



Social Bond Framework

March 2023



Contents

1. AIB Group plc	3
2. AIB Social Bond Framework.....	8
3. Use of Proceeds	8
4. Process for Project Evaluation and Selection.....	16
5. Management of Proceeds.....	17
6. Reporting	18
7. External review	20
Appendix 1 - Methodology to select “pure-play” companies in Healthcare and Education.....	21
Appendix 2 – Methodology to select Eligible SME lending	22
DISCLAIMER.....	23

1. AIB Group plc

About AIB

AIB Group operates predominantly in Ireland and the United Kingdom. Our shares are quoted on Euronext Dublin and the London Stock Exchange and we are a member of the FTSE4Good Index. Our three core operating segments are Retail Banking, Capital Markets and AIB UK. Whether it's adapting to a greener way of living, planning for the future, growing a business or simply navigating day-to-day life, our ambition as a Group is to be at the heart of our customers' financial lives.

- Retail Banking is focused on meeting the current, emerging and future needs of our personal and SME customers. For personal customers we provide current accounts, personal lending, payments and credit cards, deposits, insurance and wealth products, and financial services to micro and small SMEs;
- Capital Markets provides institutional, corporate and business banking services to the Group's larger customers and customers requiring specific sector or product expertise. In 2021 Goodbody became part of Capital Markets, bringing additional capability in wealth management, corporate finance, asset management and wider capital markets propositions;
- AIB UK offers corporate, retail and business banking services in two distinct markets, a sector-led corporate bank supporting businesses in Great Britain, and a retail and business bank in Northern Ireland.

Whether it's adapting to a greener way of living, planning for the future, growing a business or simply navigating day-to-day life, our ambition as a Group is to be at the heart of our customers' financial lives.

Sustainability @ AIB

Helping to deliver a more sustainable future for all is at the heart of AIB's agenda. As a recognised leader of sustainability in Ireland and through our Pledge to Do More, we are committed to building long-term resilience and sustainability for our business, economy and society. As Ireland's biggest bank, we have significant reach into society, creating value and making impact through our activities – enhancing livelihoods, supporting homemakers, promoting job creation, and enabling communities and society to flourish. Through our work we aim to make real and meaningful change in addressing the many challenges and opportunities that face society today and into the future.

Our scale and reach confer upon us a responsibility and a duty of care towards our customers and the communities we serve. It challenges us to set the pace of a sustainable low-carbon transition, while bringing our customers and stakeholders with us, supporting social and economic inclusion. Sustainable Communities is a key pillar of our Group strategy across our three areas of focus: Climate & Environment; Economic & Social Inclusion; and Future Proof Business.

Our priorities for each area are the result of extensive stakeholder engagement, including an independent biennial materiality and evaluation process. Governance of our ESG agenda is guided by the principle of transparency, which we believe is fundamental to corporate sustainability. Open disclosure and accountability promote trust and confidence among stakeholders, and so we are committed to building our corporate sustainability disclosures year on year. In addition to our mandatory disclosures, our support for voluntary reporting frameworks provides a means by which our ESG disclosures can be measured and compared with peers globally from all sectors, including financial services. Our annual Sustainability Report is externally assured and is reported with reference to the Global Reporting Initiative (GRI) standards. We're on a journey and will continue to develop and enhance our approach as we progress.

Strong governance frameworks are key to delivering on our strategy. AIB Group plc's Board of Directors (the "Board") established a number of Board Committees and Board Advisory Committees to oversee specific areas of the Group's operations, while the Board retains ultimate responsibility, ensuring a robust approach. This included the establishment of the Sustainable Business Advisory Committee (SBAC), which includes a number of AIB's Board and Executive Committee members. This Committee is supported by our Group Sustainability Committee.

Sustainable Communities was established as the fifth pillar of our Group Corporate Strategy in 2019, placing sustainability at the heart of our strategy. Sustainable Communities is focused on the full remit of the sustainability

elements of Environment, Social and Governance (ESG) matters as follows:

1. **Climate & Environment:** We are actively integrating risks and opportunities relating to climate change into our business to accelerate our understanding, strengthen our strategy and clarify our actions. We are reducing our own carbon footprint and commit to being Net Zero by 2030. We are supporting our customers and communities in their transition to a low-carbon economy with an ambition that green and transition products will account for 70% of all our new lending by 2030.
2. **Economic & Social Inclusion:** We recognise the responsibility that comes with the scale and impact of our business. We aspire to contribute and advocate for a fairer society that is socially and economically inclusive. We do this by investing and raising awareness in access, education and innovation for our customers, our colleagues, and our communities.
3. **Future-Proof Bank:** Our future sustainability depends on our ongoing investment in our business, people, and processes. We want to give our customers the best possible banking experience – we are always learning and improving. In an increasingly digitalised world, we are focused on keeping our systems resilient and our data secure.

Economic & Social Inclusion is an established pillar within our Sustainable Communities strategy and our focus is on four key areas:

- *Usability of services and accessibility of products* - We strive to make our products and services accessible to all our customers. They are made available across a range of channels including via our branches, ATMs, phone, mobile and online banking as well as through An Post (in Ireland) and the Post Office (in the UK). Our various channels give our customers the freedom and flexibility to bank whenever they need to, from wherever they are. When customers need a little extra support we work to support them in a number of ways, including through our customer vulnerability strategy, the objective of which to take exceptional care of our customers when they need us most and to foster a culture of inclusion and support in everything that we do. All of our customer-facing employees are trained to recognise and respond to customers in need of additional. In addition, we further enhance financial inclusion through initiatives such as providing Basic Bank Accounts for unbanked personal customers and, for business customers, partnering with the Strategic Banking Corporation of Ireland. Recognising the changing behaviour towards increasing digital usage, we continue to invest in our digital platforms and have a continuous focus on expanding the accessibility of our products and services via our digital channels.
 - Under the Future Proof bank pillar of our Sustainable Communities strategy, we have a target for >2.25m digitally active customers by 2023 which also helps to support Economic & Social Inclusion. In FY2022 we reported that AIB has 2.1m digitally active customers.
- *Enable customers to make better informed financial decisions:* We develop high-quality products and services that are clear, transparent, and easily understood. We are aware of the importance of providing our customers with suitable products to meet their needs and have robust product governance to support this. Our approach, aligned with our policy, which applies for both retail and non-retail customers, is that their needs are considered right throughout the development and management of products. When designing new products and propositions, we also factor in regulatory requirements and ensure we are compliant. In marketing our products and services, aligned with our Conduct Risk Framework, we place our customers at the centre of our communications.
 - Under our Sustainable Communities strategy, we have a target for financial literacy, with the aim to support 500,000 customers by 2023. In our FY2022 Sustainability Report, we confirmed that 621 second-level schools registered with the programme, equating to c.341K students.
- *Housing* - Housing is a key strategic priority for us as a pillar bank in Ireland, representing 49% of our loan portfolio (as at 31.12.2022). Most of our operations are in Ireland and right now, the Irish housing system is facing many big challenges including lack of housing supply to buy or rent in the private sector, high cost of building and affordability of house prices. We understand that we have a key role to play in supporting and increasing the housing supply in Ireland. How we contribute to this topic is a key imperative for us. As a pillar bank in Ireland, AIB is committed to continuing to play a key role in the housing market in Ireland. We are involved across the housing value chain, from the financing of development land, through to supplying funding for housing construction and financing mortgages. Our Real Estate Finance team within our Capital Markets segment provides funding for: Housing developments; Social & affordable housing schemes; and Private Rented Sector (PRS) developments. Mortgages are a critical financial product to support our customers to acquire their own home. In addition, in our Capital Markets segment development funding for new social housing is managed by our Real Estate Finance team while our specialist Corporate Banking Social Housing Sector Team focuses on the provision of lending solutions

to Approved Housing Bodies (AHB) and other social housing providers. In 2022, AIB was the largest lender in the Irish mortgage market, financing approx. €4.6bn of new mortgage drawdowns in 2022.

