

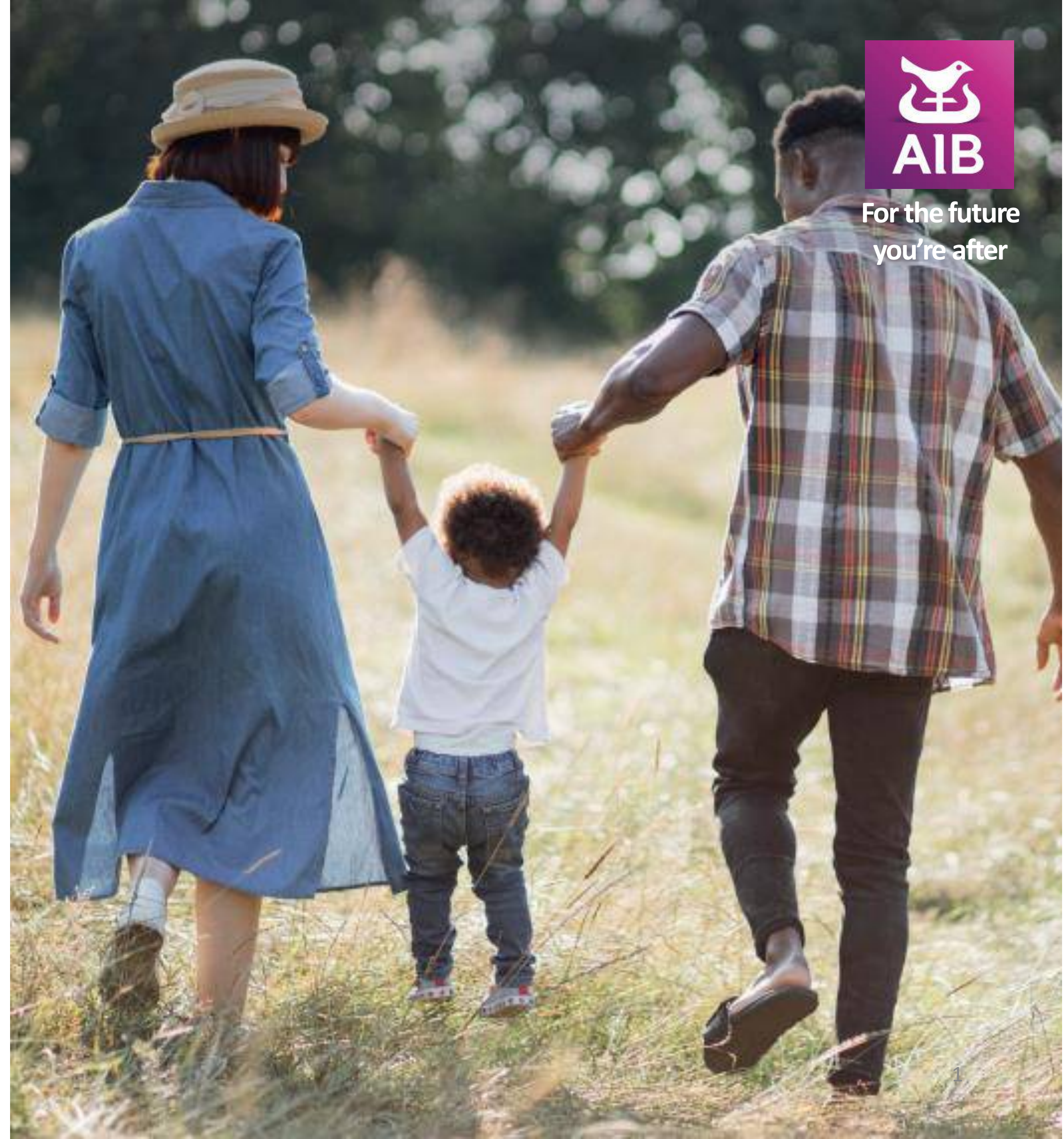
# AIB Group plc

## Green Bond Investor Presentation

April 2024



For the future  
you're after



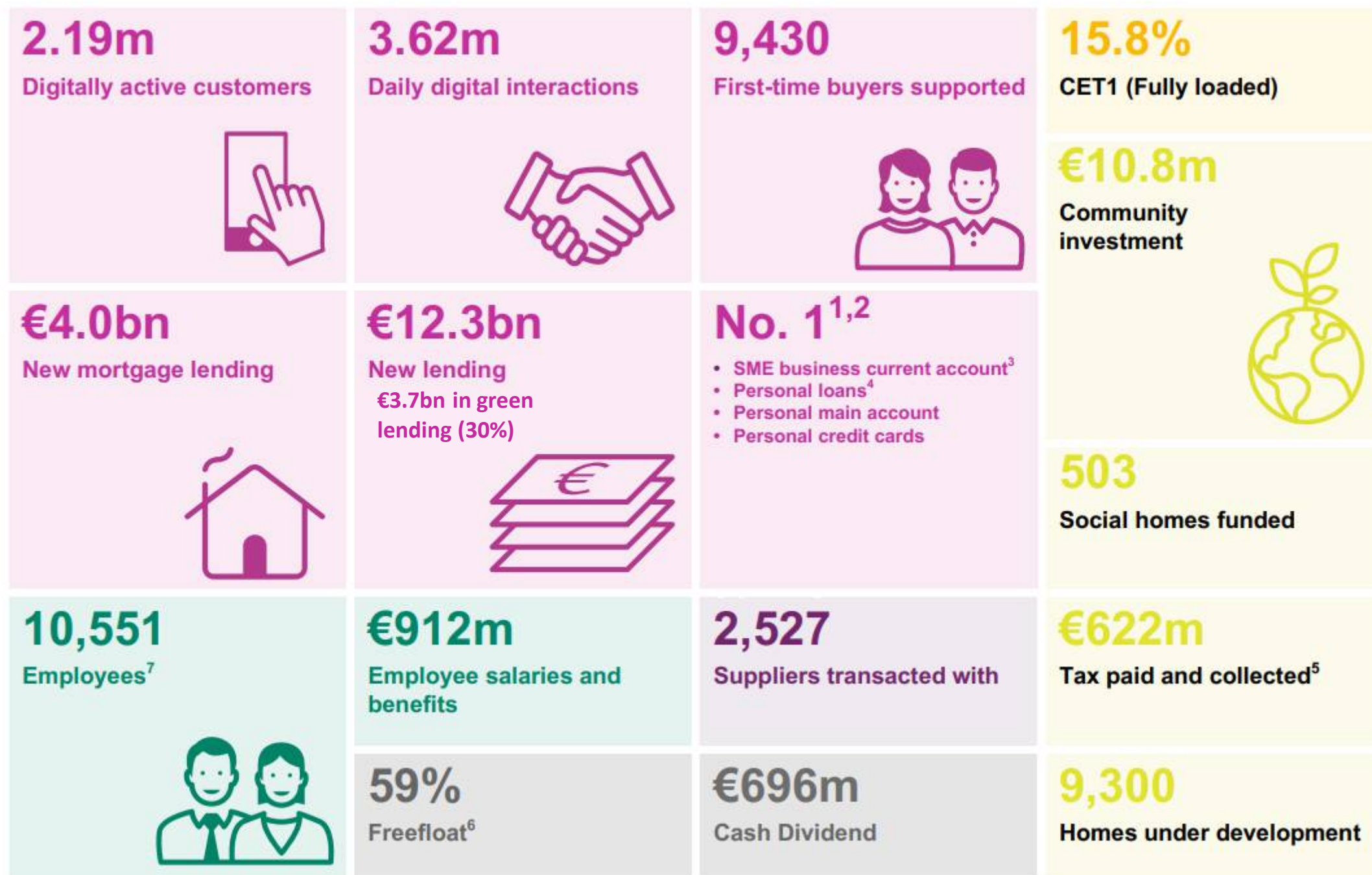
# Contents

	Page #
• Sustainability Strategy, Targets & Progress	3
• Journey to Net Zero	6
<i>Own Operations &amp; Financed Emissions (Scope 1, 2 &amp; 3)</i>	
<i>Climate and Environment Risk</i>	
<i>ESG Customer Propositions</i>	
• ESG Ratings	11
• Green Bond Framework & SPO	13
• Allocation and Impact Reporting	18
• Appendix	23
<i>Sector Transition Pathways</i>	
<i>Agriculture</i>	
<i>Biodiversity &amp; Nature Positive</i>	
<i>Governance</i>	
<i>Commitments, Memberships &amp; Partnerships</i>	
<i>Our Policies and Frameworks</i>	



# Backing a Sustainable Future – FY2023

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 the heart of society, creating value and making impact through our activities – enhancing livelihoods, supporting homemakers, promoting job creation, and enabling communities and society to flourish.
- Our scale and reach confer upon us a responsibility and 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.

## Key to Stakeholder Groups

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

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).

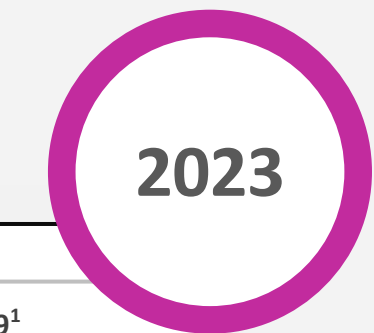
4 Personal lending (excl. car loans) among banks.

5 'Tax paid' (€349m) refers to taxes borne by the Group, including corporate tax, bank levy, employer social insurance and ir recoverable 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.

