

1. Introduction

Welcome to Our Sustainability Report for 2023

Progressing our sustainability agenda is a strategic priority for AIB and is a core tenet of our corporate strategy.

We continue to play our part to ensure a greener tomorrow by backing those building it today. We have made ambitious commitments to play a central role in supporting our customers, colleagues, and many other stakeholders on this journey.

Open disclosure and accountability promote trust and confidence among stakeholders, and so we are committed to building our corporate sustainability disclosures year-on-year.

Our Sustainability Report for 2023 is divided into five sections, as follows:



Above - The Factory, Birr, County Offaly

1. Introduction

Details about our organisation, sustainability strategy, and who our stakeholders are.

Pages 03-13

2. Climate & Environmental Action

- The Journey to Net Zero
- Net Zero in Our Own Operations
- Protecting and Safeguarding Nature
- Climate-related Risk Management

Pages 14-32

3. Societal & Workforce Progress

- Societal & Economic Progress
- Supporting Customers
- Our Colleagues
- Sustainable Communities

Pages 33-54

4. Governance & Responsible Business

- Our Governance Structure
- Corporate Governance, Ethics and Accountability
- Culture and Reputation
- Cyber Security and Data Protection

Pages 55-71

5. Supporting Information

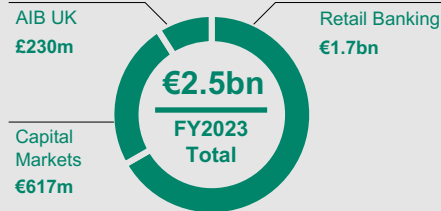
Tabular view of disclosures and ESG supporting information. Pages 72-110

AIB Group at a glance

Well Positioned in Key Sectors

In 2023, AIB Group operated three core segments, predominantly in Ireland and the UK, furthering our ambition of being at the heart of our customers' financial lives. From 2024, these will be complemented by a new Climate Capital segment, which is being created to increase the Bank's capability in funding significant sustainable infrastructure projects and to support the transition to a zero-carbon future. We look forward to reporting on our four core segments from 2024.

Operating Contribution by Segment



Operating contribution is before exceptional items. Total includes Group segment loss of €54m. For further information see Segment Reporting on pages 42 to 46 in the Operating and Financial Review, Annual Financial Report 2023.

Credit Ratings

Moody's	A3
S&P Global	BBB

AIB's Sustainability Performance Assessed by Key Agencies

Our performance continues to be recognised by independent ESG ratings agencies where we hold leadership positions.

Sustainalytics	12.7
MSCI	AA
S&P Global	61
CDP	A-

AIB achieved the 2024 Industry Top rated with Sustainalytics, and is a member of the S&P Global CSA Sustainability Yearbook 2024. Information correct as at 06.03.2024. For more information see www.aib.ie/sustainability/esg-ratings

Retail Banking

3.02m Active Customers¹
€39.2bn Net Loans

Retail Banking supports our personal and business customers with a comprehensive range of banking and financial services, delivered through our branch and digital channels with an expanded reach via EBS, Haven, Payzone, AIB life, AIB Merchant Services and Nifti.

Capital Markets

Relationship-driven Model
€19.4bn Net Loans

Capital Markets, which includes Goodbody, serves the Group's large and medium-sized business customers as well as our private banking customers, providing deep-sector expertise combined with our comprehensive product offering.

AIB UK

264k Active Customers¹
€6.0bn Net Loans

AIB UK operates in two distinct markets of Great Britain and Northern Ireland. Across both regions, AIB supports our corporate customers with sector-specific expertise. In Northern Ireland, we offer full service retail banking.

1. Active customers defined as those meeting specific criteria under one or more of three categories: Activity, Balance and Policy.

Our Brands



AIB is our principal brand across all our geographies. AIB provides a range of products and services to retail, business and corporate customers. AIB holds market-leading positions across key segments.



EBS is a predominantly mortgage-focused brand within AIB Group, helping thousands of customers buy their own homes in Ireland. It offers mortgage, personal banking, savings and investment products and services.



Haven is our mortgage broker channel, providing mortgages through intermediaries on behalf of AIB Group.



Goodbody offers wealth management, asset management and investment banking services with quality advice and exceptional client service at the core of its offering.



AIB life is a joint venture with Great-West Lifeco providing protection, pensions and investments to help customers on their path to financial security one step at a time.



Payzone, a subsidiary of AIB Group, provides comprehensive payment solutions to more than 7,500 retail stores, more than 100 clients and more than 500,000 app users across Ireland.