- Under our Sustainable Communities strategy, we have a target of €800m finance for social housing. In our FY2022 Sustainability Report we confirmed that, since we announced our social housing fund in 2020, a total of €437m funding has been provided, supporting the delivery of 2,998 homes.
- *Community* - In AIB, we want to back our communities to achieve a more sustainable tomorrow. We know that when we come together, we can make a meaningful difference. We contribute to the social and economic development and prosperity of local communities by supporting projects and initiatives in the local communities in which we operate. We are committed to making a positive contribution to the communities in which we operate. Through our community investment, our community partners and support programmes, we are focused on reinforcing our social impact, demonstrating how we aspire to be a fairer society that is socially and economically inclusive.
 - Under our Sustainable Communities strategy, we have a target of Ongoing support for AIB in our Community, and in our FY2022 Sustainability Report we confirmed that AIB provided €10.7m for Community causes.

Further detail on the above areas is set out in our FY2022 Sustainability Report.

Responsible lending and investments

Responsible lending and investments is a topic which our stakeholders consider to be material for AIB. Integration of ESG considerations into our risk management and right across our business is critical for the success of our sustainability strategy and the future of our business. As part of this we ensure that customer considerations are at the heart of business decision-making.

Our Credit Risk team develop and maintain policies designed to establish responsible lending practices. Core principles are also enshrined in our policy for customers in arrears and the management of distressed credit to ensure that customers are treated fairly, objectively, sympathetically and consistently. Our Group Credit Risk Policy includes a list of excluded business activities that are considered to be incompatible with Group strategy due to negative environmental impacts associated with deforestation, nuclear power generation, natural gas fracking and the exploration, extraction or refining of oil or coal. The policy rule prohibits providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded business activities. This rule applies to all business customers with a Gross Connected Exposure of > €/**£**300k and who are relationship managed. Lending related to fossil fuel-related activities (including coal, oil and gas-related activities) represents <1% of our lending activities, and is therefore considered immaterial for our business, lending for renewable energy generation is a key strategic priority for AIB.

Healthcare is also a sector of strategic and social importance to AIB with dedicated healthcare teams in our ROI and UK businesses. Our teams are focused on providing financial solutions that are helping to address healthcare needs and service access within our communities. AIB provides loans and services to support hospitals, primary care centers, residential care for the elderly and citizens with challenged healthcare needs.

Responsible investments are underpinned by our Green and Social Bonds programme.

Other key responsible initiatives in which AIB is engaged include:

- *United Nations Environment Programme Finance Initiative Principles for Responsible Banking* (UNEP FI PRB) - The UNEP FI PRB is a sustainable banking framework which encourages banks to align their core strategy, decision-making, lending and investments with the UN Sustainable Development Goals and international agreements such as the Paris Climate Agreement. AIB is a founding signatory. PRB requires banks to align their strategy to support challenges for the societies in which they operate, with a focus on the areas where they can have the most significant impact. For Ireland, the location of our most significant operations, the main challenges for society, and the areas where AIB can make the most significant impact, include climate change and housing. We report annually on our progress in our Sustainability Report.
- *Responsible Supplier Code* – AIB wants to support an inclusive ethical supply chain and ensure that individuals and companies throughout our supply chain work responsibly, sustainably, and safely. We will

only engage with suppliers who adhere to our Responsible Supplier Code. Our Code sets out our expectations for our suppliers, including that they must operate at all times in an ethical and fair manner in line with AIB's values and abide by all national and international laws as applicable (including the International Bill of Human Rights and the International Labour Organisation conventions), as set out in our contractual agreements and purchasing transactions with our suppliers. We also expect our suppliers to, in turn, conduct business in a fair and honest manner with all their stakeholders, employees, subcontractors, and any other third parties. We encourage our suppliers to report their carbon emissions through the CDP (Carbon Disclosures Project).

- *Human Rights Commitment* - We published our Human Rights Commitment as part of our 2020 suite of reporting materials, in line with international standards. In 2022 we broadened the parameters of our human rights due diligence pilot to cover Retail Banking, HR and Risk alongside Corporate Lending and Procurement, recognising our responsibilities as an employer, procurer and provider of banking services. The project delivered on two key objectives which have been reported to our Board's Sustainable Business Advisory Committee:
 1. Built internal awareness on human rights as an issue for the business
 2. Identified potential 'salient' human rights impacts relevant to the bank for action including modern slavery in the global value chain.

The large numbers of entities in our value chain and their corresponding global supply chains makes it challenging to conduct due diligence for adverse human rights impacts across all of them. As such, we identified general areas where the risk of adverse human rights impacts is most serious, systemic and there is an increased likelihood of it arising in the short or long term, whether due to certain suppliers' operating context, business relationships, the particular products or services involved. We prioritized these 'salient' human rights impacts for further due diligence and action. We are currently updating our training modules, policies and procedures to enhance our human rights processes.

- To promote transparency, we publish many of our policies and codes on our website, including our Responsible Supplier Code and Human Rights Commitment.

In addition to the above, key milestones that demonstrate our sustainability commitment to date include (for further information please see our most recent Sustainability Report¹):

- **In 2018:**
 - Low Carbon Pledge
 - Energy Efficiency Outlook Report for SMEs²
- **In 2019:**
 - Sponsorship of Climate Finance Week Ireland 2019
 - €5bn five year Climate Action fund (€1bn per annum). €1.2bn new Green Lending financed in first year of the fund
 - Founding Signatory of the UNEP FI Principles for Responsible Banking
 - Supporter of the Task Force on Climate-related Financial Disclosures (TCFD)
 - Green Bond Framework published
 - Teagasc Grass 10 initiative, a multi-year campaign to increase grass utilisation on Irish livestock farms
 - 5 year fixed Green Mortgage (Ireland)
- **In 2020:**
 - AIB COVID-19 Research Hub. AIB, as foundation partner, committed €2.4 million to advance the Trinity College Dublin project
 - Socially Responsible Investment (SRI) Bond portfolio established
 - Member of the FTSE4Good Index Series
 - Commitment to Carbon Neutrality across our operations by 2030, using a net zero approach
 - Ambition of 70% of our new lending to be green/transition lending by 2030
 - Ambition of Net Zero Customer Portfolio Lending by 2040 (Agriculture by 2050)
 - Sustainability-Linked Loan (SLL) product

¹ To be found [here](#).

² To be found [here](#).