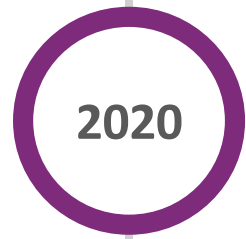
7 AIB Group employees, including Goodbody & Payzone. Staff numbers are on a full time equivalent (FTE) basis.

# ESG Progress to year end 2023



## PLEDGE TO DO MORE

- €5bn Climate Action Fund launched
- Green Mortgage
- 1<sup>st</sup> Green Bond Framework published
- Founding Signatory of UNEP FI PRB | Supporter of TCFD
- Sustainable Communities as strategic pillar



## NET ZERO TARGETS AND AMBITIONS

- Net Zero commitment by 2030 | 70% new lending to be green or transition by 2030
- 1<sup>st</sup> Irish bank to issue a Green Bond €1bn
- €300m Social Housing Fund
- Gender balanced board and ExCo
- Excluded Activities List | Responsible Supplier Code | Human Rights Commitment



## ESG LEADERSHIP RATINGS (MSCI, SUSTAINALYTICS & S&P)

- Climate Action Fund doubled to €10bn
- Internal Emissions Reduction targets set
- Social Housing Fund increased to €800m
- UN Global Compact | NZBA | Equator Principles
- Sustainable Lending Framework & ESG Questionnaire launched



## DELIVERING ON OUR STRATEGY

- Corporate Power Purchase Agreement signed to support 80% of AIB energy needs
- Financed emissions targets set for 75% of loan book
- 1<sup>st</sup> Irish bank to issue a Social Bond €1bn
- AIB Community €1 Million Fund to support 70 local charities
- Inclusion of enhanced TCFD disclosures within Annual Financial Report
- Gold 'Investors in Diversity' | Enhance Inclusion & Diversity strategy launched

For more information on AIB's sustainability progress, see [here](#).

Impact area	Targets	Performance at year end 2023
	<b>2023: 10bn Climate Action Fund</b> in new green & transitional lending (€2bn per year)	<b>€11.6bn in Green lending since 2019<sup>1</sup></b> €3.7bn Green lending in 2023
	<b>2030: Net zero in our operations</b>	<b>17% Reduction in operational emissions<sup>2</sup> in 2023</b> 49% Reduction since 2019
	<b>2040: Net zero ambition financed emissions</b> Customer portfolio lending (Agriculture by 2050)	<b>Financed emissions targets set for 75% of loan book</b>
	<b>2024: 800m Finance for social housing</b>	<b>€548m allocated since 2021</b> €91m finance for social housing in 2023
	<b>2023: 500k Customers supported in financial literacy</b>	<b>550k Customers</b> supported in financial literacy
	<b>Ongoing: AIB in our community</b> Ongoing strategic focus	<b>€10.8m Supporting community causes</b>
	<b>2023: +53 Transactional NPS<sup>3</sup></b>	<b>+45 Transactional NPS</b>
	<b>2023:&gt;2.25m Digitally active customers</b>	<b>2.19m Digitally active customers</b>
	<b>Ongoing: Gender balanced<sup>4</sup> Management</b> On Group Board	<b>Gender balance maintained</b>

<sup>1</sup> In H2 2023, our new green lending definition was expanded to include new mortgage lending to energy efficient homes (BER A1-B2 / APC 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.

<sup>2</sup> Absolute Scope 1 & 2 GHG emissions.

<sup>3</sup> 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.

<sup>4</sup> The Equileap annual Gender Equality Global Report and Ranking equates gender balances 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 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.

# Our Sustainability Strategy 2024-2026

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







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



# Journey to Net Zero: Scope 1 & 2

In 2020, AIB became the first Irish bank to pledge to operate as carbon neutral by 2030, using a net zero approach

## Transitioning our own operations to net zero by 2030 – aligned to 1.5°C target

Targets	1	2	3
	Increase sourcing of renewable energy to 100%	Reduce absolute Scope 1 GHG emissions by 34% by 2027	Full electrification of AIB functional car fleet by 2027 (internal target)
			
Actions	vCPPA will significantly contribute to AIB's power needs	(44)% reduction in absolute Scope 1 GHG emissions since 2019*	At the end of 2023, 47% of the fleet was EV, 4% was PHEV (plug-in hybrid) and 40% was hybrid
			

\*Based on verification exercise in February 2024. To align with our financial reporting, data was extrapolated to account for the 12 month of the reporting period.

### Emissions Targets

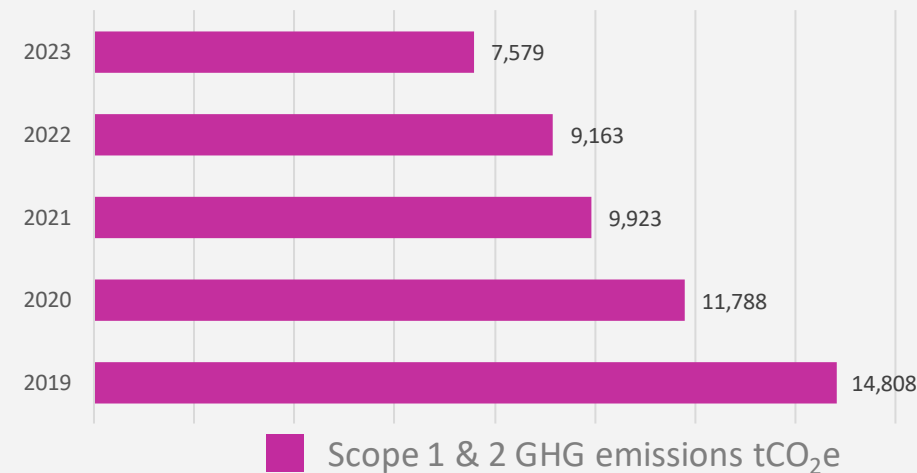
The emissions targets we have set and validated for our own operations are (using 2019 as our baseline):

- Reduce our absolute Scope 1 GHG emission by (34%) by 2027; and
- Increase our annual sourcing of renewable electricity to 100% by 2030.

## Operational Emissions Progress

Since 2019, we have:

- Reduced our absolute Scope 1 GHG emission by (44%); and
- Reduced our overall Scope 1 & 2 emissions by (49)%.



AIB's carbon footprint, as verified in February 2024, shows a significant 49% reduction in Scope 1 & 2 emissions from 2019 to 2023. This includes a year-on-year reduction of 17% in operational emissions across the estate. Fleet emissions reduced by 14%. In addition, electricity, gas and oil consumption showed 18%, 20% and 19% reductions respectively.

Absolute GHG Emissions (tCO <sub>2</sub> e) <sup>a</sup>		2023	2022	2021	Baseline Emissions	Baseline Year
Scope 1:	Direct emissions	2,670	3,200	3,978	4,784	2019
Scope 2 <sup>b</sup> :	Indirect emissions	4,909	5,963	5,945	10,025	2019
<b>Total Absolute Scope 1 &amp; 2 GHG emissions</b>		<b>7,579</b>	<b>9,163</b>	<b>9,923</b>	<b>14,808</b>	<b>2019</b>

a. For more detail on our GHG emissions, see page 100 of our Detailed Sustainability Report 2023, [here](#).

b. Scope 2 emissions are location-based

For detail on our Scope 3 emissions see pp. 22-23 of our Detailed Sustainability Report 2023, [here](#).

## virtual Corporate Power Purchase Agreement



In 2021, AIB entered into a virtual Corporate Power Purchase Agreement (vCPPA) with NTR plc. This resulted in the construction of two solar farms, in 2022, helping AIB meet its target of delivering on 100% of estimated electrical needs sourced from certified renewable sources by 2030.

The two County Wexford based solar farms will deliver energy to the Group along with supplying the national grid with 21.4 GWh of new renewable energy.

# Journey to Net Zero: Scope 3

Supporting customers in the transition to a greener future, we are targeting 70% of new lending to be green or transition, by 2030, and for our entire lending portfolio to be net zero by 2040 (agri by 2050)



## Supporting our Customers to achieve their net zero ambitions

- Amplification of **ESG leadership**
- **New** dedicated green-financing segment ‘**Climate Capital**’ and a new ExCo position created, MD of Climate Capital.
- Ambition to be a **market leader in financing energy transition & ESG infrastructure**
  - Focus on solar PV, onshore wind and offshore wind in Europe, the UK and North America
- **€30bn Climate Action Fund** to support transition to a low-carbon economy
- **€3.7bn of green lending in 2023** (30% of new lending)



During 2023, Goodbody acquired Clearstream, Ireland’s leading corporate climate and sustainability services provider, to further support customers in the transition.

In 2022, we set financed emissions targets for three sectors using a Sector Decarbonisation Approach (SDA), and a fourth Corporate Portfolio Coverage Target.

**SBTi validated targets for Residential Mortgages, Commercial Real Estate, and Electricity Generation, which cover 75%\* of loan book.**

\* As at baseline of 2021



	% of loans 31.12.2021	Decarbonisation Scenario	2021 Baseline Financed Emissions (mtCO <sub>2</sub> e)	2021 Baseline Emission Intensity/Emissions Targets Coverage (kgCO <sub>2</sub> e/m <sup>2</sup> )	% Reduction in Emissions/Emissions Targets coverage required by 2030
Residential Mortgages	50%	IEA 2021 NZE2050 (1.5°C)	1.30	40	(58)%
Commercial Real Estate	10%		1.20	135	(67)%
Electricity Generation	3%	Maintenance Target	0.07	21	Maintain
Corporate Portfolio Coverage (incl. Fossil Fuels)	12%	Emissions Targets coverage	n/a	12% of loans volume covered by emissions targets	54% loan value covered by emissions targets (while increasing loans covered by emissions targets from 12% to 54%)
<b>Total Loan Portfolio Covered</b>	<b>75%</b>		<b>2.57 mtCO<sub>2</sub>e</b>		

- The % reduction required by 2030 is the % reduction in intensity required to meet the targets. The Corporate Portfolio Coverage target relates to counterparties with >500 employees, that have set validated science based targets. From a baseline of 12%, AIB have set a target to increase this to 54% by 2030.
- An intensity measure is a normalised metric that expresses emissions relative to economic output or size; this allows emissions reductions targets to be set while accounting for economic growth.