AIB Merchant Services is an associate of the Group, with the other shareholder being Fiserv, a global leader in fintech and payments. It is one of Ireland's largest payment solution providers and one of Europe's largest e-commerce acquirers, with a global customer base.



Nifti is an associate of the Group, with the other shareholder being Nissan Ireland Ltd. NiftiBusiness and Nifti Personal Leasing promote mobility solutions including more sustainable offerings. NiftiBusiness assists companies in achieving their fleet management goals; Nifti Personal Leasing offers personal car leasing to consumers via AIB's new Personal Contract.

Value Creation

Value Created for Our Stakeholders in 2023

Helping to deliver a more sustainable future for all is at the heart of AIB's agenda. As a recognised leader of sustainability, and through our Pledge to Do More, we are committed to building long-term resilience and sustainability for stakeholders.

Key to Stakeholder Groups

- Our customers
- Our employees
- Our suppliers
- Our investors
- Regulators
- Society and community

2.19m

Digitally active customers



3.62m

Daily digital interactions



9,430

First-time buyers supported

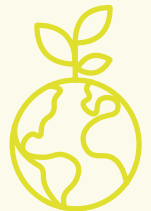


15.8%

CET1 (Fully loaded)

€10.8m

Community investment



€4.0bn

New mortgage lending



€12.3bn

New lending



No. 1^{1,2}

- SME business current account³
- Personal loans⁴
- Personal main account
- Personal credit cards

503

Social homes funded

1. Information as at 15 January 2024.

2. Customer Data Points source: Ipsos Personal Finance Market Pulse 2023.

3. SMEs Market Monitor 2023 (Ipsos B&A on behalf of AIB).

4. Personal lending (excl. car loans) among banks.

5. 'Tax paid' (€349m) refers to taxes borne by the Group, including corporate tax, bank levy, employer social insurance and irrecoverable VAT. 'Tax collected' (€273m) comprises taxes collected from employees, customers and shareholders.

6. Freefloat shares represent the number of AIB shares that aren't restricted and can be publicly traded.

7. AIB Group employees, including Goodbody & Payzone. Staff numbers are on a full time equivalent (FTE) basis.

10,551

Employees⁷



€912m

Employee salaries and benefits

2,527

Suppliers transacted with

€622m

Tax paid and collected⁵

59%

Freefloat⁶

€696m

Cash Dividend

9,300

Homes under development

AIB Chief Executive Officer, Colin Hunt, Q&A



In conversation with CEO Colin Hunt on our progress from 2023 and our 2024 Group sustainability priorities.

“The threat of climate change to our entire planet has become a reality and so we must think globally.”

Colin Hunt
Chief Executive Officer

What were your sustainability highlights of 2023?

The highlight of my year was welcoming a record number of people – both online and in-person – to the 7th AIB Sustainability Conference, including the Rt. Hon. Dame Jacinda Ardern, who is an inspirational leader on the world stage. Every year, we lead a conversation with our stakeholders on the importance of sustainability at this event, so I was also very pleased to announce the increase of our Climate Action Fund to €30bn by the end of 2030, supporting the delivery of our ambition to have a net zero portfolio by 2040 and by 2050 including Agriculture.

And I always like to highlight AIB's leadership in ESG bond issuances. In 2023, we issued our fifth Green Bond and second Social Bond, each raising €750m, bringing the total AIB has raised from ESG bonds so far to €5.75bn since 2020. AIB remains the only Irish bank to have issued a Social Bond.

What role does sustainability play in achieving AIB Group's strategic priorities?

Our purpose is empowering people to build a sustainable future, and sustainability remains at the heart of our Group strategy. Having developed a stronger core to the Group in the past number of years while also welcoming a large number of new customers due to the changing banking landscape in Ireland, we have laid the foundations for the next phase of strategic development. Over the next three years, we will continue to put our purpose into action.

What will be the benefits for your customers?

To ensure real, transformative action, we are going to build a dedicated green financing division, creating a Climate Capital segment to complement our other segments – Retail Banking, Capital Markets and AIB UK. The threat of climate change to our entire planet has become a reality and so we must think globally. Our new Climate Capital segment will maintain this global outlook, focusing on established renewables technology in North America, the UK and Europe. We will also review and further develop our green products to ensure we are sufficiently supporting all of our customers – including businesses and organisations of all sizes as well as families and people of all ages – in the transition to a low-carbon economy.

Can you speak to any challenges you've encountered?