- Excluded Activities list
 - First Green Bond from an Irish Bank (€1bn)
 - Responsible Supplier Code published
 - €1.46bn new Green Lending financed, making a total of €2.66bn deployed in the first two years of the Climate Action fund
- **2021:**
- Green Personal Loan
 - Human Rights Commitment launched
 - Participation in the UN Global Compact
 - Second Green Bond issue (€0.75bn)
 - Signatory of the industry-led UN-convened Net Zero Banking Alliance (NZBA)
 - First Irish company to have committed to use the World Economic Forum (WEF) Stakeholder Capitalism metrics in our reporting
 - Partners with Coillte Nature and Forestry Partners to plan 90,000 native Irish trees
 - ESG questionnaire for customers in sectors more exposed to climate risk
 - Social Bond Framework
 - Signatory of Equator Principles
 - Initial Climate Risk Quantification completed
 - In the Equileap Gender Equality Global Report and Ranking, AIB was one of only ten companies internationally to achieve gender balance across Board, Executive, Senior Management and Workforce.
 - €2.0bn new Green Lending finance, making a total of €4.7bn deployed in the first three years of the Climate Action Fund.
 - Social Housing Fund €300m fully allocated and over 2,100 homes were delivered. An additional €500m fund launched to back the provision of a further 3,000 social houses
 - Climate Action Fund doubled to €10bn
 - €1.6bn new SME Lending
 - 20.4K Basis Bank Accounts opened
- **2022:**
- First disclosures against WEF Stakeholder Capitalism metrics, EU Taxonomy and UN Global Compact
 - Raised €1bn via first Irish Social Bond issuance Third and fourth Green Bonds issue (€0.75bn each) – Total of €3.25bn Green Bonds now in issuance.
 - Pilot conducted, focused on procurement and corporate lending, to build internal awareness and to identify salient Human Rights impacts.
 - AIB Community €1m fund launched to support 30 charitable organisations in communities across Ireland
 - AIB offering lower priced options for residential developers who adhere to the Home Performance Index - a new Irish Green Building Council benchmark, which sets higher green building standards than are required under current regulations.
 - A further €3.3bn new Green Lending finance, making a total of €7.9bn deployed to date under the Climate Action Fund.
 - AIB has become the first bank and the largest employer in Ireland to be awarded the 'Investors in Diversity' Gold accreditation by the Irish Centre for Diversity.
 - Corporate Power Purchase Agreement (CPPA) with NTR plc to source energy generated from two solar farms NTR will construct in County Wexford. AIB is the first Irish company to conclude such an agreement, helping it deliver on its commitment to source 100% of its power requirements from certified renewable energy sources by 2030, and meet its target of becoming carbon neutral on its own operations by 2030.
 - Set Financed Emissions Targets for 75% of our loan book.
 - Against the backdrop of a rapidly evolving banking market in Ireland, we added a record new c.450,000 customer accounts, including 61K Basic Bank Accounts.
 - AIB launched the Strategic Business Corporation of Ireland (SBCI) Energy Efficiency Loan Scheme - a low-cost loan scheme that aims to help eligible SMEs and farmers reduce their carbon emissions and cut their energy bills by investing in energy-saving measures.

2. AIB Social Bond Framework

AIB rationale for Social Financing

The objective of establishing a Social Bond Framework (hereinafter referred to as the “**Framework**”) is to use an amount equal to the net proceeds to fund assets that provide positive societal impact and/or mitigate social issues.

Given AIB’s leading presence in the Irish economy, the intended AIB Social Bond issuances serve as testament to AIB’s leadership and commitment to sustainability and society.

AIB Social Bond Framework

AIB has established this Social Bond Framework under which it or any of its subsidiaries can issue social bond instruments (such instruments hereinafter referred to as “**Social Bond Instruments**”), which may include covered bonds, senior bonds (preferred and non-preferred), subordinated bonds and medium terms notes to finance and/or refinance social eligible loans (such financings hereinafter referred to as “**Eligible Social Loans**”) with a positive social benefit.

This Social Bond Framework is based on the:

- ICMA Social Bond Principles 2021, including the updated Appendix I of June 2022³

The Framework is presented through the following key principals and recommendations:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External review

The Framework defines the portfolio of loans (such portfolio of loans hereinafter defined as “**Eligible Social Loan Portfolio**”) eligible to be funded by the proceeds of Social Bond Instruments issued by AIB.

This Framework may, from time to time, be updated and will be applied to any Social Bond Instrument issued by AIB. For instance, future changes to the ICMA Social Bond Principles and/or developments related to the EU Social Taxonomy may be implemented in future versions of this Framework. Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external consultant.

For the avoidance of doubt, any future changes to the eligibility criteria may not necessarily apply to Social Bond Instruments issued under this or previous frameworks.


3. Use of Proceeds

An amount equal to the net proceeds from Social Bond Instruments issued by AIB will be used to finance and/or refinance a portfolio of Eligible Social Loans as defined by the eligibility criteria (such criteria hereinafter referred to as “**Eligibility Criteria**”) in this Framework. Further Eligible Social Loans will be selected according to the qualification process part of the lending due-diligence assessment normally conducted by AIB, which already includes a negative screening for Excluded Activities. On top of the bank wide policy for Excluded Activities, AIB has defined additional excluded sectors for this Framework (“**Social Bond Exclusion List**”).

Positive Screening: Compliance with Eligibility Criteria: The proceeds of the Social Bond Instruments in accordance with the Framework will be earmarked to the following eligible categories:

³ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Social-Bond-Principles_June-2022v3-020822.pdf

1. Access to Healthcare
2. Access to Education
3. Social and Affordable Housing
4. SMEs financing
5. Support to non-profit organisations
6. Affordable basic infrastructure

Eligible Category	Access to Healthcare	
SBPs macro-category	Access to Essential Services	
Social benefit(s)	<ul style="list-style-type: none"> • Increase access to quality, timely and accessible healthcare, including specialised medical treatment to target groups (e.g. people suffering from specific mental disorders and cognitive deficit pathologies) • Enhance quality and accessible care for aging population • Enhance availability of quality medical equipment to healthcare facilities and individuals 	
Target groups	<ul style="list-style-type: none"> • General public • Individuals with specific physical and/or mental conditions, including cognitive deficit(s) • Elderly people • Individuals in need of rehabilitation services 	
Location	<ul style="list-style-type: none"> • Healthcare and residential care provision in Ireland and the UK • “Pure-play” companies in healthcare located in Europe and the US 	
Alignment with National Policy Framework ⁴	<ul style="list-style-type: none"> • Irish National Treatment Purchase Fund (NTPF)⁵ • Irish Nursing Homes Support Scheme (NHSS)⁶ • Irish HSE Fair Deal⁷ • HSE⁸/TUSLA⁹ • Slaintecare¹⁰, the Irish National cross Governmental Healthcare reform framework. • UK National Healthcare System (NHS)¹¹ • Department of Health and Social care Policies UK 	
Eligibility Criteria	Loans to eligible assets as defined in the following section:	
<i>Healthcare facilities</i>	Loans dedicated to the financing of healthcare facilities such as hospitals and primary care facilities, affiliated to the relevant national healthcare system and schemes and/or broadly accessible by the general population, including facilities to treat specific physical and/or learning and cognitive deficit conditions, and rehabilitation services for drugs and alcohol related conditions	

⁴ The list of national policy framework is not exhaustive and covers the main initiatives.