For more on our Sector Transition Pathways see Appendix

# Climate & Environmental Risk Management (1/2)



## Significant steps taken to analyse Physical & Transition Risks in 2023

The management of climate risk is integrated into our overall approach to risk management, as set out in our TCFD disclosures in our Annual Financial Report 2023. The below table summarises the risks identified as being impacted by climate-related risks (physical and transition risks) as well as the processes for managing these risks across the short, medium, and long-term horizons.

Principal Risks	Time Horizon			How are we responding?
	Short	Medium	Long	
<b>Physical Risk</b>	<b>Conduct risk and Culture risk</b>			Ensuring consideration of C&E risk within the conduct risk and culture risk processes.
	<b>Credit risk</b>			The Group utilises a physical risk heatmap to identify the primary physical risks it faces. Considerations in respect of the main physical risk identified from the heatmap is included in guidance for collateral valuation instructions, and in 2023 investment was made into a tool to assist identification of flood risk for new large commercial collateral property assets.
	<b>Liquidity &amp; Funding risk</b>			Liquidity and funding risk includes C&E risk considerations to ensure that that the liquidity and funding profile is appropriate for its asset mix and a sufficient liquid buffer of appropriate quality is provided to protect the Group from any liquidity stresses
	<b>Model risk</b>			Model risk management ensures that climate model risk is appropriately managed within each stage of the model risk management lifecycle.
	<b>Operational risk</b>			The management of C&E risk takes place via the oversight and assurance of third-party suppliers, continuity and operational resilience risk management as well as the protection of staff, customers, visitors, contractors, consultants, agents, third parties and assets (including property) in all its locations and operations. This ensures adherence to statutory obligations with respect to health and safety as well as security industry standards and practices.

Principal Risks	Time Horizon			How are we responding?
	Short	Medium	Long	
<b>Transition Risk</b>	<b>Business model risk</b>			C&E risk is considered as a risk of not achieving the agreed Group's Strategy or approved business plan. This can be either as a result of an inadequate implementation of the plan, or the inability to secure the required investment.
	<b>Conduct risk and Culture risk</b>			Conduct risk and Culture risk includes the consideration of C&E risk when reviewing potential changes to services or propositions to ensure customer segments are not unfairly disadvantaged or negatively impacted as a result.
	<b>Credit risk</b>			The integration of C&E risk as a consideration within credit risk management policies and processes. For example the Group's ESG Questionnaire is incorporated into credit applications for customers in high C&E Risk transition sectors where new lending is over €/£300k.
	<b>Model risk</b>			On an ongoing basis, Group models are enhanced for climate risk including redevelopment of physical risk and transition risk models.
	<b>Regulatory compliance risk</b>			Regulatory compliance risk consider C&E risk when ensuring effective compliance with the applicable obligations which protects the Group's customers and its business.

For more on our approach to identifying and managing climate and environmental risks, see p196 of our Annual Finance Results 2023 [here](#) as well as of our Detailed Sustainability Report 2023, [here](#).



# Climate & Environmental Risk Management (2/2)

## Highlights of AIB's approach to managing Climate Risk

Recognising its importance as a key strategic pillar, as well as its potentially significant impact over time on the Group and wider society, the Board Risk Committee reviewed Climate and Environmental Risk in 2023, and recommended to the Board that it be considered as a material risk.

### Climate Stress Testing

---

We commenced development of our Climate Stress Testing capabilities in 2021. In 2022, AIB completed all three modules of the ECB 2022 Climate Risk Stress Test. During 2023, the Group redeveloped its suite of Climate Stress Testing Models (which assess physical and transition risks) and formally approved the Group's Climate Stress Testing Framework, with climate stress tests now incorporated into the annual ICAAP assessment.

### Physical Risk

---

We continue to focus on flood risk as the most significant acute and chronic physical risk and have developed initial metrics to better understand this risk for our property-related exposure. These metrics support the tracking of physical risk for our key property portfolios. Our approach is subject to further evolution based on industry developments and supervisory and regulatory expectations which continue to evolve over time. AIB's Non Financial Corporate (NFC) exposures sensitive to Flood risk secured on immovable property\* is 3.2% (€ 0.28bn) in 2023.

### Transition Risk

---

We require all new lending over £/€300k in high transition risk sectors to complete our ESG Questionnaire. We have deemed the following sectors/sub-sectors as most prone to transition risk (combined exposure ~8% of new lending in 2023):

- i. **Agriculture** – Dairy and Cattle Farming
- ii. **Manufacturing** – Food Processing
- iii. **Transport** – Road, rail and water
- iv. **Non-renewable energy**

### ESG Questionnaire

---

In 2021, AIB established an ESG Questionnaire to incorporate ESG in to credit applications. In 2023, AIB used ESG Sectoral Risk heat-maps to identify additional high-risk sectors to enhance the scope of the questionnaire.

Additionally, the Group has incorporated an improved ESG Questionnaire into its supplier risk assessment process, which adds focus on reviewing responses and evidence from suppliers of establishing or achieving sustainability targets, sustainability reporting, and more.



*\*The physical flood risk is aligned with our CRR449a Pillar 3 disclosure showing "sensitivity" to physical risk for NFC's secured by immovable property under an adverse climate scenario. Adverse climate scenario is defined as: RCP 8.5 to 2035, and a 1:100 risk of a flood event. The threshold of risk for sensitive is set at a 1% flooding risk (1:100) and the adverse climate change scenario to 2035. This approach aligns to the EBA 2021 ESG Risk Management guidance in so far as there is prescriptive guidance. AIB Group plc Annual Financial Report 2023*

# Market Leading ESG Customer Propositions & Disclosure Transparency

## Propositions



**Green Mortgage** for energy efficient homes across AIB, Haven, EBS brands & UK



Widescale lending for projects in **Renewables, Housing, Healthcare, Education**



**Green Personal Loan** for retrofitting homes and Electric Vehicles



**Sustainable Lending** for Corporate customers who commit to ESG targets



**Green & Social bonds** to fund domestic and international projects aimed at emission reduction & social improvement



**vCPPA** places AIB as a corporate leader in Ireland to leverage decarbonisation capabilities & expertise



**NiftiBusiness & Nifti Personal Leasing** provides car leasing including sustainable options to businesses and personal customers



**SBCI SME Sustainability** focused loans



**ESG Advisory Services**

## Ratings

**12.7**  
Sustainalytics

**AA**  
MSCI

**61**  
S&P Global





**A-**  
CDP

For more detail on ESG Ratings see overleaf.

# ESG Ratings

## AIB's Sustainability Performance Assessed by Key Agencies

Our performance continues to be recognised by independent ESG rating agencies where we hold leadership positions:

	<p><b>12.7</b></p>	<p>On 04 May 2023 AIB received an ESG Risk Rating of 12.7, was assessed by Morningstar Sustainalytics to be at Low Risk of experiencing material financial impacts from ESG factors and was ranked by Sustainalytics as 62 out of 987 Banks. AIB is also a Sustainalytics ESG Industry Top Rated and ESG Regional Top Rated company for 2023.</p> <p>**In no event the ESG Risk Rating shall be construed as investment advice or expert opinion as defined by the applicable legislation.</p>
	<p><b>AA</b></p>	<p>In Sept 2023, AIB received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment*</p>
	<p><b>61</b></p>	<p>In the 2023 Corporate Sustainability Assessment AIB achieved a score of 61/100 (2022: 70/100) which, as at 27 Oct 2023, placed us in the 91st percentile of banks (2022: 94th percentile). AIB is also listed as a member of the S&amp;P Global Sustainability Yearbook 2023. The Yearbook aims to distinguish those companies within their industries that have each demonstrated their strengths in corporate sustainability. To be listed as a member, companies must be within the top 15% of their industry and must achieve an S&amp;P Global ESG Score within 30% of their industry's top-performing company.</p>
	<p><b>A-</b></p>	<p>The international environmental impact non-profit organisation CDP highlighted AIB as a global leader in corporate climate action. AIB has achieved the Leadership rating since 2016 and was the only bank in Ireland or the UK to make the Global A list in 2020. To achieve this we've reduced our carbon footprint in our business and continue to increase our levels of disclosure on the impact of climate risks to our business. Every year AIB proactively responds to the CDP Climate Change questionnaire. Click <a href="#">here</a> to view our 2023 response.</p>

For more information see [www.aib.ie/sustainability/esg-ratings](http://www.aib.ie/sustainability/esg-ratings)



**FTSE4Good**

Since July 2020 AIB has been a member of the FTSE4Good Index Series which identifies companies demonstrating strong environmental, social and governance practices measured against globally recognised standards, you can find out more [here](#).