As a financial institution, our role is very clear: we must support our customers on their own sustainability journeys, notwithstanding the challenges we will inevitably face along the way. We never anticipated that our own journey would be straightforward. The transition to low-carbon is a complex one, and emissions can be impacted by a great number of factors. It is rarely a linear process. But that is exactly why we have set stretching targets; they are challenging and simultaneously keep us in step with our customers, creating an urgency and momentum across the Group to align around this priority.

Tell us about AIB's ongoing community support.

I am very proud of the support AIB Group, along with our customers, has provided to GOAL, an Irish organisation providing vital humanitarian relief to the most vulnerable people around the world. At the end of the year, our communities came out in droves to complete the annual GOAL Mile, raising a record €630,000 some of which was raised directly via new 'Donate' functionality on the AIB App, which had been used for the first time earlier in the year to support those affected by the devastating earthquake in Turkey-Syria.

Closer to home, our own AIB Community €1 Million Fund provided direct support to 80 charities primarily throughout Ireland and also in Great Britain. Recipients of the AIB Community €1 Million Fund are those charity organisations nominated by our customers, employees and the general public, and in 2023, such nominations nearly trebled. This engagement shows the important social role AIB and our customers play in our communities, both locally and globally.

And, finally, what are your ambitions for the year ahead?

I have no doubt that 2024 will bring both challenges and opportunities. Throughout it all, much like in previous years, I am looking forward to continuing to support our customers as we pursue our ambition to be a driving force in the transition to a zero-carbon future.



“I was also very pleased to announce the increase of our Climate Action Fund to €30bn by the end of 2030, supporting the delivery of our ambition to have a net zero portfolio by 2040, and by 2050 including Agriculture.”

Colin Hunt
Chief Executive Officer

Chair of SBAC, Helen Normoyle, Q&A



Helen Normoyle, SBAC Chair, discusses the highlights from the previous year and the role of the committee in the oversight of our strategy refresh and ambitions for 2024.

“The Group continues to make progress and deliver on its sustainability and ESG ambitions”

Helen Normoyle

Chair of Sustainable Business Advisory Committee (SBAC)

What were your sustainability highlights of 2023?

As Chair of SBAC, I am pleased to present our Sustainability Report 2023, which has been assured by Deloitte with reference to GRI. This is AIB Group's 8th annual detailed report, a measure of its ongoing commitment to developing the sustainability agenda and the determination to embed ESG across the organisation as part of its core business strategy. In bringing this report together, AIB can also take the opportunity to look back on another year of supporting our customers in the transition to a low-carbon economy.

Much like Colin, I was delighted to address a record number of attendees at the AIB Sustainability Conference in November. The announcement at that event of the increase of our Climate Action Fund to €30bn by the end of 2030 was the result of the continued outperformance of the Group's green and transition lending. At the end of 2023, AIB had issued a total of €11.6bn in green lending, since the fund's launch in 2019.

This was AIB's 7th Sustainability Conference. When we started this conversation in 2017, the sustainability agenda was very far from both business thinking and the customer narrative. In 7 years' time we will reach our first deadline of our 2030 targets – net zero in AIB's own operations and 70% of all our new lending to be green or transition. This is, very clearly, the half-way mark in our journey.

Why did AIB Group choose to evolve its sustainability strategy in 2023?

It was the end of a three-year strategic cycle for the Group and, in line with the revision of the Group strategy, AIB took the opportunity to ensure our sustainability strategy is fit for purpose. In terms of frameworks, regulation, and even research and innovation, sustainability itself has evolved over just a short period of time. Financial institutions have an important role to play in climate and social action globally, providing vital funding for the developments that are required – at both large and small scale – to avoid the worst effects of climate change.

For 2024 and beyond, AIB Group's sustainability strategy is framed by three pillars: Climate &

Environmental Action; Societal & Workforce Progress; and Governance & Responsible Business. Indeed, this report is structured around these pillars, and so you can read more about the Group's activity within each pillar in the following pages.

What was SBAC's role throughout 2023?

Governance of AIB's sustainability agenda is central to what we do at SBAC, and as Chair, I am joined on the Committee by three of my Non-Executive Director colleagues as well as the Chief Executive Officer, the Chief People Officer, the Chief Strategy & Sustainability Officer and the Head of Energy, Climate Action and Infrastructure. The sustainability strategy is implemented by the Group Sustainability Committee, a sub-committee of the Executive Committee. You can read more about these committees and others involved in ESG activity on page 58. The robust governance structure around this agenda demonstrates how serious and committed AIB is as an organisation to advancing its sustainability ambitions and plans.