⁵ The NTPF is a corporate body with functions and responsibilities as set out under Statutory Instrument 179 - National Treatment Purchase Fund (Establishment) Order, 2004 and the Nursing Homes Support Scheme Act (2009). Its key functions are: (i) Arranging for the provision of hospital treatment to classes of persons determined by the Minister; (ii) Collecting, collating and validating information on persons waiting for public hospital treatment; (iii) Agreeing pricing arrangements with private & voluntary nursing homes under the Nursing Homes Support Scheme, (iv) Furnishing advice to the Minister for Health on related issues; (v) Performing any other function assigned by the Minister for Health, since July 2012 this includes responsibility for the publication of outpatient waiting lists. In carrying out its functions, the NTPF works closely with the Department of Health, the HSE, acute public hospitals and private nursing homes across the health system. Source: <https://www.ntpf.ie/home/index.htm>

⁶ The NTPF has been designated by the Minister for Health pursuant to Section 40 of the Nursing Homes Support Scheme Act as a body authorised to negotiate with proprietors of registered nursing homes to reach agreement in relation to the maximum price(s) that will be charged for the provision of long-term residential care services to Nursing Homes Support Scheme residents. As part of this function, the NTPF will enter into “Approved Nursing Home Agreements” with registered private and voluntary nursing homes to record the maximum price(s) that have been negotiated. The NTPF will provide the HSE with the details of all Approved Nursing Home Agreements. Source: <https://www.ntpf.ie/home/nhss.htm>

⁷ Through the Irish HSE Fair Deal, citizens can apply for financial support to help pay for the cost of care in a nursing home. In order to receive funding for a nursing home, citizens need to be approved for Fair Deal. Source: <https://www2.hse.ie/services/fair-deal-scheme/about-the-fair-deal-scheme.html>



⁸ The HSE provides all of Ireland's public health services in hospitals and communities across Ireland. Source: <https://www.hse.ie/eng/about/>

⁹ TUSLA is the Irish Child and Family Agency. The entity comprises of HSE Children and Family Services, the Family Support Agency and the National Educational Welfare Board as well as incorporates some psychological services and a range of services responding to domestic, sexual and gender-based violence. Source: <https://www.tusla.ie/about/>

¹⁰ <https://www.gov.ie/en/campaigns/slaintecare-implementation-strategy>

¹¹ The National Health Service (NHS) is the public health system of the United Kingdom. The NHS provides primary and secondary healthcare to every resident of the United Kingdom. Source: <https://www.nhs.uk/>


<i>Residential care facilities</i>	Loans dedicated to the financing of residential care facilities for elderly people and people with specific health conditions (such as learning or physically disabled people), assisted living facilities and nursing homes, respectively affiliated with national residential care and nursing home schemes
<i>“Pure-play” companies in healthcare</i>	Loans to “pure-play” companies in healthcare, defined in accordance with the 3-Step process described in Appendix 1
Contribution to UN SDGs	3.8: Achieve universal health coverage, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	Access to Education  
SBPs macro-category	Access to Essential Services
Social benefit(s)	<ul style="list-style-type: none"> • Increase access to quality and accessible education and vocational training • Increase access to quality, safe and affordable student accommodation
Target groups	<ul style="list-style-type: none"> • Students, including low-income students • Adults benefitting from vocational training
Location	<ul style="list-style-type: none"> • Loans to Schools in Ireland, UK and EU • “Pure-play” companies in education and vocational training in Ireland, UK EEA, and the US
Alignment with National Policy Framework	<ul style="list-style-type: none"> • Student Universal Support Ireland (SUSI)¹² and Student Grant Scheme¹³ • Student Support Scheme for Asylum Seekers¹⁴
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Education facilities</i>	Loans dedicated to the financing of education provision such as schools, universities and 3 rd level education facilities and vocational training centres
<i>Student housing</i>	Loans to student housing organisations and providers
<i>“Pure-play” companies in education</i>	Loans to “pure-play” companies in education, defined in accordance with the 3-Step process described in Appendix 1
Contribution to UN SDGs	<p>4.1: Ensure that all girls and boys complete free, equitable and quality primary and secondary education</p> <p>4.3: Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p>4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>
Social impact	Social output and estimated impact indicators (Reporting Section)

¹² Student Universal Support Ireland (SUSI) is Ireland’s national awarding authority for all further and higher education grants. SUSI offers funding to eligible students, from school leavers to mature students returning to education, in approved full time third level courses. SUSI administers funding in line with the legislation as set out in the Student Support Act 2011, the Student Grant Scheme 2021 and Student Support Regulations 2021. Source: <https://susi.ie/>

¹³ The Student Grant Scheme is the main financial support scheme for students studying in Ireland and abroad. It is awarded by SUSI.

¹⁴ The Student Support Scheme for Asylum Seekers is for students who are in the protection system or at the leave to remain (but not deportation order) stage and who are pursuing an approved Post Leaving Certificate course or an approved undergraduate course for the academic year 2020/21. <https://www.education.ie/en/Learners/Services/Pilot-Support-Scheme/student-grant-scheme-for-asylum-seekers.html>

Eligible Category	Social and Affordable Housing¹⁵   
SBPs macro-category	Affordable Housing
Social benefit(s)	<ul style="list-style-type: none"> • Allow for universal access to decent housing • Promote the social inclusion of all, including low-income people and groups with no or restricted access to housing or home ownership • Provide access to housing & home ownership by bridging the considerable 'financial gap' for first time buyers and fresh starters¹⁶ • Facilitates the provision of opportunities for homeownership while seeking to avoid further acceleration in the growth rate of housing prices through regional price ceilings for homes eligible under the schemes
Target groups	<ul style="list-style-type: none"> • Individuals and families which due to income and/or affordability constraints, restricted access to finance, meeting the relevant social and/or affordable housing requirements as defined by local authorities, or authorised government bodies, in Ireland and the UK
Location	<ul style="list-style-type: none"> • Ireland and the UK
Alignment with National Policy Framework	<ul style="list-style-type: none"> • Accredited and/or registered housing organisations in Ireland and the UK based on national Social and Affordable Housing Schemes • Local authorities' definition of eligible residents and prioritisation mechanism based on Social Housing Assessment Regulations • Schemes operating under the 'Housing For All' national policy framework and 'Fresh Start' principle, the legislative basis being contained in the 'Irish Affordable Housing Bill, 2021', including¹⁷ <ul style="list-style-type: none"> ○ National Affordable Housing Scheme (First Homes); ○ Local Authority Affordable Housing Scheme; ○ Mortgage to rent scheme. • National Planning Policy Framework¹⁸
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Housing organisations</i>	Loans to housing bodies, organisations and entities that enable the provision of affordable housing and provide greater access to social and affordable housing in accordance with accredited or registered social and affordable housing definitions, and/or contributes to enhanced access for low-income residents or marginalised communities ¹⁹ . Housing organisations are often not-for-profit charities. In general, they provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes, or for groups, such as the elderly or homeless people
<i>First Home Scheme</i>	Loans to individuals that enable the purchase of new build primary dwelling homes on a shared equity basis, subject to approval of the individual(s) participation in the scheme by the relevant authorised body. Eligibility being

¹⁵ There is a difference between Social and Affordable housing in the Irish context. Local authorities (or housing authorities) are the main providers of social housing for people who cannot afford their own accommodation. Local authority housing is allocated according to eligibility and need. Rents are based on the household's ability to pay. Housing organizations (associations and co-operatives) also provide social housing for people who cannot afford to buy their own homes. Social Housing Assessment Regulations set out how housing authorities should handle social housing applications. Affordable housing schemes are aimed to help lower-income households to buy their own homes. The schemes eligible first-time purchasers the chance to buy newly constructed homes and apartments at prices significantly less than their market value. In the Irish context, a new Affordable Housing Bill was published in January 2021.