\* The use by AIB Group plc of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of AIB Group plc by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

\*\* Copyright ©2023 Morningstar Sustainalytics. All rights reserved. This page contains information developed by Sustainalytics ([www.sustainalytics.com](http://www.sustainalytics.com)). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available

# AIB Green Bond Framework

August 2023



For the future  
you're after



# Green Bond Framework

## Rationale

- To align our funding strategy within our sustainability strategy - funding projects or assets that mitigate climate change by reducing emissions, protecting ecosystems, or having a positive environmental impact.
- Green bond issuances serve as a testament to AIB's leadership and commitment to sustainability and society.

1

### Use of Proceeds



- AIB allocates the net proceeds of the Green Bonds to a loan portfolio of new and existing loans, the "Eligible Green Loan Portfolio"
- ✓ Green Commercial and Residential Buildings
- ✓ Renewable Energy
- ✓ Clean Transportation

2

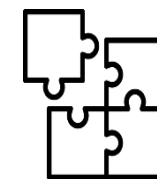
### Project Evaluation & Selection



- Loans financed and/or refinanced are evaluated and selected based on compliance with the Eligibility Criteria, described in Use of Proceeds (UoP) section of the Green Bond Framework.
- A core team will assess project eligibility and allocation of proceeds to Eligible Green Loans.

3

### Management of Proceeds



- The net proceeds from the Green Bonds will be managed by AIB on a portfolio basis, with loans selected in accordance with UoP criteria and the evaluation and selection process.
- AIB will track investments in eligible loans.

4

### Reporting




- Allocation reporting: AIB prepares an annual report with the status of the allocation of AIB's Green Bond proceeds (at least at category level).
- Impact reporting: AIB reports annually on the impact of the Eligible Green Loan Portfolio in terms of estimated avoided CO2 emissions and avoided energy consumption (MWh), in conjunction with Carbon Trust.



5

### External Review






- AIB's Green Bond Framework has been reviewed by Sustainalytics, who has issued a positive Second Party Opinion.
- Sustainalytics have also performed an assessment of the framework in relation to the EU Taxonomy.
-  Verification: Mazars has produced a limited assurance report for FY 23 Allocations.

# Use of Proceeds 2023


## Renewable Energy

### Use of Proceeds

-  Financing and/or refinancing the generation, equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation
 
  

- a) **Solar Energy:** Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities
  - b) **Wind Energy:** Onshore and offshore wind energy generation facilities and other emerging technologies
  - c) **Geothermal Energy:** Geothermal power plants with life cycle emissions lower than 100g CO<sub>2</sub>e/kWh
  - d) **Power Storage Facilities:** Compressed air, flywheels, synchronous condensers, and batteries
  - e) **Energy Transmission Infrastructure:** Interconnectors between transmission systems within the interconnected European system


## Green Commercial Buildings

### Use of Proceeds

- **Green Commercial Buildings in Ireland** 
  - New or existing commercial buildings:
    - Buildings built pre Jan 2021 belonging to the top 15% low carbon buildings in Ireland, BER Rated B2 or better
    - Buildings built from Jan 2021 with Primary Energy Demand = -10% vs NZEB regulation, BER Rated A1 or A2
    - Refurbished with ≥30% improvement in energy efficiency; minimum BER C3
- **Green Commercial Buildings in UK**
  - New or existing commercial buildings in the UK, belonging to the top 15% low carbon buildings in the local context (i.e. England & Wales – EPC “A+, A” and “B” and Scotland – EPC “A and B”)
  - Refurbished with ≥30% improvement in energy efficiency
- **Green Commercial Buildings in Ireland and the UK**
  - Commercial buildings classifications, such as:
    - BREEAM ‘Excellent’ or higher
    - LEED ‘Gold’ or higher
    - DGNB ‘Gold’ or higher

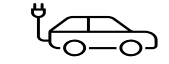
## Green Residential Buildings









### Use of Proceeds

- **Green Residential Buildings** 
  - Buildings built pre Jan 2021 belonging to the top 15% low carbon buildings in Ireland (BER label of B2 or better, or built from 2015 and later)
  - Buildings built from Jan 2021 with Primary Energy Demand = -10% vs NZEB regulation
  - Refurbished with ≥30% improvement in energy efficiency; minimum BER C3

## Clean Transportation

### Use of Proceeds

- **Clean Transportation** 
  - Fully electric, hydrogen or otherwise zero emissions vehicles for the transportation of passengers
  - Infrastructure to support zero emissions vehicles including but not limited to EV charging and hydrogen fuelling stations

ICMA GBP category	UN SDG	EU Taxonomy Technical Screening Criteria 
Renewable Energy	 	<ul style="list-style-type: none"> <li>• Eligible by default (no life cycle emissions threshold applies for solar and wind power)</li> <li>• Geothermal eligible where life cycle emissions are lower than 100g CO<sub>2</sub>e/kWh</li> </ul>
Green Buildings	  	<ul style="list-style-type: none"> <li>• Top 15% approach for buildings built up until end 2020</li> <li>• AIB has implemented NZEB –10% criteria for buildings built from 2021 in Ireland</li> <li>• ≥30% improvement in Primary Energy Demand for refurbishments;</li> </ul>
Clean Transportation	 	<ul style="list-style-type: none"> <li>• 2025 and 2026 thresholds guaranteed for fully electric vehicles</li> <li>• EV charging stations, hydrogen fueling stations and electrified rail (not related to the transport or storage of fossil fuels) in line with TSC</li> </ul>

# Process for Project Evaluation and Selection - Overview

## Process for Project Evaluation and Selection

Compliance with ICMA Green Bond Eligibility Criteria (i.e. Use of Proceeds)

Alignment with AIB's sustainability strategy

Compliance with official and international environmental and social standards and local laws and regulation

»

»

»

Mitigation of DNSH  
& MS concerns



### Group Sustainability Committee

Reviews and approves the GBF and eligible loan categories in accordance with AIB Sustainability Strategy and the AIB Sustainable Lending Framework, approves additional GBF specific loan exclusion criteria.

### ESG Working Group

- The group comprises of Group Treasury; Legal; Sustainability Team; Risk; and relevant business teams.
- The members of the ESG Bond WG apply the approved GBF (eligible categories, and exclusions) in terms of the population of loan templates, assessment of loan eligibility, and determination of impact for larger loans.

# Second Party Opinion

- Sustainalytics has issued a positive SPO on AIB's Green Bond Framework
- SPO includes an **EU Taxonomy Alignment Assessment**

Updated – Aug 2023

## Second-Party Opinion AIB Green Bond Framework

### Evaluation Summary

Sustainalytics is of the opinion that the AIB Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable Energy and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the provision of financing in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



**PROJECT EVALUATION / SELECTION** AIB's Group Sustainability Committee will be responsible for overseeing the process of selecting eligible green loans according to the criteria set in the Framework prepared by the AIB ESG Bond Working Group. AIB has a dedicated environmental and social risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** AIB intends to manage the net proceeds in a portfolio approach and allocate the proceeds from the green bonds to the Eligible Green Loan Portfolio. Pending allocation, AIB will hold or invest in its treasury liquidity portfolio in cash or other short term and liquid instruments or pay back a portion of its outstanding indebtedness. AIB intends to allocate the proceeds at issuance. Sustainalytics considers this to be in line with market practice.



**REPORTING** AIB intends to report on the allocation of proceeds to the Eligible Green Loan Portfolio on an annual basis, to be renewed every year until maturity of the instruments or full allocation. In addition, where feasible, AIB intends to report on the impact of the Eligible Green Loan Portfolio at least at category level, including relevant quantitative metrics, calculated by third-party consultants. Sustainalytics views AIB's allocation and impact reporting as aligned with market practice.

### EU Taxonomy

Sustainalytics has assessed AIB's Green Bond Framework for alignment with the EU Taxonomy. The Framework's three use of proceeds categories map to 12 EU activities. Sustainalytics is of the opinion that nine activities align and three partially align with the applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy. Eight activities align and four partially align with the relevant "do no significant harm" (DNSH) criteria. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.



**Evaluation Date** August 29, 2023<sup>1</sup>

**Issuer Location** Dublin, Ireland

#### Report Sections

Introduction.....	2
Sustainalytics' Opinion.....	3
Appendices.....	13

**For inquiries, contact the Sustainable Finance Solutions project team:**

**Pauline Horng (Amsterdam)**  
Project Manager  
pauline.horng@morningstar.com

**Taylor Whitfield (Toronto)**  
Project Support

**Zoe Wittmann (Amsterdam)**  
Project Support

**Vedang Kulkarni (Mumbai)**  
Project Support

**Kibii Sisulu (London)**  
Client Relations  
susfinance.emea@sustainalytics.com  
(+44) 20 3880 0193



**Use of Proceeds:** The eligible categories for the use of proceeds are aligned with those recognised by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11



**Project Evaluation and Selection:** Sustainalytics considers the project selection process to be in line with market practice



**Management of Proceeds:** AIB intends to manage the net proceeds in a portfolio approach and allocate the proceeds from the green bonds to the Eligible Green Loan Portfolio. Pending allocation, AIB will hold or invest in its treasury liquidity portfolio in cash or other short term and liquid instruments or pay back a portion of its outstanding indebtedness. AIB intends to allocate the proceeds at issuance. **Sustainalytics considers this to be in line with market practice.**



**Reporting:** AIB intends to report on the allocation of proceeds to the Eligible Green Loan Portfolio on an annual basis, to be renewed every year until maturity of the instruments. In addition, where feasible, AIB intends to report on the impact of the Eligible Green Loan Portfolio at least at category level, including relevant quantitative metrics, calculated by specialist third-party consultants. **Sustainalytics views AIB's allocation and impact reporting as aligned with market practice**