Other key matters considered by SBAC during 2023 included ESG products and propositions, regulatory engagement and expectations, review of the 2023 stakeholder materiality assessment, and development of the social agenda including vulnerable customers. Please find more details in our AFR report on page 110.

What were SBAC's considerations in approving the Group's evolved sustainability strategy?

We must always be cognisant of both local and international developments, especially when it comes to making medium- and long-term strategic plans for AIB Group. As such, frameworks such as the UN Sustainable Development Goals (SDGs) and the incoming Corporate Sustainability Reporting Directive (CSRD) provide a useful ongoing reference to ensure AIB continues to provide appropriate support as a financial institution and pillar of the domestic economy – not to mention reporting under these frameworks.

And the Group must constantly refer back to its stakeholders. As such, the double materiality exercise AIB undertook in 2023 revealed the topics that matter most to its stakeholders underpinned by that which has a material impact to the Group.

These topics framed the approach AIB took to developing its sustainability strategy, never losing sight of its stakeholders' own priorities in that regard. You can read about the issues that matter most to the Group's stakeholders on page 8, and AIB's response to those issues are detailed within this report as well.

From a governance perspective, what will SBAC be focused on for 2024?

As 2024 will be the first year of CSRD implementation, for which AIB and especially SBAC have been in preparation over the last number of months. CSRD is designed to make corporate sustainability reporting more common, consistent, and standardised – in a similar vein to financial accounting and reporting. It places a welcome rigour and emphasis on non-financial reporting, and will be an important and helpful mechanism to increase transparency, prevent greenwashing and improve the sustainability of businesses across the EU and farther afield.

The clock is ticking at this halfway mark, and our progress to date has been built on successive steps, which we must continue to drive.

As the Group continues to make progress and deliver on its sustainability and ESG ambitions, I would like to thank my fellow Committee members, AIB CEO Colin Hunt and all his team, who remain resolutely focused on progressing the Group's purpose of empowering people to build a sustainable future.



Helen presenting at the AIB Sustainability Conference November 2023

Engaging Our Customers on Their Sustainability Journey

As a champion of sustainability, we are keenly aware of our role in engaging and supporting our customers in the transition to a low-carbon economy. That's why we place such focus on getting out to talk, present and collaborate with partners.

Key highlights from 2023 include:

January – March

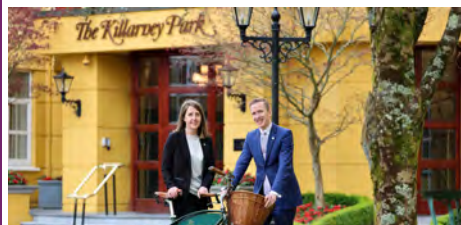


AIB Group Sustainability Report 2022

Our seventh such report, which was published on aib.ie in conjunction with our annual financial results and promoted widely across social media.

Transport Sustainability Guide

Providing information for those operating within the transport sector, or with a transport aspect to their business, on how they can operate their business more sustainably.



Hotel & Accommodation Sustainability Guide

Highlighting some key resource-intensive areas in the sector and providing ideas for business to enhance their sustainability performance.

April – June

GreenTechHQ partnership

GreenTechHQ is an entrepreneurial hub in Enniscorthy, Co. Wexford that supports start-ups and companies developing sustainable solutions.



Manufacturing Sustainability Guide

Industry report launched by the Head of SME Sustainability at the Manufacturing Solutions Conference in Limerick.



AIB Community €1 Million Fund

16,000 customers, employees and members of the public nominated the causes close to them, with 80 local charities receiving funding.

Farm Zero C partnership

AIB became the exclusive finance partner to Farm Zero C, a project that is aiming to create an economically viable, climate neutral model for Irish dairy farming.

July – September

National Ploughing Championships

The popular AIB Shed Talks were back, hosting panel discussions with a focus on sustainability across the three days of this much-loved festival.



Sustainability Champions Launch

Sustainability Champions have been appointed in each AIB Business Centre to lead out on the sustainability agenda in their local markets.

Understanding ESG for Business Customers

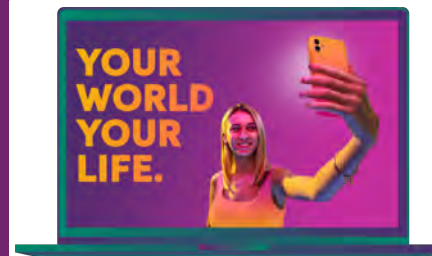
A new course developed with the Institute of Bankers (IoB) offering an understanding of the challenges and opportunities facing our business customers.