¹⁶ The Irish government's official 'Housing for All' policy document illustrates an example on page 39 of the typical 'financial gap' for a prospective home owner(s)

¹⁷ Affordable Housing Bill (January 2021), now passed into law, to provide for the provision of dwellings for the purpose of sale under affordable dwelling purchase arrangements; to provide for the provision by housing authorities of financial assistance to purchase dwellings under affordable dwelling purchase arrangements; to provide for dwellings to be made available on a cost rental basis; to provide for funding to be made available for the purchase of dwellings in accordance with a scheme of shared equity; to enable housing authorities to notify the public and assess eligibility and priority in relation to dwellings provided by the Land Development Agency; to amend the Housing Finance Agency Act 1981, the Housing (Miscellaneous Provisions) Act 1997, the Planning and Development Act 2000, the Housing (Miscellaneous Provisions) Act 2009 and the Housing (Miscellaneous Provisions) Act 2014; and to provide for related matters. Source: <https://www.oireachtas.ie/en/bills/bill/2021/71/>

¹⁸ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

¹⁹ All loans must be related to the provision of social housing under government & local authority approved schemes.

	assessed in accordance with legislative requirements, including but not restricted to being a first time buyer or 'Fresh Start' person(s), use of the property (primary dwelling only) and local authority property valuation thresholds ²⁰ .
<i>Local Authority Affordable Purchase Scheme</i>	Loans to individuals that enable the purchase of local authority primary dwelling homes on a shared equity basis, subject to local authority approval of the individual(s) participation in the scheme. Eligibility is assessed in accordance with the relevant legislative and local authority requirements, including but not restricted to being a first time buyer or 'Fresh Start' person(s), with maximum income thresholds and local authority property valuation thresholds. Where demand exceeds supply, each local authority applies a 'Scheme of Priority', based on household size and housing needs to prioritise applicants to the scheme ²¹ .
<i>Mortgage to rent</i>	Loans to authorised scheme providers under the mortgage to rent scheme. The mortgage to rent scheme is only available for citizens whose mortgage is with a private lender. Under the scheme, people that cannot pay their mortgage have the opportunity to become social housing tenants with a right to have their housing needs met by the local authority indefinitely (including monthly affordable rent based on income) ²² .
Contribution to UN SDGs	1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	SMEs financing   
SBPs macro-category	Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance
Social benefit(s)	<ul style="list-style-type: none"> • Employment generation and retention • Reduction of social and economic inequalities • Foster economic growth in deprived areas
Target groups	<ul style="list-style-type: none"> • SMEs in socioeconomically disadvantaged areas in Ireland²³ • SMEs that are owned or led by women, independently from location SMEs affected by socioeconomic crises independently from location • SMEs affected by socioeconomic crises, including those affected by energy cost crises
Location	<ul style="list-style-type: none"> • Ireland and the UK




²⁰ First Home scheme as described in the Irish government's official '[Housing for All](#)' policy document

²¹ Local authority housing schemes as described in the Irish government's official '[Housing for All](#)' policy document. Eligibility is restricted to scheme providers authorised by the Minister for Housing, Planning and Local Government to operate the MTR Scheme.

²² Mortgage-to-rent scheme as described in the Irish government's official '[Housing for All](#)' policy document. For a more granular description of the mortgage-to-rent scheme in Ireland see [here](#), which is offered by AIB Group in partnership with iCare Housing and The Irish Mortgage Housing Organisation to keep customers in difficulty with their mortgages, and who qualifies for social housing, in their own homes (see [here](#)).

²³ AIB engaged a 3rd party firm to geotag the SME loan book. Using this work and the the Pobal deprivation index, AIB has been able to precisely locate it's SME customers operating in deprived areas - See appendix 2

Alignment with National Policy Framework	<ul style="list-style-type: none"> Irish Government's Supporting SMEs campaign²⁴ Our Rural Future: Government's blueprint to transform rural Ireland²⁵ Business Energy Support Scheme²⁶
Eligibility Criteria	Loans to eligible assets as defined in the following sections:
<i>SMEs financing in socio-economically disadvantaged areas</i>	Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria: <ol style="list-style-type: none"> SMEs as per EU Commission definition²⁷ SMEs are subject to negative screening as per Social Bond Exclusion List SMEs and must be located in the most socioeconomically disadvantaged areas in Ireland. Socioeconomically disadvantaged areas are defined as areas ranking in the bottom 30th percentile in terms of the Irish Deprivation Index, which takes into account factors such as GDP per capita and unemployment rate (as defined in Appendix 2)
<i>Female-owned business</i>	Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria: <ol style="list-style-type: none"> SMEs as per EU Commission definition²³ SMEs are subject to negative screening as per Social Bond Exclusion List Female-owned SMEs (must have majority ownership)
<i>SMEs affected by socioeconomic crises</i>	Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria: <ol style="list-style-type: none"> SMEs as per EU Commission definition²³ SMEs are subject to negative screening as per Social Bond Exclusion List SMEs negatively impacted by the consequences of socioeconomic, political and natural disaster crises
Contribution to UN SDGs	<p>1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p>
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	Support to non-profit organisations   
SBPs macro-category	Food Security and Sustainable Food Systems Social and Economic advancement
Social benefit(s)	<ul style="list-style-type: none"> Granting social, and economic access to safe, nutritious, and sufficient food to low-income population Offering shelter to homeless people Supporting the local community Promote social inclusion of all




²⁴ The Supporting SMEs online guide is part of the Irish government's campaign, to increase awareness of the range of government supports for start-ups and small businesses. Link: <https://www.gov.ie/en/service/e14cd-supporting-businesses/>.

²⁵ In March 2021, the Irish Government has published *Our Rural Future*, the most ambitious and transformational policy for rural development in decades. Our Rural Future sets out a blueprint for the development of rural Ireland over the next five years. It is supported by 150 commitments across Government, which will address the challenges facing communities and deliver new opportunities for people living in rural areas. The policy will help rural Ireland to recover from the impacts of COVID-19, enable long-term development of rural areas, and create more resilient rural economies and communities for the future.

²⁶ <https://enterprise.gov.ie/en/what-we-do/supports-for-smes/energy-supports/>

²⁷ https://ec.europa.eu/growth/smes/sme-definition_en

	<ul style="list-style-type: none"> Promote a healthy lifestyle
Target groups	<ul style="list-style-type: none"> Local communities in Ireland and the UK, including low-income and homeless people
Location	<ul style="list-style-type: none"> Ireland and the UK
Alignment with National Policy Framework	<ul style="list-style-type: none"> Non-profit organisations registered within the Irish Charities Regulator²⁸ or the Charity Commission for England and Wales²⁹ Irish Stability Fund and Philanthropy Fund for charities and non-profits
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Non-profit organisations, associations, foundations</i>	<p>Loans to finance socially focused non-profit organisations, associations and foundations, including:</p> <ul style="list-style-type: none"> Redistribution from the food industry to enable access of social projects safe, nutritious, and sufficient food to low-income people and homeless people Offering safe shelter to people in need Sport activities for children
Contribution to UN SDGs	<p>1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>2.1: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	Affordable basic infrastructure   
SBPs macro-category	Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, broadband)
Social benefit(s)	<ul style="list-style-type: none"> Allow for universal access to basic infrastructure Promote the social inclusion of all, including low-income people, vulnerable and marginalised people
Target group	<ul style="list-style-type: none"> General population, including marginalised, rural and vulnerable populations Populations with limited or no access to the relevant infrastructure
Location	Ireland and the UK
Alignment with National Policy Framework	<ul style="list-style-type: none"> National Broadband Plan (NBP)³⁰ National Development Plan 2021-2030³¹ Project Ireland³²
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Access to affordable basic infrastructure</i>	Loans to finance ongoing provision of basic infrastructure projects (e.g. clean drinking water, sewers, sanitation, transport, broadband)
Contribution to UN SDGs	<p>1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p>

²⁹ [The Charity Commission - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

³⁰ <https://www.gov.ie/en/publication/c1b0c9-national-broadband-plan/>

³¹ <https://www.gov.ie/en/publication/774e2-national-development-plan-2021-2030/#>

³² <https://www.gov.ie/en/campaigns/09022006-project-ireland-2040/>

	<p>1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>
Social impact	Social output and estimated impact indicators (Reporting Section)

Negative Screening: Loans that follow under the **Social Bond Exclusion list** below are ineligible.