# Management of Proceeds at YE 2023

Green bond loan portfolio as at 31st December 2023:

## Green Bond Assets

Total Green Bond Loan Portfolio: €5.41 Billion

ICMA GBP Eligible Loan Category	Number of Eligible Loans	Amount (€)
Green Buildings	5,274	2,964,104,691
Renewable Energy	189	2,405,342,776
Clean Transportation	1,295	36,265,650
<b>Total</b>	<b>6,758</b>	<b>5,405,713,118</b>

## Green Bond Liabilities

Total Outstanding Green Bonds: €4 Billion

Instrument (ISIN)	Settlement	Maturity	Amount (€)
XS2230399441	30/09/2020	30/05/2031	1,000,000,000
XS2343340852	17/05/2021	17/11/2027	750,000,000
XS2491963638	04/07/2022	04/07/2026	750,000,000
XS2555925218	16/11/2022	16/02/2029	750,000,000
XS2707169111	23/10/2023	23/10/2031	750,000,000
<b>Total</b>			<b>4,000,000,000</b>



AIB intends to be fully allocated at issuance for new green bonds, as well as having an over-collateralised green portfolio



Aggregated portfolio approach used to manage proceeds



Additional eligible green projects are added to the eligible green loan portfolio to the extent required



Any assets that become ineligible are removed and replenished where necessary



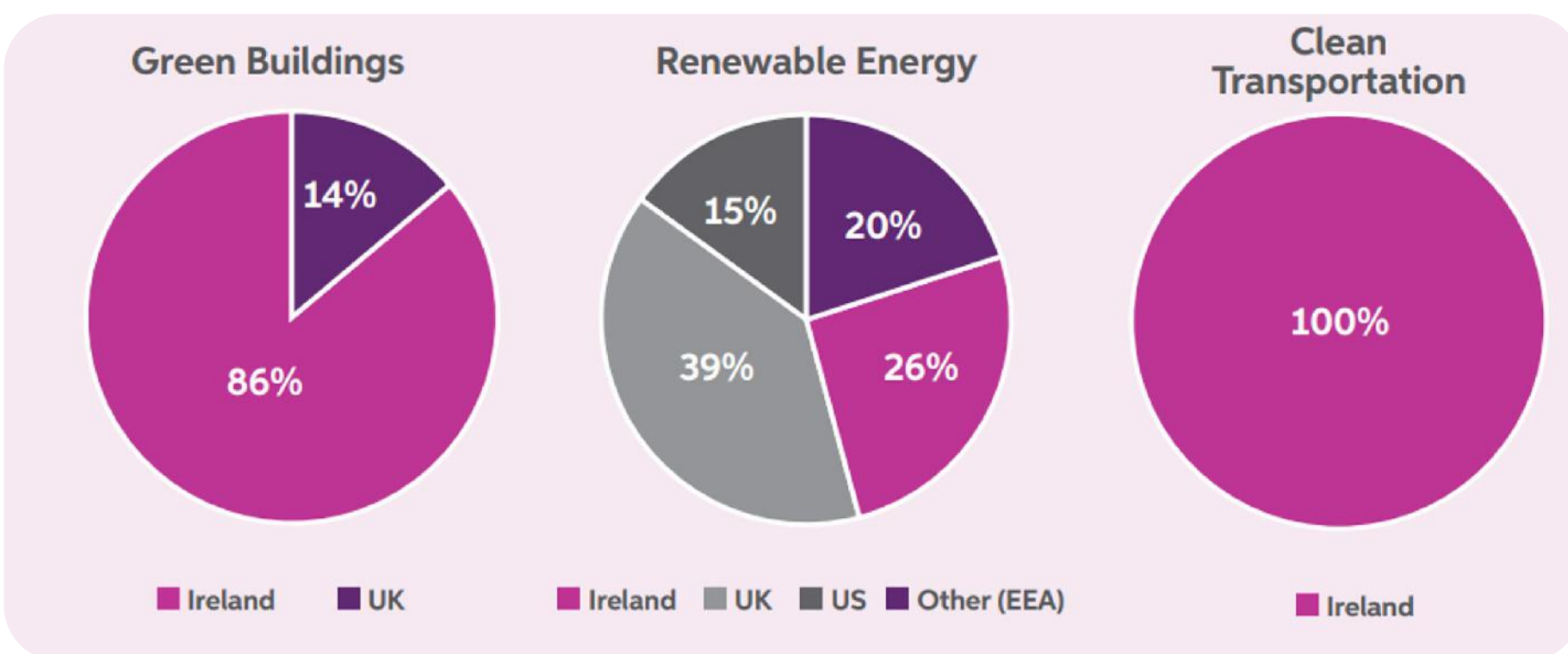
The allocation of assets that are eligible for both Green and Social project Portfolio's will be considered in terms of their impactfulness and the requirements of each framework

# Green Bond Portfolio & Impacts FY2023



## AIB Eligible Green Loan Portfolio FY23

	#	€	%
<b>Renewable Energy</b>	189	2,405m	c. 44%
<b>Green Buildings</b>	5,274	2,964m	c. 55%
<b>Clean Transportation</b>	1,295	36m	c. 1%
<b>Total</b>	<b>6,758</b>	<b>5,406m</b>	<b>100%</b>



## Impact Reporting FY23

<b>Total Portfolio Size</b>	€5,406m
Total Est. Avoided Emissions (tCO2e/year)	1,600,855
Total Est. Avoided Energy Consumption (MWh/year)	137,872
<b>Est. Avoided Emissions per €m invested</b>	<b>296 (tCO2e/year)</b>

<b>Renewable Energy</b>	€2,405m
Est. Avoided Emissions (tCO2e/year)	1,560,895
Avoided Emissions per €m invested in Renewables	<b>649 (tCO2e/year)</b>

<b>Green Buildings</b>	€2,964m
Est. Avoided Emissions (tCO2e/year)	39,400
Est. Avoided Energy Consumption (MWh/year)	137,872
Avoided Energy Consumption per €m invested in Green Buildings	<b>47 (MWh/year)</b>
Avoided Emissions per €m invested in Green Buildings	<b>13 (tCO2e/year)</b>

<b>Clean Transportation</b>	€36m
Est. Avoided Emissions (tCO2e/year)	560
Avoided Emissions per €m invested in Clean Transportation	<b>16 (tCO2e/year)</b>

# Case Study - Oweninny

## Renewable Energy Generation – Wind

The Irish Government's Climate Action Plan (2019) sets out the roadmap for achieving the country's carbon emissions reduction target by 2030, setting Ireland on a trajectory to reach at least 80% renewable power by 2030 and achieve net zero by 2050. The development of windfarms is a key component of this plan, with such renewable energy facilities benefitting from a series of Irish Government schemes, including REFIT 1 & 2 and, more recently, the Renewable Electricity Support Scheme (RESS). Each of these schemes ensures a guaranteed floor price for each unit of electricity exported by a renewable project.

Oweninny is a joint venture between ESB and Bord na Mona. Based in Co. Mayo, Ireland, on a site of 2,400 hectares which were formerly used for peat harvesting, Oweninny is one of the largest windfarm developments in Ireland and was developed in two phases. Phase 1 is REFIT and Phase 2 is RESS. The site comprises 60 wind turbines with electricity generation capacity of 192MW. Energy produced by Oweninny is sold into the Irish Single Electricity Market (I-SEM) via a PPA with ESB for phase 1 and with Bord Gais Ireland for phase 2.

Along with a consortium of banks, AIB provided funding for both phases of the development. There is also a visitor centre on site, that will act as an advocacy hub for the development of clean, renewable energy in Ireland for the benefit of future generations, all part of our net zero future.



# SPO – EU Taxonomy Assessment

Performed by  SUSTAINALYTICS



Eligible Green Category	Green Buildings (Residential & Commercial)	Renewable Energy (Energy Generation, Storage & Transmission)		Clean Transportation (Electric Vehicles)
Geography	Ireland & UK	Ireland & UK 65% of Renewables <sup>5</sup>	Other (EEA & US) 35% of Renewables <sup>5</sup>	Ireland
Technical Screening Criteria	Partial Alignment <sup>1</sup>	Partial Alignment <sup>3</sup>		Aligned
Do No Significant Harm	Partial Alignment <sup>2</sup>	Partial Alignment <sup>4</sup>		Aligned
Minimum Social Safeguards	Aligned	Aligned		Aligned

<sup>1</sup>Partial Alignment is considered for buildings selected via certification schemes (e.g. LEED/BREEAM) - these certifications are currently not considered under the EU Taxonomy. We expect the certification schemes to publish information relating to the extent of alignment to the EU Taxonomy in the near future.

Separately, ≥2021 built buildings have been confirmed to have met the relevant NZEB-10% threshold in the Irish context via BER labels. Sustainalytics note that the criteria for NZEB is currently undefined in the UK context, hence there is no practical method for verifying compliance with the EU Taxonomy for these buildings.

<sup>2</sup> For buildings built ≥2021 that are >5000m<sup>2</sup>, the EU Taxonomy describes extra requirements relating to i. ensuring such buildings retain suitable thermal integrity via ‘robust and traceable quality control processes’, and ii. the calculation of a ‘Global Warming Potential’ for each life cycle stage of the building (expressed as kgCO<sub>2</sub>e/m<sup>2</sup>). AIB’s Green Portfolio partially conforms with these requirements. AIB currently lacks the relevant data needed to prove this GWP requirement and is in the process of obtaining it for relevant buildings.

