model, whereby the First Line of Defence (business lines) owns and manages the risk, the Second Line of Defence (Risk function) set the frameworks and policies for how risks should be managed and the Third Line of Defence (Group Internal Audit function) provides independent assurance over the risk management activities performed in the First and Second Lines of Defence.

We have defined eight core principles for how AIB manages risk consistently across the three lines of defence. These principles are integrated into our risk policies as well as roles and responsibilities across the organisation. They are outlined in the adjacent table.

## THREE LINES OF DEFENCE MODEL AND PRINCIPLES

FIRST LINE OF DEFENCE PRINCIPLES	SECOND LINE OF DEFENCE PRINCIPLES	THIRD LINE OF DEFENCE PRINCIPLE
Frontline, operational and support activities	Risk	Group Internal Audit
<p><b>Principle 2</b> Provide risk ownership and oversight responsibilities</p> <p><b>Principle 3</b> Identifies, records, reports and manages the risks</p> <p><b>Principle 4</b> Ensures the right controls and assessments are in place to mitigate the risks</p>	<p><b>Principle 1</b> Sets the frameworks and policies for managing specific risk areas</p> <p><b>Principle 5</b> Provides advice and guidance in relation to the risk</p> <p><b>Principle 6</b> Provides independent reporting on the Group's risk profile</p> <p><b>Principle 7</b> Provides challenge to the effectiveness of the Risk Management and control processes</p>	<p><b>Principle 8</b> Provides independent and objective assurance of the adequacy of the design and operational effectiveness of the risks and control environment</p>



For more information on our Risk management approach please see our Annual Financial Report, available at: <https://aib.ie/investorrelations>



# SUSTAINABILITY AND RISK

Sustainability is increasingly more important in our day-to-day risk management activities and decisions. This comes as a result of heightened regulatory concern and focus, as well as AIB's commitment to Do More.

Sustainable Communities is now the fifth pillar of AIB's strategy, while globally, we can see the Environmental, Social and Governance (ESG) agenda progressing at a rapid pace, due to key initiatives including:

- European Commission's Action Plan for Growing Sustainable Finance;
- Task Force for Climate-Related Financial Disclosures;
- UK Regulatory activities, including the Prudential Regulation Authority's (PRA) Supervisory Statement on managing the financial risks of climate change;
- Ongoing work of the Network for Greening the

Financial System, advocating a more sustainable financial system through its global network of central banks and supervisory authorities.

As the ESG regulatory agenda evolves, so too will best practices and legal and regulatory requirements. We will continue to work to align AIB's risk management approach.

On the following pages, we look at how ESG considerations are incorporated into our current risk practices.



## ENVIRONMENTAL

- Our Material Risk Assessment process considers the impact of climate change for AIB, our customers and the societies in which we operate. In 2019, Risk conducted initial research on the subject of climate risk and its impact on risk management globally. Climate risks and impacts are assessed within the 2020 Material Risk Assessment Process.
- A Credit risk working group was established in 2019 to perform a high-level review of the impact of climate change on our portfolios. A Group Project Finance policy was launched in May 2019. It sets out the rules for financing long-term infrastructure, industrial projects and public services. The working group has identified sectors that AIB is keen to support with project finance (e.g. renewable energy). It also identified sectors to which the bank has a low appetite for lending. In addition, a number of sectors, considered to be incongruent with our views of sustainability, were identified for exclusion from future lending. We are working to incorporate these exclusions into credit risk policy in 2020.
- In response to the PRA's supervisory statement

SS3/19 concerning the management of financial risks from climate change AIB UK drafted a multi-year action plan setting out high-level initial actions to address the specified requirements. AIB UK is committed to working with peer firms, industry bodies and regulators in the UK in order to align with the Group's ambition to play our part in meeting global targets for tackling climate change.

# SUSTAINABILITY AND RISK

## SOCIAL

Social criteria examines how we manage relationships with employees, suppliers, customers, and the communities in which we operate. Our business model is based on developing a stable, sustainable business within our core markets. We identify, control and manage our key business risks to ensure the ongoing support of our stakeholders.

- People and Culture Risk and associated frameworks and policies have been developed to support our ongoing ability to recruit, retain and develop staff and to encourage employee engagement.
- As part of our approach to product governance, various teams within the Risk function provide second line oversight to the development of new products. In 2019, this included oversight of new green products such as the Green Bond Framework (Financial Risk, Credit Risk and Operational Risk) and the Green Mortgage Product (Credit Risk, Regulatory Compliance, and Operational Risk). The Operational Risk Product and Propositions Risk Policy sets out our approach to the development of new markets, products and services while operating a Customer First culture to ensure customers are treated in a fair and transparent manner.
- Credit Risk develop and maintain policies designed to establish responsible lending practices. In particular, core principles are in place in relation to the management of distressed credit to ensure that customers are treated fairly, objectively, sympathetically and consistently.
- The Regulatory Compliance Risk Management Framework sets out the principles, roles and responsibilities, internal control and governance arrangements in place in order to achieve compliance objectives. This is underpinned by policies designed to protect our customers such as Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) and Data Protection.
- We have a robust Anti-Money Laundering Framework (which includes the AML/CTF policy and Group Sanctions policy) in place, which is delivered through the Three Lines of Defence, and subject to oversight by the Board and externally by the Central Bank of Ireland. All of our customers are subject to the “Know your Customer” (KYC) process at the on-boarding stage and then subsequently, in line with the frequency set out in policy, which is driven by the risk category of the customer. As part of our due diligence process we screen customers against criteria including politically exposed persons (PEPS), terrorism and sanctions. We monitor the activity of our customers’ bank accounts and transactions to ensure any unusual activity is investigated and dealt with swiftly. In 2019 we investigated over 14,000 cases of suspicious activity. These processes ensure we keep ourselves and our customers safe. All staff are required to complete mandatory training in Financial Crime, which incorporates AML, CTF, Sanctions and Fraud. In addition, any staff involved in processes that pose a higher risk – such as customer facing staff, staff involved in the investigation of suspicious activity and compliance staff – are required to complete additional bespoke training for their roles on at least an annual basis.
- The Operational Risk Framework, which is supported by specific operational risk policies, sets out our approach to managing risks arising from inadequate or failed internal processes, people and systems, external events, IT risk and information security. A Third Party Management (TPM) risk policy sets out how we govern risks arising from outsourcing services to third party providers; this also includes consideration to the third party providers’ approach to ESG.