AIB (Bank wide) Excluded Activities List: AIB Capital Markets has elected to implement a Sustainability Exclusion List across all its wholesale businesses units³³. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which we believe cause irreversible environmental and/or social harm to society and our communities. This rule applies to all Business Customers (i.e. non-mortgage and personal Customers) with a Gross Connected Exposure (“GCE”) of >£/€300k, and which are relationship managed.

Energy & Climate Action:

- Exploration, extraction and upgrading of oil sands projects
- Nuclear Power Generation
- Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste
- Coal or oil-fired power generation (other than emergency or stand by oil generation) except where less than 25% of revenues are generated from this activity and only where there is a plan to move to sustainable fuels by 2025
- Onshore/offshore exploration, extraction or refining of Coal or Oil
- Natural Gas fracking

Animal Welfare:

- Producing, processing animal fur
- Support of any type of animal fights for entertainment
- The use of dynamite or poison to catch marine and freshwater species (including shellfish) in the wild

Ecosystem Protection:

- Deforestation or the burning of natural ecosystems for the purposes of land clearance
- Timber from illegal trading or logging operations
- Production or trade in wood or other forestry products other than from sustainably managed forests

Healthcare/Genetic Engineering:

- The development of Genetic Engineering or Genetic Modification on humans
- The development of Genetic Engineering or Genetic Modification on animals for non-medical purposes

Adult Entertainment:

- Online pornography

Surveillance/Arms Related/Military:

- Anti-personnel landmines³⁴/Cluster munitions³⁵
- Weapons of Mass Destruction including the production, maintenance or trade of nuclear, biological³⁶, chemical³⁷ and toxin weapons
- Any activity that adversely impacts Human Rights defined by the UN³⁸

³³ CIB Wholesale consists of all CIB business units apart from Business Banking and Private Banking. However, within this Framework, loans provided via Business Banking units will be included within the Eligible Social Loan Portfolio (e.g. loans to finance SMEs) and will be subject to AIB Excluded Activities List as well as the additional exclusions specific to the Social Bond Framework.

³⁴ As defined in Article 2 of the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction

³⁵ As defined in Article 2 of the *Convention on Cluster Munitions*

³⁶ As defined in Article I of the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction

³⁷ As defined in Article II of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention)

³⁸ As listed on the UN website: <https://www.un.org/en/universal-declaration-human-rights/>

4. Process for Project Evaluation and Selection

Projects financed and/or refinanced through Social Bond Instruments are evaluated and selected based on compliance with the Eligibility Criteria.

Governance of the Social Bond Framework

The Board of AIB Group plc established an advisory sub-committee to enhance AIB's focus on building a long-term sustainable business. This committee is called the Sustainable Business Advisory Committee (SBAC), its membership includes Non-Executive Directors and members of our Executive Committee. It meets at least four times in every year and reports directly to the AIB Group plc Board.

The Group Sustainability Committee (GSC) is responsible for the governance, oversight and approval of the Groups sustainable business strategy and comprises of a number of Executive Committee members and senior stakeholders from across the bank.

This Framework is prepared by the ESG Bond Working Group - a cross functional working group of relevant business areas within AIB (Group Treasury, Legal, Sustainability & Corporate Affairs (SCA)), and relevant business teams). The Eligible Social Loans financed and/or refinanced through the Social Bond Instruments are evaluated and selected for inclusion in the Eligible Social Loan Portfolio by AIB employees based on compliance with the Eligibility Criteria described in Use of Proceeds section.

Relevant members of the ESG Bond Working Group are responsible for:

- Reviewing from time to time the content of the Framework and updating it to reflect – to the extent possible – changes in corporate strategy, technology, market, or regulatory developments.
- Procure when needed and ensure that third party documents are reviewed or updated, such as Second Party Opinion (SPO) and related documents from external consultants and auditors.
- Overseeing the allocation of the proceeds from Social Bond Instruments to the Eligible Social Loan Portfolio and monitoring its evolution over time, to ensure that the amount of Eligible Social Loans equal or exceed the amount of Social Bond Instruments to the greatest extent possible.
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. AIB may rely on external consultants and their data sources, in addition to its own assessment

In addition to the AIB Bank wide exclusions list from the previous section the Social Bond Framework excludes³⁹:

- Coal
- Oil
- Petrol
- Fossil fuel
- Genetically Modified Organisms (GMO) in food & feed
- Tobacco
- Gambling
- Alcohol

Further AIB intends to exclude any activities harmfully implicating the conservation of biodiversity and sustainable management of living natural resources⁴⁰.

The Eligible Social Loan Portfolio is required to align with AIB's related internal sustainability codes and policies, including the *Environmental Policy*⁴¹ and the *Code of Conduct*⁴². We recognise the need to align our frameworks, policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus for us. Eligible Social Loans are still subject to environmental standards, since AIB meets or exceeds all relevant environmental obligations under laws and regulations in each of the jurisdictions in which we operate. AIB's codes and policies can be found at <https://aib.ie/sustainability>.

Regarding minimum social safeguards, AIB respects human rights and is committed to being a good employer. Our Human Rights Commitment outlines how we respect human rights in accordance with internationally

³⁹ In line with IFC Exclusion List requirements.

⁴⁰ Such activities should comply with IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

⁴¹ https://aib.ie/content/dam/aib/personal/docs/sustainability/Environmental_Policy.pdf

⁴² <https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf>

accepted standards. Our commitment to human rights is being embedded in the culture and values that define our company, and is reflected in our policies and actions towards our customers, employees, suppliers and the communities and countries where we do business. It has been shaped by the United Nations Guiding Principles on Business and Human Rights. Our Human Rights Commitment operates alongside our Code of Conduct and Responsible Supplier Code, and our commitments are aligned with those laid out in the laws applicable to the jurisdictions in which we operate, the European Convention on Human Rights and, for our business in Ireland, the EU Charter of Fundamental Rights. Our commitment was approved by our Executive Committee and reviewed by our Sustainability Business Advisory Committee and Board in February 2021. We require our key suppliers to attest to the supplier Code of Conduct, as well as other key policies, including our Data Protection Policy, and where relevant, to conform to the UK Modern Slavery Act.

We have a robust Financial Crime Framework (which includes the Financial Crime policy and standards on Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT), Fraud and Group Sanctions) 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 the policy, which is driven by the risk category of the customers. Risk culture at AIB is guided by policies, codes, and procedures such as the *Code of Conduct*⁴³, *Anti-Bribery & Corruption Policy*⁴⁴ and *Conflicts of Interest policy*⁴⁵. These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.

AIB is 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 it operates and in accordance to the *Recruitment Policy*⁴⁶, *Remuneration Policy*⁴⁷ and *Diversity and Inclusion Code*⁴⁸.