<sup>3</sup> & <sup>4</sup> Full alignment is achieved for ~85% of the renewable energy assets in the Green Portfolio. Partial alignment for DNSH for non-EEA/UK based Renewable assets. Regarding Partial Alignment for TSC, although AIB can reasonably assume the relevant geothermal asset located in the US to comply with the life cycle emissions threshold (annual GHG emissions intensity of 37 gCO<sub>2</sub>/kWh), AIB is unable to explicitly confirm adherence to the life cycle emissions threshold.

<sup>5</sup> ‘of Renewables’ reflects portion of year end 2023 allocations.

The above matrix relates only to the Eligible Green Assets included in the Green Bond Portfolio as of FY23. For Sustainalytics’ assessment on EU Taxonomy alignment for all Use of Proceeds categories contained within the Framework, see Sustainalytics’ SPO [here](#).

# External Review: Independent Limited Assurance

## Independent Limited Assurance Report to AIB

AIB engaged Mazars, a leading international audit, tax, advisory and consulting firm, to perform a review to facilitate the provision of a limited assurance report in respect of 'Reported Information' pertaining to the AIB Green Bond Allocation Report (pp. 5-6 of the 2023 AIB Green Bond Report), as provided in AIB's Green Bond Framework, for the year ended 31 December 2023.

## Mazars' Responsibilities

Mazars are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the 'Reported Information' for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with Section 6 (Reporting) of AIB's Green Bond Framework
- Forming an independent conclusion, based on the procedures performed and evidence obtained
- Reporting conclusion to AIB

## Work Performed

Mazars was required to plan and perform work in order to consider the risk of material misstatement of the 'Reported Information.' In doing so, Mazars:

- Conducted interviews with management and examined relevant documentation to obtain an understanding of the key processes, systems and controls in place over the preparation of the Allocation Report
- Performed selected substantive testing of project files against eligibility criteria
- Performed selected substantive testing of accounting and other relevant records
- Reviewed the extraction of Allocation Report information from the green asset portfolio
- Reviewed the Allocation Report for consistency with relevant bond issuance documentation
- Reviewed listing of assets used in the impact models for consistency with the green asset portfolios

## Conclusion

Following completion of their review, Mazars has issued AIB with the assurance report in respect of the 'Reported Information' (herein set out on pages 5 and 6) for the year ended 31 December 2023. The full report can be found at <https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports>.

<sup>1</sup>Mazars are a leading international audit, tax, advisory and consulting firm. Based in Dublin, Galway and Limerick, Mazars in Ireland is part of an internationally integrated partnership.

# Appendix



For the future  
you're after

# Journey to Net Zero: Sector Transition Pathways (1/2)



In 2022, we set financed emissions targets for three sectors using a Sector Decarbonisation Approach (SDA), and a fourth Corporate Portfolio Coverage Target all of which have been validated by SBTi.

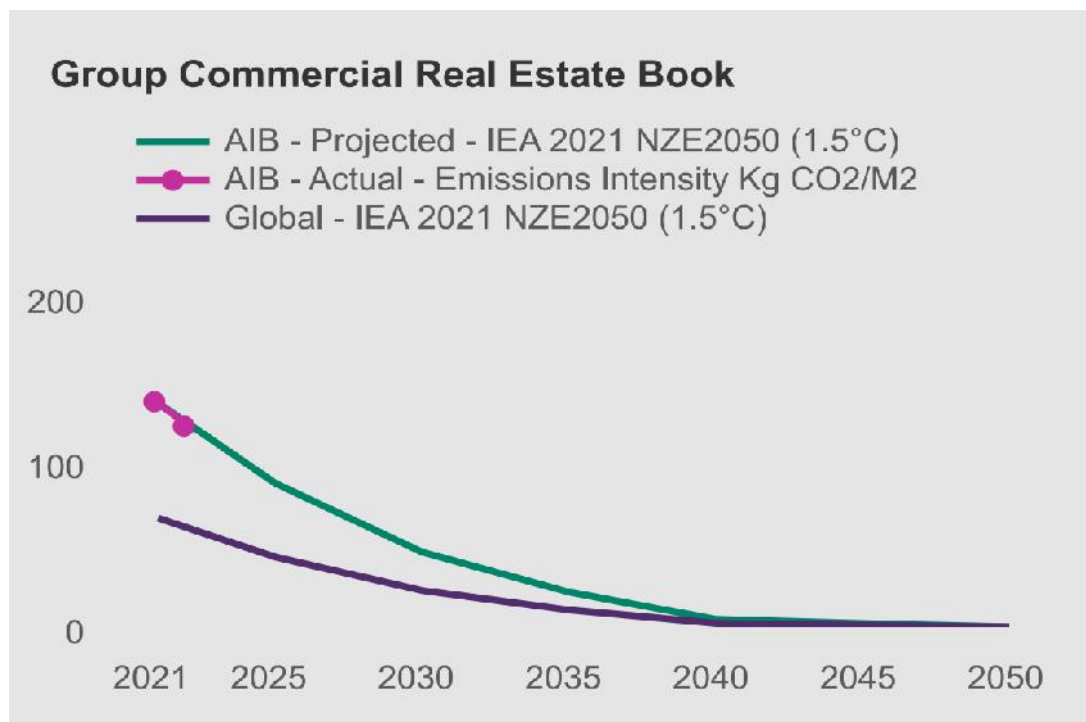


## Residential Mortgages

In 2021, we set a baseline emissions intensity/target coverage of 40 kgCO2e/m<sup>2</sup> and used the International Energy Agency (IEA) 2021 NZE2050 1.5°C SDA Scenario to form the basis for the physical emissions intensity reduction of 58% required by 2030.

Our Residential Mortgages portfolio comprised 50% of total lending at €29.4bn in 2021. In 2022, the portfolio remained at 50% and total lending increased to €30.3bn. Between 2021 and 2022, there has been a 5% reduction in emissions intensity, now standing at 38 kgCO2e/m<sup>2</sup>.

AIB will continue to invest in residential mortgage product and propositions to support the achievement of our targets.



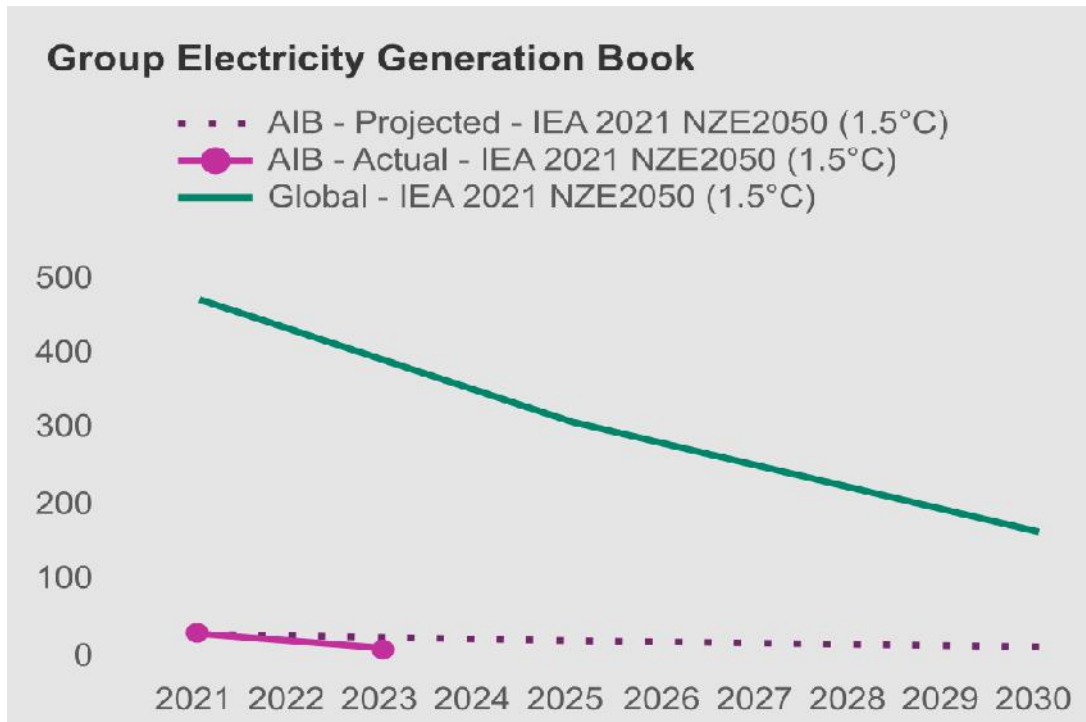
## Commercial Real Estate

In 2021, we set a baseline emissions intensity/target coverage of 135 kgCO2e/m<sup>2</sup> and used the International Energy Agency (IEA) 2021 NZE2050 1.5°C SDA Scenario to form the basis for the physical emissions intensity reduction of 67% required by 2030.

Our Corporate Real Estate portfolio comprised 10% of total lending at €5.6bn in 2021. In 2022, the portfolio comprised 12% and total lending increased to €7.5bn. Between 2021 and 2022, there has been a 9.6% reduction in emissions intensity, now standing at 122 kgCO2e/m<sup>2</sup>.

We are competitive in the Commercial Real Estate sector in our home market and our focus on sustainability in this sector is a key differentiator. Commercial Real Estate is also an important sector to us because of the social impact of our business. We work with developers and housing schemes and through the provision of finance, we have a positive social impact by increasing the housing supply in Ireland.