# SUSTAINABILITY AND RISK

## GOVERNANCE

- Risk Appetite Statement (RAS) metrics are in place for all of our material risk categories to help us effectively monitor our risks, including sustainability considerations such as financial stability, responsible lending, IT resilience and employee satisfaction. The RAS is aligned to our Risk strategy and facilitates responsible risk taking and risk management across the organisation. We report on our compliance with RAS metrics to the Board on a monthly basis.
- Risk culture is the shared values, beliefs, knowledge, attitudes and understanding of risk and sets the foundation for how the Group manages risk in a consistent and coherent manner. It is a key element of the Group's risk management model and supports governance issues relating to leadership, internal controls and shareholders rights etc. A strong risk culture, across the Three Lines of Defence and supported by a sustainable risk management framework, is vital for the Group to achieve our strategic objectives.
- Risk culture is guided by policies, codes and procedures such as the Code of Conduct, Anti-Bribery & Corruption policy and Conflicts of Interest policy. These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.
- The Group Risk Architecture, which includes our Risk frameworks and policies, governs how we manage the risks faced by the Group. These are subject to review at least annually by the framework/policy owner and approval by a relevant Risk Committee in line with the Group Risk Policy Governance Framework (PGF). The PGF sets out the overarching principles and criteria for the development and ongoing management of our risk frameworks and policies. Ongoing compliance with the PGF is monitored by Risk.
- The Risk Academy supports the learning and development of Risk staff and also raises risk awareness across the Group through a mix of mandatory and optional training. Specifically, a comprehensive mandatory risk training programme 'Achieve our Purpose Safely – Risk Management in AIB' was developed and rolled out to all staff in 2019. This training consists of three modules;
  - 1) Risk Management in AIB,
  - 2) Three Lines of Defence, and
  - 3) The Risk Management Framework.

Risk training is integral to how we manage risk, ensuring a consistent approach and providing clarity to the roles and responsibilities across the

Three Lines of Defence, which in turn ensures awareness and embeds accountability for risk management across the Group.

## 2020 AREAS OF DEVELOPMENT

In line with our strategy to 2022, we will to further integrate sustainability considerations into our risk management approach.

### LOOKING AHEAD

Aligned with our focus on climate action, we see climate risk as a key area that continues to evolve due to ongoing regulatory changes and an increasing understanding of its significance and implications for the Group and our customers. We will continue to integrate climate risk into overall risk management practices and closely monitor developments to support our ambition to build a more sustainable business. Our plans for 2020 and beyond include:

- The Risk function will consider the impact of climate risk scenario analysis with a view to developing a climate risk stress-testing capability in consultation and collaboration with other stakeholders and define the management information required to identify a range of climate related scenarios;
- Credit Risk will review the impact of climate risk on the Group Credit Framework and supporting credit policies, enhancing where required. This team will also support a review of credit applications to ensure the Group is collecting relevant data from customers to support deeper analysis of our portfolios and reporting;

- Regulatory Compliance, through their Upstream Advisory team, will continue to monitor and scan the horizon for new regulations as well as changes to existing regulations relating to climate risk and the wider sustainability agenda. They will continue to complete impact assessments for all relevant regulations that impact AIB to help ensure we are prepared for regulatory change.
- Operational Risk, through their review and oversight of products and Third Party Management, will ensure ESG factors are suitably considered through product and Third Party Management processes, and ensure risks and controls which impact us from a sustainability perspective are built into the Risk Control Assessment process.
- Through the annual review of the Group Risk frameworks and policies, we will further enhance and embed ESG principles and in particular the impact of climate risk.



**05 GLOBAL  
REPORTING  
INITIATIVE (GRI)  
CONTENT INDEX**

# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

This section of the report details how we have progressed in our adherence to the GRI sustainability standards. These standards are designed to be used by organisations to report on their impact on the economy, the environment and society.

Reporting is divided into two parts, the first of which is a General Disclosures section (GRI 102) which provides an organisational context, and an overview of the management approach (GRI 103). Reporting organisations can then select from the set of topic-specific GRI Standards (GRI 200 – economic, GRI 300 – environmental or GRI 400 – social) for reporting on its material topics, which are identified through the materiality assessment exercise conducted with its key stakeholders. Our responses on this is set out in the second part of the GRI Content Index.

## OUR TOP MATERIAL TOPICS IN THE MOST RECENT EXERCISE WERE:

### CLIMATE ACTION

1. Ensure a climate resilient and responsive business model
2. Products and services to address environmental and social issues

### BETTER BANKING EXPERIENCES

3. Usability of services and accessibility of products
4. Customer experience

### ECONOMIC & SOCIAL INCLUSION

5. Enable customers to make better informed financial decisions
6. Innovation and co-creation
7. Financial inclusion and literacy

### RESPONSIBLE & RESILIENT TECHNOLOGY

8. Digitisation and interconnectivity
9. Cyber security and business system resilience
10. Protect our customers data and privacy

### CULTURE

11. Comply with laws, codes and regulations
12. Talent attraction and retention
13. Corporate governance and accountability
14. Ethics and integrity

Our GRI disclosures have been prepared in accordance with the Core option of the Standards Guidelines and have been independently assessed by Deloitte in accordance with the ISAE 3000 (Revised) Standard.

The report covers the period January to December 2019, unless otherwise stated, and references material already published for that period such as the AIB Group plc 2019 Annual Finance report and the 2019 Carbon Disclosure Project (CDP) response, the latter addressing data for 2018.