Nursing Homes Sector Sustainability Guide

Launched at the Nursing Homes Ireland event, the guide contains tools and information for reducing carbon and enhancing the social benefits of nursing homes across Ireland.

Future Sparks 2023-24 Programme

Our skills-based, interdisciplinary programme for post-primary schools in Ireland returned for another academic year, with 659 schools registered to take part.



October – December

AIB Sustainability Conference – It's Time to Act

With 9,201 attendees, AIB customers were invited to take part in the conversation both online and in person, with keynote speakers Rt. Hon. Dame Jacinda Ardern and Trevor Noah.



AIB GOAL Mile

In this second year of AIB's support of this national event, 39,700 registered to run or walk a mile and raise €630,000 for GOAL's humanitarian work around the world.



Demystifying ESG for SMEs

In December, AIB hosted a live information webinar offering advice to our SME customers who want to take practical steps in making their business more sustainable.

Regional Sustainability Events

Following our hugely successful Sustainability Conference, we held local events in Cork, Wexford, Galway and London to continue to engage our customers across sectors.

Customer 1st Academy

Launched in October for colleagues in customer-facing roles, our Customer 1st Academy ensures consistent customer engagement and customer experience.

Our Material Topics

What Matters to Our Stakeholders

To serve our stakeholders' best interests, we at AIB Group continue to improve our reporting against the targets we have set across all elements of sustainability as part of our strategic growth.

Since 2016, we have engaged with our stakeholders to identify the issues that are material to them and have reported in line with those issues. In 2023, we carried out a 'double materiality' assessment in advance of the incoming Corporate Sustainability Reporting Directive (CSRD) assessing on 'Impact' and 'Financial' materiality.

A double materiality assessment is the starting point for sustainability reporting under the European Sustainability Reporting Standards (ESRS). AIB will report to these standards from the financial year 2024, and this assessment is considered a key element of a CSRD reporting strategy.

This year, we will continue to report material topics identified by our stakeholders from an impact perspective, and next year our CSRD disclosures will also reflect in detail upon financially material topics.

In consideration of next year's sustainability reporting, our CSRD disclosures will be presented in the Annual Financial Report for the financial year 2024 onwards.

Our Materiality Assessment Process

- 1 Context**
Understanding AIB's context, value chain and stakeholders
- 2 Preliminary Topics**
Developing preliminary list of material sustainability matters (topics)
- 3 Impact Materiality**
Identifying and assessing materiality of impacts across sustainability topics through stakeholder engagement
- 4 Financial Materiality**
Identifying and assessing materiality of risks and opportunities across sustainability topics through stakeholder engagement
- 5 Validation**
Validation of material topics and sign-off

The 2023 materiality assessment was conducted by engaging with many different representatives from across our stakeholder groups including customers, employees, suppliers, investors, regulators, community and

trade associations, and also the general public. From a comprehensive list of topics, we asked all stakeholder groups to identify the topics where AIB can have a material impact. Stakeholders assessed these topics over short-, medium- and long-term time horizons. Responses were captured through a mix of online surveys, workshops and insight sessions.

We then identified the impacts, risks and opportunities for each topic. We validated the results and determined a materiality threshold in order to identify the topics of most materiality to AIB.


The final results of the stakeholder materiality assessment process fed into our consideration of material topics. The material topics were then brought through – and challenged by – appropriate governance, culminating in review by the Sustainable Business Advisory Board (SBAC).


The number of 'Impact' material topics has reduced from 13 in 2022 to 7 in 2023, this is not unexpected given the change in the materiality assessment approach where we have moved from a GRI approach in 2021 to a CSRD approach in 2023. CSRD is underpinned by broader definitions of material topics and as outlined above the assessment process itself is also broader. The material topics are presented on this page and are discussed in more detail throughout the report.

Our Material Topics

The following topics are highlighted throughout the rest of this report with a 'Material Topic' identifier.


Environmental


 **Responsible Lending and Investment**
As a financial institution, and a pillar bank in Ireland, AIB can support all of our customers with their transition to a low-carbon economy with the appropriate products and services.

 **Climate Change Adaptation**
The Group must adjust our own operations and business model to best meet the challenges of climate change – leading by example in this regard.

Social


 **Customer Banking Experience**
AIB must ensure a truly positive customer experience, managing our various channels to cater for all of our customers' needs.