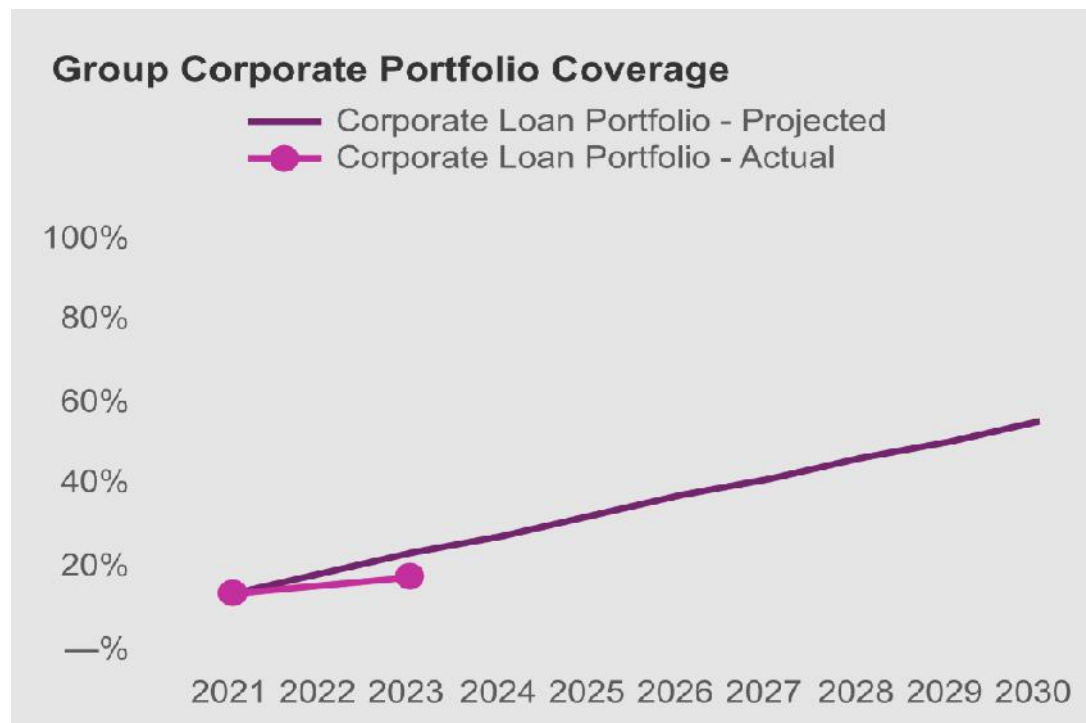
# Journey to Net Zero: Sector Transition Pathways (2/2)



## Electricity Generation

**In 2021, we set a baseline maintenance target of 21 gCO<sub>2</sub>e/kWh, vs Global 2023 463.7 gCO<sub>2</sub>e/kWh.**

Our Electricity Generation portfolio comprised 3% of total lending at €1.6bn in 2021. In 2023, the portfolio increased to 4% and total lending increased to €2.6bn. AIB's Electricity Generation portfolio has a very low emissions intensity relative to the global average for power, given the high share of renewable energy assets such as offshore wind. As such, our Electricity Generation portfolio is already aligned to International Energy Agency (IEA) Decarbonisation pathways that deliver a 1.5°C outcome. Our commitment is to maintain the existing intensity levels of 21g CO<sub>2</sub>e/kWh of our Electricity Generation portfolio through 2030 by keeping the portfolio focused on renewable electricity generation projects. We intend to grow AIB's business in renewable energy infrastructure to support the broader transition to net zero.



## Corporate Portfolio Coverage

**In 2021, we set a target to increase Corporate Portfolio loan volumes covered by emission targets from 12% to 54% by 2030.**

Our Corporate Portfolio Coverage comprised 12% of total lending at €6.9bn in 2021. As of 2023, we have increased our Portfolio Coverage to 16% representing an increase of c.4% from 2021. This metric includes corporate counterparties with > 500 Employees in line with the Non-Financial Reporting Directive (NFRD) definition by loan value that have SBTi validated targets.

The proportion of customers with SBTi validated science based targets set is expected to steadily increase in the coming years as new rules around transition plan disclosures come into force. Key sectors will decarbonise in line with the Government's Climate Action Plan 2023 and corporate counterparties with >500 Employees will set their own emissions targets in the medium term.

**75%**

GREENHOUSE GAS PROTOCOL

PCAF Partnership for Carbon Accounting Finance

SBTi validated targets for Residential, Commercial Real Estate, and Electricity Generation which cover 75% of loan book.

**Corporate Portfolio Coverage**

**54%**

Increase loan volume covered by emissions targets from 12% to 54% by 2030\*

**Residential Mortgages**

**(58)%**

Reduction in emissions intensity required by 2030\*

**CRE**

**(67)%**

Reduction in emissions intensity required by 2030\*

**Electricity Generation**

**Maintain**



# Journey to Net Zero: Agriculture

In line with the Irish Government's targets, AIB strive to meet net zero for the Agricultural sector by 2050.

## A focus on Agri Collaboration

### Dedicated Agri Advisors

AIB's dedicated Agri advisors engage farmers throughout the year, supporting agricultural shows and related events up and down the country.

In September, AIB held 'Shed Talks' across three days at the Irish National Ploughing Championships, with panels made up of key industry experts, along with representatives from Teagasc, the Department of Agriculture, Food and the Marine, Bord Bia, and Farm Zero C.

### AIB & Yield Lab AgTech Start-up Award

In January 2023, the AgTechUCD Innovation centre announced MyGug as the winner of the 'AIB and Yield Lab AgTech Start-up award' for their development of a micro-scale anaerobic digester.

### Teagasc

AIB has a long-standing partnership with Teagasc, the state agency providing research, advisory and education in agriculture, horticulture, food and rural development in Ireland.

As well as profiling Teagasc's 'Signpost' programme, AIB also sponsors the 'Grass10' initiative, which focuses on increasing grass utilisation across livestock productions systems, thereby improving economic, social and environmental agricultural sustainability.

AIB sponsored the Teagasc National Dairy Open Day in July 2023 with the theme 'Securing a Sustainable Future'.

For more information see [here](#).



### Farm Zero C Project

In July 2023, AIB became the exclusive financial institution partner with the Farm Zero C Project, based in Shinagh, outside Bandon, West Cork.

The Farm Zero C projects brings together a group of research and industry experts in a world-first attempt to create a farm-level, economically viable, climate neutral model for Irish dairy farming.

The interdisciplinary programme of work is targeting soil and grasslands; animal diet and breeding; biodiversity; life cycle analysis; and renewable energy; while ensuring proposed interventions are commercially viable.



Carbery COO, John Holland; Carbery Chairman, Cormac O'Keeffe; Minister for Finance, Michael McGrath; AIB CEO, Colin Hunt

For more information see [here](#).



## Informing the Agri Sector

Our specialist Agri team comprises 15 people based around the country, including a Head of Sustainability for Agriculture, Food & Fishing, who was appointed in May 2023.

This team has the experience and understanding to support the sector to develop and thrive sustainably.

### Ipsos

In 2023, we partnered with Ipsos, conducting fieldwork with a nationally representative sample of more than 1,000 farmers, to compile the AIB Agri Tracker assessing farmers' outlook for the future – 60% of respondents agreed that improving the environmental sustainability of their farm would have a positive impact on their income.

### Agri Matters Audience

# 25,000

customers and Agri industry personnel receive our biannual Agri Matters ezine with the latest developments and news from Ireland's agriculture sector

# Biodiversity: Protecting and Safeguarding Nature

Although at the early stages of the biodiversity journey, the financial sector has a key role to play in providing responsible finance and investment to support nature-positive funding, while reducing financial flows that harm nature.

## Our Approach

Protecting and safeguarding nature requires a ‘whole of society’ approach. At AIB, we want to tackle nature, alongside climate, in line with our ESG principles and overall purpose of empowering people to build a sustainable future.

AIB has a deep relationships with customers, suppliers and partners, who face risks to supply chains, operations and markets from continued degradation of ecosystem services. Therefore, as with our net zero strategy, we intend to take a holistic approach to nature and work with current and future partners to achieve our necessary and collective goal.

We will continue to explore existing science and emerging frameworks to identify the most meaningful, comparable and robust strategy to report and measure our environmental impacts, dependencies, and risk management of nature/biodiversity in our lending portfolio.

<p><b>2021</b></p> <p>AIB Group became the first Irish bank to adopt the Equator Principles</p> 	<p><b>2021 - 2022</b></p> <p>Key Biodiversity Areas (KBA) analysis of our sites in Ireland, the UK, and the USA.</p>	<p><b>2023</b></p> <p>AIB participated in ‘The Nature of Finance’, Ireland’s first study on nature-related risks and opportunities to the financial sector’.</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------

For more detail on AIB’s approach to compliance with the Equator Principles, see [here](#)

## Waste and Resource Management

### Reducing single-use plastics

Adopting reusable take-away containers, including coffee cups and food containers, in offices

### Digital solutions to reduce printing

In 2023, we printed 47 million fewer pages than in 2019 (our baseline), a 63% reduction

### AIB Environmental Policy

We commit to preventing pollution activities and to reducing our environmental impact

### Water management programme

Installing water-saving infrastructure to improve the efficiency of our water consumption across selected buildings. In our newer buildings, we established grey water systems to reuse water for landscaping and cleaning external surfaces

### Eco-friendly polyester fibre

The material used in our uniforms, from recycled PET bottles

## Tersano systems

Installed in our head offices, is a sustainable alternative to traditional cleaning products that contains no toxic chemicals, prevents pollution and reduces plastic waste and supply chain emissions

## AIB Group ‘Sustainability in Action’ week

### AIB Climate Challenge

Along with a general awareness campaign, teams of colleagues took part in The AIB Climate Challenge, making small changes to reduce their emissions

### c. 50,000 small actions taken during the week

AIB staff were challenged to make small changes, such as not eating meat, air drying clothes and buying second-hand, to reduce their carbon footprint. 4,100 activities were logged daily, saving a combined 36,700 kgCO<sub>2</sub>e over the week.