# GRI GENERAL DISCLOSURES

Disclosure Reference	Disclosure	Response
<b>A. ORGANISATIONAL PROFILE</b>		
102-1	Name of the organisation	AIB Group plc
102-2	Activities, brands, products and services	Activities & brands, see page 3. Our products and services cover personal, SME and corporate lending, mortgage provision and credit card services. When it comes to the provision of non-core banking products, for example, general insurance, we typically partner with market leaders.
102-3	Location of the organisation's headquarters	AIB Group, PO Box 452, Bankcentre, Ballsbridge, Dublin 4, Ireland.
102-4	Location of operations	Our most significant operations are in Ireland and the United Kingdom. The principal operating subsidiary, Allied Irish Banks, p.l.c., established branches, within the meaning of EU Council Directive 89/666/EEC (implemented in Ireland by the European Communities (Branch Disclosures) Regulations 1993), in the United Kingdom, and the United States of America (see AFR 2019, page 173 <a href="http://www.aib.ie/investorrelations">www.aib.ie/investorrelations</a> ).
102-5	Ownership and legal form	AIB Group plc is a publicly quoted holding company on the main markets of the Euronext Dublin and London Stock Exchanges after undertaking an initial public offering in June 2017. Its current issued ordinary shareholding of 2,714,381,237 shares is held 71.1% by the Irish State through the Ireland Strategic Investment Fund, with the balance held by other shareholders. A Relationship Framework document details the bank's relationship with the Irish State.  Source: <a href="http://www.aib.ie/content/dam/aib/investorrelations/docs/about-aib/relationship-framework-agreement.pdf">www.aib.ie/content/dam/aib/investorrelations/docs/about-aib/relationship-framework-agreement.pdf</a>
102-6	Markets served	We operate a retail, corporate and business banking offering in Ireland and the United Kingdom. We also operate US Syndicated & International Finance and branch activities in our New York office.
102-7	Scale of the organisation	<ul style="list-style-type: none"> <li>• Total number of employees – see Employees by country – Full-time Equivalent (FTE), page 93.</li> <li>• Total average assets for year ended 31 December 2019 €95.587bn (2018: €92.022bn), see AFR 2019 page 53.</li> <li>• Significant shareholding – Ireland Strategic Investment Fund holds 1,930,436,543 Ordinary Shares (71.12% of shares in issue), see AFR 2019 page 173.</li> <li>• Net revenues and costs – see Operations by business segment 'Total operating income' and 'Total operating expenses', AFR 2019 pages 281 to 282.</li> <li>• Total capitalisation – see AFR 2019, pages 67 and 241.</li> <li>• Sales – see Operating Contribution by segment, AFR 2019 page 8.</li> </ul>
102-8	Information on employees and other workers	See FTEs as at 31 December 2019, page 92.

Disclosure Reference	Disclosure	Response
102-9	Supply chain	<p>We maintain a database of over 3,800 suppliers, and in 2019 we contracted with over 3,200 of them, predominantly in Ireland and the UK. Our principal spending categories are professional services, business services and information technology. We segment our supplier base into five tiers based on 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 are the most closely managed, while the lowest risk suppliers that typically provide low value transactional type services are in the lowest tier.</p> <p>Market intelligence together with specific selection criteria and best-in-class supplier selection tools help us to select the most appropriate suppliers. We complete due diligence for supplier selection, prioritised according to the 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. Suppliers must adhere to all legal obligations in each jurisdiction (e.g. environmental and labour law) as well as any specific requirements of our environmental policy. 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 Interests policy, Anti-Bribery and Corruption policy and Data Protection policy. We also require that, where relevant, key suppliers conform to the UK Modern Slavery Act.</p> <p>In 2019, we reviewed and updated our Third Party Management program (see GRI 102-10) and will report on this in our next report.</p> <p><b>Source: Company information</b></p>
102-10	Significant changes to the organisation and its supply chain	<p>In an evolution of our four pillar 2017-2019 strategy, we have added Sustainable Communities as a fifth pillar, reflecting our ambition to be both a leading financial institution climate action and a meaningful part of the communities in which we operate. We have set four primary objectives to 2022: simplifying our business to increase efficiency; defending our income in an increasingly competitive environment; diversifying our products and services, and further controlling our business costs. You can read more about our Strategy in our 2019 AFR, pages 25 to 31.</p> <p>There were no changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations) that significantly changed our third party supply base.</p> <p>During 2019, based both on our ambition to better manage third party risk, and to prepare for European Banking Authority Guidelines on Outsourcing Arrangements (effective from 30th September 2019), we reviewed and updated our Third Party Management program. As a result, we reclassified our supply base in terms of business risk, by virtue of the potential impact to AIB should the third party service delivery be impacted or fail. Impacts considered include consideration of their products and services, business continuity measures, human resources, anti-bribery measures, environmental and responsible business considerations. In addition, we have also updated our selection process with enhanced risk assessment for third party arrangements, across multiple risk areas. The risk assessments are proportional – third parties with a higher potential for operational risk will require a more in-depth assessment covering a broader number of risk aspects. Based on the work completed in 2019, we have updated our supplier policy and processes, and will implement a new five tier model in 2020.</p> <p><b>Source: Company information</b></p>
102-11	Precautionary principle or approach	AIB recognises the need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effect. Our 2020-2022 Sustainability Strategy leads on Climate Action.

Disclosure Reference	Disclosure	Response	Voluntary (V) / Mandatory (M)	First Adopted	Applied	
102-12	External initiatives					
		Business Working Responsibly Mark – Business in the Community Ireland	V	2019	Group-wide	
		Carbon Disclosures Project (CDP)	V	2012	Group-wide	
		Disclosure of Non-Financial and Diversity Information for Certain Large Undertakings and Groups Regulations 2017 (S.I. 360/2017)	M	Q1 2019, for 2018 AFR	Group-wide	
		Global Reporting Initiative (GRI)	V	2017, for 2016 Sustainability Report	Group-wide	
		ISO 50001 (energy) and ISO 14001 (environmental) management	V	2014	Group-wide	
		Low Carbon Pledge – Business in the Community, Ireland	V	2018	Ireland	
		National Energy Efficiency Action Plan	V	2010	Ireland	
		Taskforce on Climate-related Financial Disclosures (TCFD)	V	2019	Group-wide	
		UK Equality Act (Gender Pay) Regulations 2017	M	2017	UK	
		UNEP FI Principles for Responsible Banking	V	2019	Group-wide	
102-13	Memberships of Associations					
			Position On The Governance Body	Participates In Projects/ Committees	Provides Substantive Funding Beyond Membership Dues	Membership Is Strategic
		Banking & Payments Federation of Ireland (BPFI)	Y	Y	N	Y
		European Banking Federation (through BPFI)	N	Indirectly through BPFI	N	Y
		Irish Business and Employment Confederation (IBEC)	N	Y	N	Y
		Irish Paper Clearing Company (IPCC)	Y	Y	N	Y
		Irish Payments Council (IPC)	Y	Y	N	Y
		UK Finance	N	Y	N	Y
		UNEP Finance Initiative	N	Y	N	Y
		30% Club	N	Y	N	Y

Disclosure Reference	Disclosure	Response
<b>B. STRATEGY</b>		
102-14	Statement from senior decision-maker	See 'An introduction from our Chief Executive Officer, Colin Hunt', page 6.
<b>C. ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards and norms of behaviour	See 'Code of Conduct' on page 76.
102-17	Mechanisms for advice and concerns about ethics	See 'Raising concerns' on page 76.
<b>D. GOVERNANCE</b>		
102-18	Governance structure	See 'Governance Structure' on pages 21 to 22. See also 'Governance in AIB' in our 2019 Annual Financial Report for more information, including details of our Board of Directors and our Executive Committee.
General disclosures 102-19 to 102-39 are not required under the Global Reporting Initiative (GRI): Core option		
<b>E. STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	Customers, Employees, Investors, Society and Regulator. See page 19.
102-41	Collective bargaining agreements	Approximately 80% of employees are covered by collective bargaining agreements. <b>Source: Company info</b>
102-42	Identifying and selecting stakeholders	The selection process was guided by independent consultants on the best practice approach to stakeholder selection. Key considerations in selecting the stakeholder selection were: <ul style="list-style-type: none"> <li>• Best practice among peer banks</li> <li>• Those charged with management of our business e.g. Board, senior executives and management</li> <li>• Those impacted directly by our business e.g. customers, staff, suppliers</li> <li>• Those who invest in our business e.g. shareholders, bondholders</li> <li>• Those providing oversight of our business e.g. analysts, regulators, government</li> <li>• Those impacted indirectly by our business e.g. communities, non-governmental organisations.</li> </ul>