 **Financial Inclusion and Wellbeing**
We want everyone to understand, have access to, and effectively manage their own money for the life they're after, and we take extra care of the most vulnerable in our society.

 **Housing**
Given our central role in the housing lifecycle, we can continue to improve the urgent availability and affordability of housing in Ireland.

Governance

 **Cyber Security and Data Protection**
In an increasingly threatening environment, we must continue to safeguard and protect our systems against cyberattacks, theft and exploitation of our data.

 **Corporate Governance, Ethics and Accountability**
We are compliant with best practice in good corporate governance, including ESG governance, operating with clear purpose and a long-term vision for the Group.

Stakeholder Engagement

Our Stakeholder Groups

Our purpose is empowering people to build a sustainable future, so effective and systematic stakeholder engagement is a key focus of our approach to sustainability and our strategic growth. Our stakeholder management and engagement is a continuous process overseen by our Executive Committee.

Our customers engage with the Group every time they interact with any of our services, and we have been using the Net Promoter Score (NPS) framework to measure and monitor our progress in terms of customer service. More information on AIB's 'Voice of the Customer' programme can be found on page 37.

As **colleagues** engagement is inherent in our workday be it team meetings, 1:1s, emails or instant messaging. We also ensure colleagues are engaged collectively, particularly when it comes to communicating strategic developments. To that end, each business area hosts multiple Townhall events throughout the year, while the entire workforce is invited to join (in person/remotely) at least twice a year for live All-Employee Updates.

We have a Group-wide Third Party Management (TPM) programme, aimed at ensuring our **suppliers** are managed appropriately and effectively. Our Procurement function maintains oversight and face-to-face interaction with suppliers where required and the Responsible Supplier Code sets out our expectations of suppliers. We go into more detail about our engagement with suppliers on page 62.

We run a structured annual engagement programme with **investors** and potential investors, involving appropriate senior management and usually scheduled around the annual and half-yearly results announcements and quarterly trading updates. Our Annual General Meeting (AGM) provides an opportunity for investors to hear from the Board on the Group's performance and, likewise, for investors to give feedback to the Board.



Above: Enda Buckley (centre), Director of Sustainability at Carbery Group with PhD Student Mary Kate Doherty and Gavin Hunt, former Farm Zero C Project Manager

We maintain appropriate ongoing engagement with our **regulators**, engaging both proactively and reactively in response to their requests and/or regulatory examinations, stress tests, and information requests.

And, finally, AIB Group, as a group of financial services companies, is deeply rooted in the **economies and communities** of the jurisdictions in which we operate, with a market-leading franchise across Ireland in particular. We are alive to our role in providing access to banking facilities, financial wellbeing and community support, along with our aim to support the transition to a low-carbon economy.

Find more details on our stakeholder engagement per group throughout 2023 on page 10.

Responsible Engagement

To serve our stakeholders best interests we engage directly and indirectly with them in a responsible manner.

As well as engaging directly with our stakeholders, we also engage through representative industry groups. We are members of and actively participate in the:







- Banking & Payments Federation Ireland
- European Banking Federation
- Financial Services Union
- IBEC
- Irish Paper Clearing Company*
- Irish Payments Council*
- Institute of Bankers (IoB)*
- Cyber Defence Alliance*
- United Nations Environment Programme Finance Initiative.

In the UK, we actively participate in UK Finance. These memberships support and are aligned with our strategy; however, we do not provide funding beyond membership. We are also members of and active participants in other sector-agnostic groups, including the 30% Club and Open Doors.

Lobbying activity in Ireland is recorded on the lobbying register. AIB is registered as a lobbyist, albeit we do not actively lobby (www.lobbying.ie/organisation/803/aib-group). Our approach to lobbying is covered in our Conflicts of Interest policy and Financial Crime policy (which are publicly available), and our internal Lobbying policy. In addition, political donations are prohibited under our Conflicts of Interest policy.