5. Management of Proceeds

Treasury will be responsible for overseeing the management of proceeds and will track Eligible Social Loans using an internal tracking system.

The net proceeds from Social Bond Instruments will be managed by AIB in a portfolio approach. AIB intends to allocate an amount equal to the net proceeds from the issue of Social Bond Instruments to an Eligible Social Loan Portfolio, selected in accordance with the Eligibility Criteria set out in Use of Proceeds and Process for Project Evaluation and Selection above. AIB will strive to achieve a level of allocation for the Eligible Social Loan Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Social Bonds Instruments. Additional Eligible Social Loans will be added to the Eligible Social Loan Portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding Social Bonds Instruments will be allocated to Eligible Social Loans. All redeeming financings are removed from the pool and any asset that no longer meets the Eligibility Criteria will also be removed from the pool at the earliest opportunity⁴⁹.

Pending allocation of an amount equal to the net proceeds of any tranche of Social Bonds Instruments to an Eligible Social Loan Portfolio AIB will hold and/or invest, at its own discretion, the balance of net proceeds not yet allocated to the Eligible Social Loan Portfolio in its treasury liquidity portfolio or in cash or other short term and liquid instruments. Within its liquidity portfolio, AIB has established a Socially Responsible Investment pocket, via which AIB’s treasury actively invests in green/SRI assets to fund domestic and international projects aimed at global sustainability, carbon emission reduction, and social improvement, all under the over-arching themes of Environment, Social, and Governance (ESG). Therefore, AIB intends to at least assign a portion of an amount equal to the net proceeds from the issue of Social Bond Instruments to ESG orientated assets.

⁴³ <https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf>

⁴⁴ <https://aib.ie/content/dam/aib/personal/docs/sustainability/anti-bribery-and-corruption-policy.pdf>

⁴⁵ https://aib.ie/content/dam/aib/personal/docs/sustainability/Conflicts_of_Interest_Policy.pdf

⁴⁶ <https://aib.ie/content/dam/aib/personal/docs/sustainability/Recruitment-Policy.pdf>

⁴⁷ <https://aib.ie/content/dam/aib/personal/docs/sustainability/remuneration-policy.pdf>

⁴⁸ <https://aib.ie/content/dam/aib/personal/docs/sustainability/diversity-and-inclusion-code.pdf>

⁴⁹ Within one year at the latest. This topic is discussed during the ESG Bond Working Group meetings.

6. Reporting

AIB intends to publish a report on the allocation of proceeds to the Eligible Social Loan Portfolio as well as an impact report annually at least until full allocation or until maturity.

AIB intends to report the allocation and impact of the use of proceeds to the Eligible Social Loan Portfolio at least at the category level and on an aggregated basis for all of AIB's Social Bond Instruments outstanding.

AIB intends to align, on a best effort basis, the impact reporting with the portfolio approach described in the ICMA "Harmonized Framework for Impact Reporting for Social Bonds (June 2022)"⁵⁰.

Allocation Reporting

The allocation report will provide, on the Eligible Social Loan Portfolio, indicators such as:

- *The size of the identified Eligible Social Loan Portfolio, per eligible category*
- *The total amount of proceeds allocated to the Eligible Social Loans*
- *The number of Eligible Social Loans*
- *The balance of unallocated proceeds*
- *The amount or the percentage of new financing and refinancing*⁵¹
- *The geographical distribution of the assets (at country level)*

Impact Reporting

Where feasible, AIB intends to report on the impact of the Eligible Social Loan Portfolio. The Impact report may provide:

- *A description of relevant Eligible Social Loans.*
- *The breakdown of the Eligible Social Loan Portfolio by nature of what is being financed (financial assets).*
- *Social Output and Impact indicators of the Eligible Social Loan Portfolio, at Eligible Category (and, if needed, at sub-category) level. A description of the Social Output and Impact indicators is provided in the table below.*

The impact report will be provided on a portfolio basis.

Depending on availability and subject to confidentiality agreements, AIB might seek to complement above indicators with relevant case studies.

AIB may appoint specialized consultants to develop a methodology for the estimation and calculation of the Social Output and Impact Indicators.

Both the allocation report(s) and the impact report will be made available on AIB's website⁵².

Social Outputs and Impacts Table

Indicators to be provided per annum. Impact indicators are likely to be estimated rather than real figures. In case of estimated figures, a clear explanation of the methodology used to estimate indicators will be published in the Social Bond Report(s). AIB and/or the external party engaged by AIB to assess impact, may refer to research paper from acknowledged universities or research centres, and reports from Public bodies as well as Business and Labour Market statistics from official sources and research centres to estimate impact

<i>Eligible Category</i>	<i>Potential Output Indicators</i>	<i>Potential Impact Indicators</i>
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Healthcare facilities:

⁵⁰ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Social-Bonds_June-2022-280622.pdf

⁵¹ New financing refers to loans issued over the previous reporting period.

⁵² [Available] [here](#).

Access to Healthcare (Access to Essential Services)	<ul style="list-style-type: none"> • Number of hospitals covered • Number of specialised healthcare facilities (e.g. specific type of disease, underlying conditions) covered • Number of rehabilitation centers covered • Number of beds • Location (country level) 	<ul style="list-style-type: none"> • Number of outpatient and inpatient in healthcare facilities (hospitals and rehabilitation centers) • Estimated number of patients benefitting from healthcare facilities services on annual basis
	Residential care facilities: <ul style="list-style-type: none"> • Number of residential care facilities covered • Number of beds • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of people benefitting from residential care (elderly people and people with specific health conditions)
	“Pure-play” companies in healthcare: <ul style="list-style-type: none"> • Number of pure-players in healthcare covered • Type and amount of medical products and/or services provided • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of healthcare facilities and/or individuals benefitting from medical products and/or services provided by pure-players in healthcare
Access to Education (Access to Essential Services)	Education facilities: <ul style="list-style-type: none"> • Number of schools, universities and 3rd level education facilities covered • Number of vocational training centers covered • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of students benefitting from educational and vocational services
	Student Housing: <ul style="list-style-type: none"> • Number of student housing organizations covered • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of student-resident benefitting
	“Pure-play” companies in education: <ul style="list-style-type: none"> • Number of pure-players in education covered • Type and amount of educational services provided • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of individuals benefitting from educational services provided by pure-players in education
Social and Affordable Housing	Housing organisations: <ul style="list-style-type: none"> • Number of housing bodies, organisations and entities covered • Rent differential versus non-social/affordable housing with the same area • Average monthly or yearly rent • Percentage of social/affordable housing located in socio-economically disadvantaged areas⁵³ • Location (at country level) 	<ul style="list-style-type: none"> • Number of affordable/social dwellings covered • Estimated number of residents benefitting
	First Home Scheme <ul style="list-style-type: none"> • Number of first home loans (first time buyers vs. fresh starters) • Average borrower capacity • Average affordability gap • Location (Ireland) 	<ul style="list-style-type: none"> • Estimated reduction in Gini coefficient
	Local Authority Affordable Purchase Scheme <ul style="list-style-type: none"> • Number of local authorities loans (first time buyers vs. fresh starters) • Average borrower capacity • Average affordability gap 	<ul style="list-style-type: none"> • Estimated reduction in Gini coefficient

⁵³ Areas with GDP lower than country's average GDP.