Disclosure Reference	Disclosure	Response
102-43	Approach to stakeholder engagement	In 2016 we conducted our first materiality exercise to canvass the views of key stakeholder groups on material issues of significance to each group in terms of the Bank's operations. It was conducted for the purpose of supporting the scope, content and focus of the publication of our initial Sustainability Report 'Backing a Sustainable Future' in October 2017.  Our materiality analysis is being reviewed and updated on a limited basis annually, and completely every two years, through a specific exercise. Outputs from the 2019 update are contained in 'Materiality Exercise', page 20.  In addition we have specified a range of feedback channels on page 19 which provide a broad-based and continuous feedback on the accuracy and validity of our materiality assessment.
102-44	The key topics and concerns raised	See 'Materiality Exercise', page 20.
<b>F. REPORTING PRACTICE</b>		
102-45	Entities included in the organisation's consolidated financial statements	A listing of the principal businesses and their locations that are included in the consolidated financial statement is provided in our Group Annual Financial Report (AFR). All entities are covered by the report.  <b>Source: AFR 2019, page 383 (www.aib.ie/investorrelations)</b>
102-46	Defining the report content and topic boundaries	In each disclosure of Management Approach we set out where the impacts occur for a material topic, and our involvement with those impacts. In all instances in preparing our 2019 Sustainability Report, we have striven to adhere to the GRI Reporting Principles, within the limitations and scope of the information currently available:  <b>Stakeholder inclusiveness</b> – Our stakeholder groups are listed on page 19. In Q4 2019, we consulted again with our internal and external stakeholders to identify and rank the most material concerns facing AIB using the GRI-recommended approach of identification, prioritisation and validation;  <b>Sustainability Context</b> – Our Sustainability Strategy on page 14, An Introduction from our Chief Executive Officer, Colin Hunt on page 6 and A message from the Chair of our Sustainable Business Advisory Committee, Helen Normoyle on page 10, provide an explanation of what sustainability means for AIB;  <b>Materiality</b> – We engaged with c. 800 stakeholders to identify those issues that were of most concern to them. Our master list of issues was prepared with independent advice and based on international best practice among peer banks, see page 20;  <b>Completeness</b> – the topics covered in the report reflect the organization's economic, environmental and/or social impacts. We have considered the results of stakeholder engagement processes, together with broad-based societal expectations that are not identified as material directly through stakeholder engagement processes. We see climate change as the most important issue of all time, hence we reported on our response to Climate Action in this report.
102-47	List of material topics	See 'Materiality Exercise', page 20.
102-48	Reinstatements of information	There have been no restatements of information provided in previous reports.

Disclosure Reference	Disclosure	Response
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	See 'Materiality exercise', page 20.  It is our intention to continue to conduct a limited review of our materiality assessment annually, and a complete reassessment biannually.
102-50	Reporting period for the information provided	1 January 2019 – 31 December 2019, other than where specified.
102-51	Date of the most recent previous report	Backing our customers to achieve their dreams and ambitions AIB Group plc Detailed Sustainability Report 2018, published 22 May 2019.
102-52	Reporting cycle	Annual.
102-53	Contact point for questions regarding the report's contents	Sarah Dempsey, Office of Sustainable Business: sarah.m.dempsey@aib.ie
102-54	Reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Core Option.
102-55	GRI Content Index	The GRI Content Index, runs from pages 84 to 93. Relevant page numbers and URLs are provided within the index for individual disclosures. Omissions have been explained where relevant.
102-56	External assurance	External assurance has been provided by Deloitte on our preparation of the report in accordance with the GRI Standards.  <b>i.</b> The Deloitte assurance report can be found on page 95 of this report  <b>ii.</b> The external assurer is currently our financial auditor  <b>iii.</b> The Board's Sustainable Business Advisory Committee has commissioned an independent assurance process aligned to ISAE 3000 through Deloitte.

# GRI TOPIC SPECIFIC DISCLOSURES

Disclosure	Response
<p><b>MANAGEMENT APPROACH</b></p> <p>103-1, 103-2, 103-3</p>	<p><b>MATERIAL TOPICS: ENSURE A CLIMATE RESILIENT &amp; RESPONSIVE BUSINESS MODEL AND PRODUCTS &amp; SERVICES TO ADDRESS ENVIRONMENTAL &amp; SOCIAL ISSUES</b></p> <p>See Climate Action, pages 24 to 35.</p> <p>AIB's involvement with the impact of these material topics is cause, and the key impacted stakeholders are investors and customers.</p>
<p>201-2</p> <p>Financial implications and other risks and opportunities due to climate change</p>	<p><b>MATERIAL TOPIC: ENSURE A CLIMATE RESILIENT &amp; RESPONSE BUSINESS MODEL</b></p> <p>We see climate as the biggest challenge of our time, representing risks and opportunities for our business in the longer term.</p> <p>Our Risk Management team see climate as an emerging risk, and a driver across a number of our material risk categories including Credit and Operational Risk, see 2019 AFR pages 38 to 43. Ireland's Climate Action Plan has set a 10 year ambition to decarbonise five key sectors of the economy – electricity, transport, built environment, industry and agriculture. We see a key role for AIB in providing finance to support our customers – existing and new and across all our operation – to decarbonise in these sectors. Our Climate Action Fund and new Green Mortgage, together with our multi-disciplinary Energy, Climate Action &amp; Infrastructure team, positions us well to maximise on these opportunities. We have made good strides in this space in 2019, and have set out specific areas of development for Climate Risk in 2020 on page 83.</p> <p>Aligned with our pledge to Do More, in September 2019 we became a Founding Signatory of the UNEP FI Principles for Responsible Banking and a Supporter of the Taskforce on Climate-related Financial Disclosures (TCFD). We joined these partnerships as we believe they provide us with an opportunity to share our experiences with fellow members, to learn from theirs and to work collectively to progress this agenda. For more on our approach see Climate Action on pages 24 to 35 and Risk on pages 77 to 83.</p> <p>Costs would be incurred across the bank and business lines and would include the operation of the Office of Sustainable Business and its monitoring role; such costs are not separately identified in our reporting and would not be released due to commercial sensitivity.</p> <p>Source: Company information</p>
<p>FS8</p> <p>Monetary Value of Products and Services Designed to Deliver a Specific Environmental Benefit for Each Business Line Broken Down by Purpose</p>	<p><b>MATERIAL TOPIC: PRODUCTS &amp; SERVICES TO ADDRESS ENVIRONMENTAL &amp; SOCIAL ISSUES</b></p> <p>In H2 2019, in support of our sustainability strategy we launched some key product initiatives - our Climate Action Fund on page 28 which is making €5bn available over five years to support Climate Action and our Green Mortgage. In advance of our first Green Bond launch, we also published our Green Bond Framework on page 30. These additional initiatives are in addition to the finance we provide for renewable energy. The environmental impacts of these initiatives is to play our role in provide the finance to support Ireland's transition to a low and ultimately net zero carbon economy, in line with national ambitions.</p> <p>In 2019, our new lending was €12.3bn and Green lending (which includes finance for electricity and the built environment) amounted to €1.2bn. This equates to c.9.8% of new lending.</p> <p>Our ambition is to provide €1bn in new Climate Action lending in 2020. As our green products are new to the market, we are not currently in a position to confirm the total monetary value of them by business line or the portion of this value to the total value of products &amp; services for business lines. We plan to work to disclose more insights on this in our next Sustainability report.</p> <p>Source: Company information</p>