*AIB holds a governance position with these groups

Stakeholder Engagement continued

Stakeholder group	Key areas of interest	How and when we engaged	Key outcomes	Measuring our progress
Our customers 	<ul style="list-style-type: none"> Access to banking facilities Cost of living Responsible lending Climate action supports Customer banking experience Data and cyber security 	<ul style="list-style-type: none"> 48 Easy Banking Workshops c. 43k average branch footfall per day 3.62m digital interactions per day c. 70k Voice of the Customer surveys 	<ul style="list-style-type: none"> A renewed focus on customer engagement Customer Charter Increased digital capability AIB Business App Enhanced fraud support and awareness SME lending schemes 	<ul style="list-style-type: none"> Customer transactional NPS in ROI: +45¹ Customer engagement with everyday supports, including in person, via our Mobile Banking Apps, online or over the phone 30% growth in green lending² €11.6bn green lending since 2019; €10bn Climate Action Fund exceeded
Our colleagues 	<ul style="list-style-type: none"> Employee engagement Learning & development Wellbeing Recognition and reward Net zero targets 	<ul style="list-style-type: none"> 2 'Check-in' employee surveys 2 All-Employee Update live events 5 Employee resource groups LEAD training for 3,000 employees Aspire performance review process Speak-up and Grievance processes Industrial Relations partner engagement Net zero awareness campaigns 	<ul style="list-style-type: none"> Progressive Leave policies, including Carers' Leave and Significant Life Events Leave Provision of employee healthcare benefits from January 2024 Introduction of a Variable Remuneration scheme from January 2024 Once-off Cost of Living support to all employees 	<ul style="list-style-type: none"> 81% satisfaction rate with AIB as an employer³ Gender balanced Board, Executive Committee (ExCo) and all management
Our suppliers 	<ul style="list-style-type: none"> Responsible Supplier Code Supply chain support Geopolitical impacts 	<ul style="list-style-type: none"> Ongoing face-to-face interactions Third Party Management process Annual attestation for larger suppliers Information requests and direct approaches and campaigns 	<ul style="list-style-type: none"> 57 Key supplier attestations Response to information requests, direct approaches and campaigns Engagement of CDP programme to support suppliers 	<ul style="list-style-type: none"> Ongoing supplier engagement Increase in suppliers reporting under CDP
Our investors 	<ul style="list-style-type: none"> Balance sheet resilience Operating environment Inorganic initiatives and opportunities Closing out legacy items Sustainability integration into business strategy and processes Revenue trajectory Capital distribution plans 	<ul style="list-style-type: none"> Annual structured investor engagement programme with executive management Financial and non-financial reporting Dedicated market updates aib.ie/investorrelations 	<ul style="list-style-type: none"> Strengthened relationships and mutual understanding of progress Access to sustainability-focused capital and wider investor base Enhanced sustainability briefings Normalisation of the share register Return the state's investment in AIB 	<ul style="list-style-type: none"> Stable share register, quality institutions, well spread geographically. Green and Social Bond issuances totalling €1.5bn in 2023 Credit rating agency and ESG leadership ratings C. €14bn returned to the state Enhanced liquidity with c. 59% free float NPEs 2.96% of Gross Loans; Exceeded NPE target c. 3% €11.6bn green lending since 2019; €10bn Climate Action Fund exceeded
Regulators 	<ul style="list-style-type: none"> Consumer support Strategy execution and business model Impact of economic uncertainty Integration of acquisitions Climate risk management 	<ul style="list-style-type: none"> Regular and structured annual engagement Regulatory meetings with Board and management Onsite inspections 	<ul style="list-style-type: none"> Constructive engagements Alignment on key areas of focus and risks Discussion on strategic opportunities and execution 	<ul style="list-style-type: none"> Annual supervisory assessment process (SREP) Information request response rate
Society and community 	<ul style="list-style-type: none"> Access to banking facilities Financial literacy and wellbeing Environmental transition leadership Community support 	<ul style="list-style-type: none"> Vulnerable customer support Future Sparks Programme Financial planning consultations Annual AIB Sustainability Conference Community partnerships and support Employee volunteering Representation on community and industry groups 	<ul style="list-style-type: none"> Enhanced supports for customers in vulnerable circumstances "It's Time to Act" AIB Sustainability Conference message Media engagement and thought leadership 80 local charities supported by AIB Community €1 Million Fund 	<ul style="list-style-type: none"> c. 5,000 additional customers in vulnerable circumstances supported⁴ 550k financial literacy supports provided c. 9,000 AIB Sustainability Conference attendees €10.8m total community investment

1. Transactional NPS is an aggregation of 20 Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking journeys in ROI.

2. Percentage represents total new green lending / all new green lending (see Sustainable Finance data on page 100).

3. Satisfaction rate is based on respondents from AIB engagement survey for the third quarter of 2023.

4. An Additional Support Flag system allows our staff record support needs to ensure the customer receives consistent support. During 2023, an additional c.5,000 customers were flagged for additional support. C 16,000 customers are flagged for additional support in the organisation since the inception of the support flag in 2020.