	<ul style="list-style-type: none"> Location (Ireland) 	
	Mortgage to rent:	
	<ul style="list-style-type: none"> Number of mortgage to rent loans Rent differential versus non-mortgage to rent housing with the same area Average monthly or yearly rent Percentage of mortgage to rent (social) housing located in socio-economically disadvantaged areas Location (Ireland) 	<ul style="list-style-type: none"> Number of dwellings covered Estimated number of residents benefiting
	SMEs financing in socio-economically disadvantaged areas:	
	<ul style="list-style-type: none"> Number of SMEs covered Location of the SMEs and micro-enterprises financed in compliance with bottom 30% socio-economically disadvantaged areas in Ireland, defined via the Irish Deprivation Index 	<ul style="list-style-type: none"> Number of people employed by financed SMEs Estimated number of jobs created and/or retained via AIB financing
	Female-owned business:	
SMEs financing	<ul style="list-style-type: none"> Number of female-owned SMEs covered 	<ul style="list-style-type: none"> Number of people employed by financed SMEs Estimated number of jobs created and/or retained via AIB financing
	SMEs affected by socioeconomic crises:	
	<ul style="list-style-type: none"> Number of SMEs covered Location of the SMEs and micro-enterprises financed 	<ul style="list-style-type: none"> Number of people employed by financed SMEs Estimated number of jobs created and/or retained via AIB financing
Support to non-profit organisations	<ul style="list-style-type: none"> Number and type of social projects Type of borrower and borrower main activity (food redistribution, culture, sport, shelter) 	<ul style="list-style-type: none"> Estimated number of people benefiting per non-profit activity
Affordable Basic Infrastructure	<ul style="list-style-type: none"> Number and type of social projects Location (country/regional level) 	<ul style="list-style-type: none"> Estimated number of jobs created and/or retained via AIB financing Estimated reduction in Gini coefficient

7. External review

Second Party Opinion (pre-issuance)

AIB has obtained an independent second party opinion from ISS ESG to assess the alignment of the Framework with the ICMA Social Bond Principles 2021 (including the updated Appendix I of June 2022).

The Second Party Opinion as well as the Social Bond Framework will be made available [here](#).

Verification (post-issuance)

AIB may request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the Social Bond Instruments to the Eligible Social Loans, provided by its external auditor (or any subsequent external auditor).

Appendix 1 - Methodology to select “pure-play” companies in Healthcare and Education

Selection of loans to “pure-play” companies in the fields of Healthcare and Education is allowed under the Framework as long as the criteria below, assessed via a three-step approach, are met:

Pure-players in Healthcare and Education

“Pure-play” company definition based on 90% revenue-threshold	
Step 1	1.1. Healthcare Companies meeting the “pure-play” definition based on 90% of companies’ annual revenues being related to products and services in the healthcare field. Eligible products and services are defined as: products and services in the medical and healthcare field such as development of healthcare technology and medical specialty, diagnostic and emergency services, automation solutions to the healthcare sectors. This also includes production of medical equipment for hospitals and care-homes and well as for private customers (such as customised wheelchairs, adaptive seating systems, and other mobility solutions for individuals diagnosed with permanent or long-term loss of mobility)
	1.2. Education Companies meeting the “pure-player” definition based on 90% of companies’ annual revenues being related to services in the education and vocational training field, such as providers of educational courses and materials including language courses and specific training, including non-profit organisations
Step 2	Social Bond Exclusion List The remaining 10% of “pure-play” companies’ annual revenues must not derive from products and services in the Social Bond Exclusion List
Step 3	Minimum ESG Rating requirement In case of companies with a Sustainalytics ESG Risk Rating, companies with ‘High-Risk’ ESG Risk Rating scores ⁵⁴ are excluded. SMEs are exonerated from the third Step

AIB has established internal guidelines for the 3-Step process. Written confirmation in regard to Step-1 and Step-2 should be provided by the borrower to AIB relevant lending unit before considering inclusion. Step-3 can be assessed by obtaining confirmation from the borrower or by consulting public website with high level ESG-Rating information. The 3-Step process guidelines require a loan-by-loan assessment.

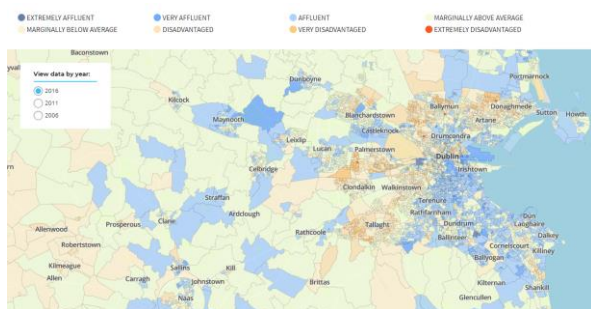
⁵⁴ Sustainalytics ESG Risk Ratings have been chosen because the ESG Risk Ratings ranges “High Risk”, “Medium Risk”, “Low Risk” for companies that are part of the Sustainalytics ESG Rating universe are accessible to the public via: <https://www.sustainalytics.com/esg-ratings>. In case a borrower is not rated, this last step cannot be performed.

Appendix 2 – Methodology to select Eligible SME lending

Selection will focus on loans which provide financing and/or refinancing to SMEs situated in socio-economically disadvantaged areas in Ireland. Eligible loans in this category are aimed at SMEs with an emphasis on employment creation or employment retention in specific areas in Ireland. To be eligible, the loans must meet the following criteria:

1. Be an SME as per EU Commission definition.
2. Not be engaged in any business activity described in the AIB Social Bond Exclusion List.
3. Be located in a socio-economically disadvantaged region of Ireland, as explained below.

AIB has designed a method for identifying socio-economically underperforming areas in Ireland, by employing public macroeconomic data released by the Pobal HP Deprivation Index⁵⁵, which is a series of maps measuring the relative affluence or disadvantage of a particular geographical area in the Republic of Ireland, using data compiled from various censuses. The Pobal HP Deprivation index is Ireland's most widely used social gradient metric, which scores each Small Area (min. 50 – max. 200 households) in terms of affluence or disadvantage. The index uses information from Ireland's census, such as employment, age profile and educational attainment, to calculate this score. The index is color-coded with a spectrum from red, signifying deprivation, to bright blue, signifying affluence.



The index is used by various state agencies and government departments to target resources towards disadvantaged areas. The index is used in the allocation of resources under the following programmes managed by Pobal: The Social Inclusion and Community Activation Programme (SICAP), LEADER and Early Years Capital. The index is also used by the following agencies:

- Department of Education and Skills (Designation of schools under DEIS)
- TUSLA (Resource Allocation Modelling)
- HSE (Health Atlas Ireland)
- Drug and Alcohol Task Forces (Resource Allocation Modelling)
- CSO (Optimising sampling methodologies)
- Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (Sports Capital application appraisal)

AIB loan selection methodology is based on a geocoding exercise to convert client postcodes to latitudes and longitudes. These geographical coordinates have then been used to each client to a Small Area or Electoral District (ED). Finally, AIB has linked each client to a Small Area or ED deprivation score and used the score as a proxy for the socio-economic position of the client. This is the standard procedure used by the largest insurance companies, health providers, Departments and agencies in Ireland for identifying risks and assessing the targeting of services. As the Small Areas include an average of 80-120 dwellings, and are internally quite homogeneous, this procedure is reliable and any inaccuracies cancel out in the aggregate. When used at the individual level, the deprivation score should be interpreted in a probabilistic way as an estimate of the client's status.

The assets mapped to the bottom 30% of the deprivation scores distribution represent the loans to be included in the Eligible Social Loan Portfolio.

⁵⁵ <https://www.pobal.ie/research-analysis/>

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