Disclosure	Response
<p><b>MANAGEMENT APPROACH</b></p> <p>103-1, 103-2, 103-3</p>	<p><b>MATERIAL TOPICS: USABILITY OF SERVICES &amp; ACCESSIBILITY OF PRODUCTS AND CUSTOMER EXPERIENCE</b></p> <p>See Better Banking Experiences, pages 36 to 42.</p> <p>AIB's involvement with the impact of these material topics is cause, and the key impacted stakeholders are customers.</p>
<p>Bespoke</p>	<p><b>MATERIAL TOPIC: USABILITY OF SERVICES &amp; ACCESSIBILITY OF PRODUCTS</b></p> <p>See 'Accessibility of our products &amp; services' and 'Customer satisfaction' on page 93.</p>
<p>Bespoke</p>	<p><b>MATERIAL TOPIC: CUSTOMER EXPERIENCE</b></p> <p>In 2019, we had 1.93m daily interactions with our customers across multiple channels as we continue to respond and serve their needs. Our Customer First approach means having an unrelenting focus on our customers, listening and responding to their expectations through engaging and relevant service offerings, propositions and products as part of their relationship with us. It also means that when things go wrong we listen, learn and work hard to put things right for them. This approach requires investment and training across AIB on an ongoing basis. For more insights, see 'Our Customer First Approach' on page 17 and Responding – 'Better Banking Experiences' on pages 36 to 42.</p> <p>When customers want to raise a concern with us, or provide us with a compliment or suggestion, they can do so by visiting one of our branches, by writing to us, by telephoning us or online. Up to date contact information can be found at <a href="https://aib.ie/help-and-guidance/making-a-complaint">https://aib.ie/help-and-guidance/making-a-complaint</a></p> <p>We understand that circumstances can change for our customers. If they do, we encourage our customers to get in touch with us as soon as possible. We are committed to working with customers in difficulty to reach sustainable solutions. For more information see 'Supporting our customers in difficulty' on page 42 and <a href="https://aib.ie/worried-about-payments">https://aib.ie/worried-about-payments</a>.</p> <p>Source: Company information</p>
<p><b>MANAGEMENT APPROACH</b></p> <p>103-1, 103-2, 103-3</p>	<p><b>MATERIAL TOPICS: ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS, INNOVATION &amp; CO-CREATION AND FINANCIAL INCLUSION &amp; LITERACY</b></p> <p>See Economic &amp; Social Inclusion, pages 43 to 59.</p> <p>AIB's involvement with the impact of these material topics is cause and the key impacted stakeholder are customers.</p>
<p>417-2</p> <p>Incidents of non-compliance concerning product and service information and labelling</p>	<p><b>MATERIAL TOPICS: ENABLE CUSTOMERS TO MAKE BETTER INFORMED FINANCIAL DECISIONS</b></p> <p>In 2019, 20 error issues were notified to the regulator, the Central Bank of Ireland (CBI) as per the reporting obligations under the Consumer Protection Code 2012. No errors recorded in 2019 have resulted in a regulatory warning or fine/penalty to date. We are not aware of Voluntary Codes concerning product and service information and labelling which would apply in our business. Individual employee breaches of the Code of Conduct are managed through a strict disciplinary process where sanctions up to and including dismissal are applied. Details of the volume of noncompliance with our internal staff Code of Conduct are presented to the Board each year, but are not published externally.</p> <p>Source: Company information</p>