Sustainability Strategy 2020-2023

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


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


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


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

From this initiative, further targets were set, including:

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

Impact area	Targets	Performance to the end of 2023
Environment & Climate 	2023: €10bn Climate Action Fund in new green & transitional lending (€2bn per year)	€11.6bn in Green lending since 2019¹ €3.7bn Green lending in 2023
	2030: Net zero in our operations	17% Reduction in operational emissions² in 2023 49% Reduction since 2019
	2040: Net zero ambition financed emissions Customer portfolio lending (Agriculture by 2050)	Financed emissions targets set for 75% of loan book

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

Impact area	Targets	Performance to the end of 2023
Future Proof Business 	2023: +53 Transactional NPS³	+45 Transactional NPS
	2023: >2.25m Digitally active customers	2.19m Digitally active customers
	Ongoing: Gender balanced⁴ Management On Group Board	Gender balance maintained

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

2. Absolute Scope 1 & 2 GHG emissions.

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

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

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

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

Sustainable Communities

Our Sustainability Strategy 2024-2026

We have reviewed and evolved our sustainability strategy in line with Group strategic ambition as well as material topics identified through a stakeholder materiality assessment.

For further details, see our Annual Financial Report, pages 22 to 24.

Our Group strategy has the following interconnected priorities:

Customer First: Developing more enduring relationships with our customers;

Greening the Loan Book: Leveraging transformative growth opportunities;

Operational Efficiency: Enabling each other to deliver for our customers by investing in capabilities and capacity.

Our ESG principles can be broadly summarised using three pillars as follows:

E Climate & Environmental Action

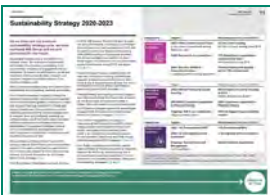
We will provide responsible green finance, investments and advice to drive structural change and to support the transition to a low-carbon future

S Societal & Workforce Progress

We will strive to make a positive economic contribution and to be a positive influence on society, improving the lives of people and their communities and helping to build a brighter and fairer future

G Governance & Responsible Business

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



Our evolved sustainability strategy sharpens our focus across the Environmental, Social and Governance pillars and aligns strongly with our wider business strategy.

Our Sustainability Strategy 2024-2026 continued

With a new segment dedicated to Climate Capital from 2024, sustainability remains at the very core of AIB Group's strategy. Our Climate Capital segment, alongside our other segments, will increase our capability, support business growth, and demonstrate our position as a driving force in the transition to a zero-carbon future.

Our purpose	Empowering people to build a sustainable future		
ESG strategic pillars	 Climate & Environmental Action	 Societal & Workforce Progress	 Governance & Responsible Business
Areas of focus	<ul style="list-style-type: none"> • Lend responsibly and steer our portfolios towards net zero by 2040 (Agriculture by 2050). • Reach net zero in own operations by 2030. • Increase consideration and management of climate- and environmental- related risks. • Contribute to protecting nature and safeguarding natural ecosystems/habitats. 	<ul style="list-style-type: none"> • Put our customers first, always treating them fairly and with respect. • Continue to proactively contribute to a robust and sustainable future economy and society. • Empower own workforce and foster a safe, inclusive and supportive work environment. • Positively support Sustainable Communities and local initiatives. 	<ul style="list-style-type: none"> • Facilitate a culture that promotes our values and fosters engagement. • Board and management to work to the highest standards to deliver long-term value. • Operate responsibly at all levels, while managing cyber security, data security and operational resilience risks.
Alignment with UN SDGs*	   	  	
Some key measures of how we bring our ESG Strategy to life	<ul style="list-style-type: none"> • We have increased our existing Climate Action Fund from €10bn (by end 2023) to a cumulative €30bn by 2030. • We aim to have 70% of new lending to be green or transition by 2030. 	<ul style="list-style-type: none"> • We will build a brighter and fairer future for our customers by lending more than €6bn to first-time buyers by 2026. • We will continue to support Sustainable Communities and local initiatives through AIB's community fund and charity donations. 	<ul style="list-style-type: none"> • We will act responsibly and build an inclusive workforce that reflects our culture and promotes our values. • We will further improve our efforts to manage cyber security, data security and operational resilience risks, protecting customers and bank.

*While AIB supports all 17 United Nations Sustainable Development Goals, we believe we can make a most sustained and scalable impact in those listed above.



Over the next three years, we are going to put our Purpose into action. Our strategy is centred on our customers' needs and anchored in a progressive ESG agenda.