Disclosure	Response												
Bespoke	<p><b>MATERIAL TOPIC: INNOVATION &amp; CO-CREATION</b></p> <p>See our management approach on 'Innovation &amp; Co-creation' on page 45. Key innovation initiatives we support include:</p> <table border="1"> <thead> <tr> <th>Initiative</th> <th>Summary</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>Ludgate</td> <td>Ludgate aims to facilitate up to 75 people in a creative co-working environment with a long term objective to facilitate the creation of 500 direct jobs and 1,000 indirect jobs in West Cork, see page 52.</td> <td>www.ludgate.ie</td> </tr> <tr> <td>The Portershed</td> <td>The PorterShed provides a co-working and collaborative space for Technology focused innovation driven enterprises in Galway. It has supported the creation of 720+ jobs, see page 52.</td> <td>www.portershed.com</td> </tr> <tr> <td>NovaUCD</td> <td>NovaUCD is an incubation facility for knowledge-intensive companies in University College Dublin). AIB is one of six private sector sponsors that contributed to develop the first two phases of NovaUCD, along with Enterprise Ireland and UCD. Nova has supported 360+ companies and new businesses. AIB recently became a support of NovaUCDs Agtech Connector Innovation hub initiative, see page 49.</td> <td>www.ucd.ie/innovation</td> </tr> </tbody> </table>	Initiative	Summary	Source	Ludgate	Ludgate aims to facilitate up to 75 people in a creative co-working environment with a long term objective to facilitate the creation of 500 direct jobs and 1,000 indirect jobs in West Cork, see page 52.	www.ludgate.ie	The Portershed	The PorterShed provides a co-working and collaborative space for Technology focused innovation driven enterprises in Galway. It has supported the creation of 720+ jobs, see page 52.	www.portershed.com	NovaUCD	NovaUCD is an incubation facility for knowledge-intensive companies in University College Dublin). AIB is one of six private sector sponsors that contributed to develop the first two phases of NovaUCD, along with Enterprise Ireland and UCD. Nova has supported 360+ companies and new businesses. AIB recently became a support of NovaUCDs Agtech Connector Innovation hub initiative, see page 49.	www.ucd.ie/innovation
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Disclosure	Response																				
FS16	<p><b>MATERIAL TOPIC: FINANCIAL INCLUSION &amp; LITERACY</b></p> <p>Key financial literacy initiatives we support:</p> <table border="1"> <thead> <tr> <th>Initiative</th> <th>Beneficiary</th> <th>Goals of the initiative</th> <th>Main activities related to the initiative</th> </tr> </thead> <tbody> <tr> <td>AIB Money and Me</td> <td>Students</td> <td>Enabling students to be confident about managing their money, understand the importance of saving and budgeting and improve their money management skills. See page 54.</td> <td>AIB's Student Officers support teachers with an introductory presentation and resources to deliver class-room based learning</td> </tr> <tr> <td>Customer language programme</td> <td>Employees Customers</td> <td>Empowering all employees to make our customer and our internal communications clearer and easier to understand</td> <td>Our Head of Customer Language trains colleagues and creates and edits communications in customer language</td> </tr> <tr> <td>Build a Bank Challenge</td> <td>Transition year and fifth year students</td> <td>Enabling students to understand banking and implement skills learned in the Business Studies curriculum. See page 54.</td> <td>Students open and operate a bank in their school</td> </tr> <tr> <td>Love later life</td> <td>Society Employees</td> <td>Providing support to older and more vulnerable people, to help them improve their knowledge of finance and to be more digitally aware. See page 55.</td> <td>Employees of AIB NI provide support and training to improve knowledge and skills</td> </tr> </tbody> </table> <p>Source: Company information</p>	Initiative	Beneficiary	Goals of the initiative	Main activities related to the initiative	AIB Money and Me	Students	Enabling students to be confident about managing their money, understand the importance of saving and budgeting and improve their money management skills. See page 54.	AIB's Student Officers support teachers with an introductory presentation and resources to deliver class-room based learning	Customer language programme	Employees Customers	Empowering all employees to make our customer and our internal communications clearer and easier to understand	Our Head of Customer Language trains colleagues and creates and edits communications in customer language	Build a Bank Challenge	Transition year and fifth year students	Enabling students to understand banking and implement skills learned in the Business Studies curriculum. See page 54.	Students open and operate a bank in their school	Love later life	Society Employees	Providing support to older and more vulnerable people, to help them improve their knowledge of finance and to be more digitally aware. See page 55.	Employees of AIB NI provide support and training to improve knowledge and skills
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Disclosure	Response
<b>MANAGEMENT APPROACH</b>	<p><b>MATERIAL TOPICS: DIGITISATION AND INTERCONNECTIVITY, CYBER SECURITY AND BUSINESS SYSTEM RESILIENCE AND PROTECT OUR CUSTOMERS DATA &amp; PRIVACY</b></p> <p>See Responsible &amp; Resilient Technology. See pages 60 to 66.</p> <p>AIB's involvement with impact of these material topics is cause and the key impacted stakeholder is customers.</p>

Disclosure	Response
Bespoke	<p><b>MATERIAL TOPIC: DIGITISATION AND INTERCONNECTIVITY</b></p> <p>See number of 'Active Digital customers' and 'Active on mobile app' users, page 93.</p>
Bespoke	<p><b>MATERIAL TOPICS: CYBER SECURITY</b></p> <p>Cyber security threats come in many forms and they can affect us and our customers. Phishing is one of the ways used to try to gather personal information using deceptive e-mails and websites. Knowledge is key to identifying and stopping attacks. As part of our Information Security training we educate our employees about a range of cyber threats including phishing. To re-inforce the training and to help our employees to recognise and report potential phishing scams, we run regular simulation exercises. We also share information with our customers to help to protect them against the threats associated with internet and other types of fraud. In our online Security Centre (<a href="https://aib.ie/security-centre">https://aib.ie/security-centre</a>), which is publicly available, we publish information on current security threats.</p> <p>In 2019, we sent 63,624 Phishing simulation mails to help our employees to re-inforce their cyber security training (2018: 61,241).</p>

Disclosure	Response
GRI 418-1	<p><b>MATERIAL TOPICS: PROTECT OUR CUSTOMERS DATA &amp; PRIVACY</b></p> <p>In this disclosure we refer to complaints from the Data Protection Commissioner (DPC) on General Data Protection Regulation (GDPR). The majority of these relate to events in preceding years.</p> <p>In 2019, we received 25 complaints from the DPC regarding breaches of data privacy. The majority of these data privacy complaints related to alleged failures to comply with data subject access requests. 11 of these complaints were closed by the DPC following engagement with AIB. In 2019, we reported 117 personal data breaches to the DPC under GDPR. While these may include leaks, thefts or losses of customer data, the majority of the breaches we reported related to unauthorised disclosure of personal data.</p> <p>Typically, we do not classify customer complaints by the category 'breaches of data privacy', but by related product/service. We are reviewing this approach in 2020.</p> <p>Source: Company information</p>

Disclosure	Response
<b>MANAGEMENT APPROACH</b>	<p><b>MATERIAL TOPICS: CORPORATE GOVERNANCE &amp; ACCOUNTABILITY, ETHICS &amp; INTEGRITY AND COMPLY WITH LAWS, CODES &amp; REGULATIONS</b></p> <p>See, Culture pages 67 to 77.</p> <p>AIB's involvement with the impact of these material topics is cause and the key impacted stakeholders here are customers and employees.</p>

Disclosure	Response
205-1	<p><b>MATERIAL TOPIC: CORPORATE GOVERNANCE &amp; ACCOUNTABILITY</b></p> <p>All business areas are responsible for completing an annual risk assessment of activities and processes to identify those which might give rise to potential conflict situations or corruption and, where additional management oversight is required, to monitor all registered conflicts of interests, bribery or corruption of any sort, and to ensure that staff members are regularly apprised of the potential risks and mitigants required. AIB is also registered as a lobbyist and adheres to the requirements of the Lobbying Act.</p> <p>The most significant corruption risks faced 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.</p> <p>Source: Company information.</p>
Operations assessed for risks related to corruption	

Disclosure	Response
<p>205-2</p> <p>Communication and training about anti-corruption policies and procedures</p>	<p><b>MATERIAL TOPIC: ETHICS &amp; INTEGRITY</b></p> <p>Our Anti-Bribery and Corruption policy forms part of our Code of Conduct framework which outlines the conduct and behaviour of the business and those working in or for AIB. The policies within that framework that focus on corruption considerations are our Conflicts of Interest Policy and our Anti-Bribery and Corruption Policy. When we launched our Anti-Bribery &amp; Corruption policy in July 2018, an email was sent to all employees letting them know it was in place. The policy, together with supporting information, is available to all employees on our intranet. The policy is also publicly available on <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>.</p> <p>Corruption considerations and scenarios are included in our Code of Conduct training and in our Conflicts of Interests training. It is a mandatory requirement for all our employees, up to and including our Executive Committee, to complete an online training module on each annually. Annually an email issues to employees to advise them by when they must complete this training. In addition to their formal training, the Directors of our Board have access to the online suite of training courses should they wish to undertake additional self-learning.</p> <p>The completion of mandatory courses, including the Code of Conduct and Conflicts of Interests training which cover anti-bribery and corruption, is monitored by HR and it is reported annually to Board Audit Committee as part of the Code of Conduct. We do not currently make this information publicly available, but are working to improve this disclosure for our 2020 report.</p> <p>Source: Company information</p>
<p>GRI 419-1</p> <p>Non-compliance with laws and regulations in the social and economic area</p>	<p><b>MATERIAL TOPIC: COMPLY WITH LAWS, CODES &amp; REGULATIONS</b></p> <p>In 2019 the organisation has not identified any significant or systemic non-compliance with laws and/or regulations.</p> <p>Source: Company information</p>
<p><b>MANAGEMENT APPROACH</b></p> <p>103-1, 103-2, 103-3</p>	<p><b>MATERIAL TOPIC: TALENT ATTRACTION &amp; RETENTION</b></p> <p>See Talent Attraction and Retention, page 70.</p> <p>AIB's involvement with the impact of this material topic is cause and the key impacted stakeholder here is employees.</p>
<p>401-1</p> <p>New employee hires and employee turnover</p>	<p><b>MATERIAL TOPIC: TALENT ATTRACTION &amp; RETENTION</b></p> <p>See Total Hires and Total Leavers, page 92.</p>

## APPENDIX – NON FINANCIAL INFORMATION

OUR PEOPLE		2019	2018	2017	2016
<b>Permanent &amp; Temporary by Gender (FTEs as @ 31 December)</b>					
<b>Permanent</b>	Female	4,647	4,834	4,991	
	Male	3,693	3,681	3,589	
<b>Temporary</b>	Female	553	652	526	
	Male	536	664	614	
<b>Permanent &amp; Temporary by Region (FTEs as @ 31 December)</b>					
<b>Permanent</b>	Ireland	7,370*	7,507	7,485	
	Northern Ireland	472	487	545	
	Great Britain	498	521	550	
<b>Temporary</b>	Ireland	1,056*	1,279	1,124	
	Northern Ireland	9	4	1	
	Great Britain	24	33	15	

\* Includes 53 FTEs in our US operations

OUR PEOPLE		2019	2018	2017	2016
<b>Full-time and Part-time by Gender (FTEs as @ 31 December)</b>					
<b>Full-time</b>	Female	4,573	4,802	4,918	
	Male	4,209	4,320	4,186	
<b>Part-time</b>	Female	628	684	599	
	Male	20	25	17	
<b>Total</b>		<b>9,429</b>	<b>9,831</b>	<b>9,720</b>	

Information is collected on employees through our internal HR systems and data is compiled in the Data Analytics Centre of Excellence. There are no significant seasonal variances. The above data excludes 91 FTEs from the recent acquisition of Payzone.

Source: Company information

OUR PEOPLE		2019	2018	2017	2016
<b>Total Hires</b>					
<b>Age</b>	<30	811	1,154	852	1,080
	30-49	327	485	331	416
	50+	63	44	26	49
<b>Gender</b>	Female	546	789	549	699
	Male	655	894	660	846
<b>Region</b>	Ireland	1,113	1,566	1,118	1,482
	Northern Ireland	41	35	39	16
	Great Britain	47	82	52	47
<b>Total hires</b>		1,201	1,683	1,209	1,545
<b>Total annual hire rate**</b>		12.2%	17.3%	11.7%	15.1%
** Based on the total number of hires divided by the number of FTE staff at the start of the year					
<b>Total Leavers</b>					
<b>Age</b>	<30	663	746	686	680
	30-49	657	584	748	565
	50+	320	256	440	142
<b>Gender</b>	Female	877	826	1,082	691
	Male	763	760	792	696
<b>Region</b>	Ireland	1,507	1,359	1,556	1,254
	Northern Ireland	54	120	221	42
	Great Britain	79	107	97	91
<b>Total leavers</b>		1,640	1,586	1,874	1,387
<b>Total annual leaver rate***</b>		16.7%	16.3%	18.1%	13.8%

\*\*\* Based on the total number of leavers divided by the number of FTE staff at the start of the year. Leavers include voluntary attrition, contract expirations, retirements and voluntary severance. Source: Company information

We continue to simplify the organisation through management de-layering and rightsizing our workforce as we work towards making the bank as efficient as possible. Source: <https://aib.ie/content/dam/aib/investorrelations/docs/se-announcements/2019/aib-group-plc-q3-2019-trading-update.pdf>

OUR PEOPLE		2019	2018	2017	2016
<b>Employees by Country – Full-Time Equivalent (FTE)</b>					
Country	Ireland	8,770	8,681	8,840	8,797
	Northern Ireland	1,026	1,066	1,244	1,376
	Great Britain	59	54	53	53
<b>Total</b>		<b>9,855</b>	<b>9,801</b>	<b>10,137</b>	<b>10,226</b>

The average number of employees excludes employees on career breaks and other unpaid long-term leaves. Actual FTE numbers at 31 December 2019 were 9,520 (compared to 9,831 at the end of 2018) and includes 91 FTEs from the recent acquisition of Payzone.

Source: AFR 2019 page 364, (AFR 2018 page 362 and AFR 2017, page 366)

	2019	2018	2017	2016
<b>Accessibility of our Products &amp; Services</b>				
Daily interactions	1.93m	1.8m	1.5m	
Locations across Ireland and the UK	325	324	327	

Source: 2019 – refer to page 12. 2018 and 2017 – refer to our Detailed Sustainability Report for 2018 and 2017 respectively

<b>Customer Satisfaction</b>				
Relationship – Personal NPS	+34	+35	+21	
Relationship – SME NPS	+20	+24	+19	
Transactional – Homes NPS	+53	+50	-	

Source: AFR 2019, page 24

<b>Number of Digital Customers &amp; App Users</b>				
Active digital customers	1.5m	1.4m	1.4m	
Active on mobile app	1.3m	0.94m	0.7m	

Note: Digital customers includes internet banking, tablet banking and mobile banking.

Source: 2019 – refer to page 12 (2018 and 2017 – refer to our Detailed Sustainability Report for 2018 and 2017 respectively)

	2018	2017	2016	Baseline 2009
<b>Our CO<sub>2</sub> Emissions (1 January to 31 December)</b>				
<b>Local-Based Carbon Emissions</b>				
<b>Total tCO<sub>2</sub> e</b>	<b>34,831<sup>3</sup></b>	<b>29,525</b>	<b>32,788<sup>1,2</sup></b>	<b>45,869</b>
Total Scope 1	5,212	5,160	5,471	<b>11,514</b>
Total Scope 2	14,316	15,663	16,557	<b>21,272</b>
Total Scope 3	15,304	8,702	10,760	<b>13,082</b>

#### Market-Based Carbon Emissions

<b>Total tCO<sub>2</sub> e</b>	<b>19,204<sup>3</sup></b>	<b>13,911</b>	<b>21,575<sup>1,2</sup></b>	<b>28,509</b>
Total Scope 1	5,212	5,160	5,471	<b>11,514</b>
Total Scope 2	45	49	5,344	<b>3,912</b>
Total Scope 3	13,947	8,702	10,760	<b>13,082</b>

Emissions in tonnes of CO<sub>2</sub> in line with the GHG Protocol: A Corporate Accounting and Reporting Standard and Defra Voluntary Reporting Guidelines

**Scope 1 emissions:** include Fuels combustion, AIB's fleet, Fugitive emissions

**Scope 2 emissions:** include consumption of all purchased electricity.

**Scope 3 emissions:** We have calculated emissions for the following relevant Scope 3 categories: Purchased goods and services, Capital goods, Waste generated in operations, Business Travel, Employee commuting. Note that the category of Fuel-and-energy-related activities (WTT) has been calculated only for 2018 emissions. More information on our Scope 3 data can be found in our 2018 CDP report (Section C6.5).

A third-party verification (ISO 14064-3) was completed for all reported emissions

<sup>1</sup> Restated 2016 and 2015 emissions data to improve the accuracy of reporting.

<sup>2</sup> Restated all historic years to reflect improved methodology in calculation of all categories of emissions reported.

<sup>3</sup> In 2018, we expanded our Scope 3 reporting boundary to include well-to-tank (WTT) emissions from our business activities and this is why our footprint appears to have increased. WTT emissions are the upstream emissions associated with extracting, refining and transporting fuel/energy to the end-user. WTT emissions in 2017 footprint were: 5,074 tonnes of CO<sub>2</sub> (market-based), 6,663 tonnes of CO<sub>2</sub> (local-based). Taking these into consideration, our footprint has decreased from 36,188 tonnes of CO<sub>2</sub> to 34,831 tonnes of CO<sub>2</sub> (local-based).

# 06 CONCLUSION & ASSURANCE

Throughout 2019, we have made considerable progress in continuing to listen and respond to our stakeholders, and in doing so have enhanced and developed a clear sustainability strategy as a fifth pillar of our Group Strategy, aligned with our purpose. We will continue to report fully on our progress against our new targets and ambitions on an annual basis.

This is an ongoing journey and we recognise the value that doing this well can bring to our customers, our employees, our business and the communities & economies where we operate – shared value where everyone benefits.

If you have any comments or observations on what you have read in this report, we would like to hear from you.

You can get in touch with us through any of the channels below:

 [sustainability@aib.ie](mailto:sustainability@aib.ie)

 [facebook.com/askaib](https://facebook.com/askaib)

 [@AskAIB](https://twitter.com/AskAIB)

 [LinkedIn.com/company/aib](https://LinkedIn.com/company/aib)

# Deloitte.

## Independent assurance report by Deloitte to Allied Irish Bank Plc ("AIB") on the preparation of the 2019 Detailed Sustainability Report in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option.

### What we looked at: scope of our work

AIB has engaged Deloitte to perform limited assurance procedures on their self-declaration of preparing the 2019 Detailed Sustainability Report ("Report") in accordance with the Global Reporting Initiative's (GRI) Standards: Core Option, for the year ended 31 December 2019.

### What standards we used: basis of our work, criteria used and level of assurance

We carried out limited assurance procedures on the selection of key performance indicators in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000 (Revised)). To achieve limited assurance, the ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the Report, on which we provide assurance. It does not include detailed testing for each of the indicators reported, or of the operating effectiveness of processes and internal controls. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### What we did: key limited assurance procedures

To form our conclusions, we undertook the following procedures:

- Interviewed management and those with operational responsibility for sustainable business performance to assess the application of the GRI Standards Reporting Principles in the preparation of the Report;
- Understood, analysed and assessed the key structures, processes, procedures and controls relating to the preparation of the Report;
- Evaluated whether the management approach for the material sustainability issues presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at AIB;
- Assessed the completeness and accuracy of the GRI Standards content index with respect to the GRI Standards: Core option, including review of reasons for omission; and
- Reviewed the content of the Report against the findings of the aforementioned procedures.

### Limitations

The process an organisation adopts to define, gather and report information on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology, often with no consistent, accepted external standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop.

In relation to our work performed on the Report, we note the following specific limitation:

- Our testing did not include assurance of, or detailed testing of the underlying data for each of the indicators reported, or of published assertions. As such, our work does not involve procedures to verify the accuracy of the performance data or assertions published.

### Our independence and competence in providing limited assurance to Allied Irish Bank

- We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to AIB that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.
- Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with many years' experience in providing corporate sustainability report assurance.
- In performing our work, we applied International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### What we found: our assurance conclusion

Based on the scope of our work and the assurance procedures we performed, nothing has come to our attention that causes us to believe that the AIB 2019 Detailed Sustainability Report has not been prepared, in all material respects, in accordance with the GRI Standards: Core Option.

### Roles and responsibilities

#### AIB:

The Office of Sustainable Business are responsible for the preparation of the Report and for the information and statements contained within. They are responsible for determining sustainability objectives, materiality, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

#### Deloitte:

Our responsibility is to independently express conclusions on the subject matters as defined within the scope of work above to AIB in accordance with our letter of engagement. Our work has been undertaken so that we might state to AIB those matters we are required to state to them in this assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than AIB for our work, for this report, or for the conclusions we have formed.



**Eileen Healy,**  
Partner,  
For and on behalf of Deloitte Ireland LLP  
5th March 2020