## Direct drivers of biodiversity loss and ecosystem change

Invasive species

Changes in land and sea use

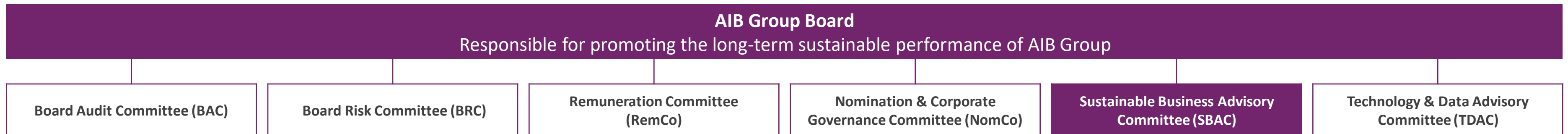
Direct exploitation of natural resources

Pollution

Climate Change

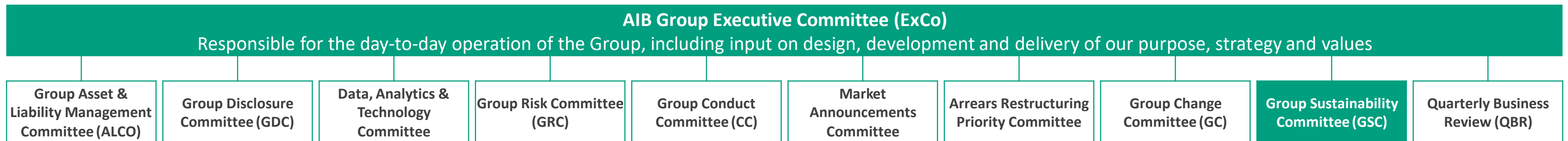
# ESG Governance at AIB

Our strong governance structures and frameworks are key to delivering our strategy. AIB’s Board of Directors has established a number of Board and Board Advisory Committees to assist in the discharge of its duties, including in overseeing and challenging the Group’s sustainability strategy and performance.



## Sustainable Business Advisory Committee (SBAC)

In fulfilling its advisory role, the SBAC supports the Board in overseeing and challenging the development and execution of the Group’s sustainable business strategy in accordance with the approved Group strategic and financial plan. The Board receives updates regarding the execution of the Group's sustainability strategy, including the quarterly Group Balanced Scorecard, bi-annual sustainability updates and updates on both Green Bond and Social Bond transactions



## Group Sustainability Committee (GSC)

Chaired by our Chief Strategy & Sustainability Officer, the GSC is responsible for the governance, oversight and approval of aspects of the Group’s sustainable business strategy including Environmental, Social and Governance (ESG) activities.

For further detail of our Governance and Responsible Business approach, see our 2023 Detailed Sustainability Report [here](#).

# Commitments, Memberships & Partnerships

Key voluntary commitments made by AIB, relevant to our Sustainability Strategy and Reporting:

	Date of Commencement	Stakeholders	Applicable countries	Website
Carbon Disclosures Project (CDP)	2014	All	Group-wide	www.cdp.net/en
Equator Principles	2021	All	Group-wide	www.equatorprinciples.com
Global Reporting Initiative (GRI)	2017	All	Group-wide	www.globalreporting.org
ICMA Principles	2023	All	Group-wide	Principles membership » ICMA (icmagroup.org)
ISO 50001 (energy) and ISO 14001 (environmental) management	2014	All	Group-wide	www.iso.org
National Energy Efficiency Action Plan	2010	All	Group-wide	hwww.gov.ie/ga/foilsuichan/93e2-national-energy-efficiency-action-plan-neeap/
Net Zero Banking Alliance	2021	All	Group-wide	www.unep.org/net-zero-banking
Science Based Targets Initiative	2023	All	Group-wide	www.sciencebasedtargets.org
Task Force on Climate-related Financial Disclosures (TCFD)	2019	All	Group-wide	www.fsb-tcf.org
The Valuable 500	2019	All	Group-wide	www.thevaluable500.com
UN Global Compact	2021	All	Group-wide	www.unglobalcompact.org
United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking	2019	All	Group-wide	www.unep.org/banking/banking-principles

Association	Governance Position	Active	Funding Beyond Membership	Strategic Alignment
30% Club	N	Y	N	Y
Banking & Payments Federation of Ireland (BPFI)	Y	Y	N	Y
Cyber Defense Alliance	Y	Y	N	Y
European Banking Federation (through BPFI)	N	Y	N	Y
Institute of Bankers (IOB)	Y	Y	N	Y
Irish Business and Employment Confederation (IBEC)	N	Y	N	Y
Irish Paper Clearing Company (IPCC)	Y	Y	N	Y
Irish Payments Council (IPC)	Y	Y	N	Y
Open Doors	N	Y	N	Y
UK Finance	N	Y	N	Y
UNEP Finance Initiative	N	Y	N	Y
World Business Council for Sustainable Development (WBCSD)	N	Y	N	Y

AIB also partners with various community organisations on an ongoing basis, including:



# Our Policies and Frameworks

Code/Policy/Framework Name	Name of Statement provided publicly	Link to website if publicly available
Anti-Bullying & Harassment Policy		<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Code of Conduct		<a href="https://aib.ie/suppliers/our-policies-and-procedures">https://aib.ie/suppliers/our-policies-and-procedures</a>
Inclusion & Diversity Code		<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Regulatory Accountability Policy		Not Publicly Available
Remuneration Policy		<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Speak-up Policy		<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
AIB Group Energy Policy	AIB Group Energy Policy	<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
AIB Group Environmental Policy	AIB Group Environmental Policy	<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Health & Safety Policy	Health & Safety Policy	<a href="https://aib.ie/suppliers/our-policies-and-procedures">https://aib.ie/suppliers/our-policies-and-procedures</a>
AIB Responsible Supplier Code		<a href="https://aib.ie/suppliers/our-policies-and-procedures">https://aib.ie/suppliers/our-policies-and-procedures</a>
Modern Slavery Statement	Modern Slavery Statement	<a href="https://aib.ie/suppliers/our-policies-and-procedures">https://aib.ie/suppliers/our-policies-and-procedures</a>
Green Bond Framework		<a href="https://aib.ie/investorrelations/debt-investor">https://aib.ie/investorrelations/debt-investor</a>
Social Bond Framework		<a href="https://aib.ie/investorrelations/debt-investor">https://aib.ie/investorrelations/debt-investor</a>
Socially Responsible Investment Bond Framework		<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Tax Policy	Tax Principles	<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Root Cause Analysis of Complaints & Errors Policy		Not Publicly Available
Sustainable Lending Framework		Not Publicly Available
Environmental, Social & Governance Framework		Not Publicly Available

Code/Policy/Framework Name	Name of Statement provided publicly	Link to website if publicly available
AIB Group Data Protection Policy	Group Data Protection Statement	<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Conflicts of Interest Policy	Conflicts of Interest Statement	<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
ePrivacy Policy		Not Publicly Available
Financial Crime Policy	Financial Crime Statement	<a href="https://aib.ie/sustainability">https://aib.ie/sustainability</a>
Group Commercial Investment Policy		Not Publicly Available
AIB Group Conduct Risk Framework		Not Publicly Available
Group Credit Risk Policy		Not Publicly Available
Group Forebearance Policy		Not Publicly Available
AIB Group Lobbying Policy		Not Publicly Available
Group Project Finance Policy		Not Publicly Available
Group Residential Development Policy		Not Publicly Available
Group Social Housing Policy		Not Publicly Available
Information Security Policy		Not Publicly Available
People & Culture Risk Framework		Not Publicly Available
Regulatory Compliance Risk Management Framework	Tax Principles	Not Publicly Available
Risk Management Framework		Not Publicly Available
ROI Residential Mortgage Policy (PDH & BTL)		Not Publicly Available

## Notes

1. When a policy isn't publicly available but a statement is, the name of the statement is noted.
2. These policies are approved by the relevant governance fora on a regular basis, or when material changes are made, in accordance with the governance pathway.
3. Training requirements for all Policies and Frameworks are covered under the appropriate governance pathway.

# Contact Details

**Mark Whelan**

Head of Funding and Liquidity

[Mark.A.Whelan@aib.ie](mailto:Mark.A.Whelan@aib.ie)

+353 1 772 4027

**Eoin Moore**

Head of Term Funding

[Eoin.P.Moore@aib.ie](mailto:Eoin.P.Moore@aib.ie)

+353 1 772 4027

**Maddison Hampson**

Treasury Manager, ESG Term Funding

[Maddison.P.Hampson@aib.ie](mailto:Maddison.P.Hampson@aib.ie)

+353 1 772 4027

**Grace Loring**

Treasury Manager, ESG Term Funding

[Grace.E.Loring@aib.ie](mailto:Grace.E.Loring@aib.ie)

+353 1 772 4027

**Niamh Hore**

Head of Investor Relations

[Niamh.A.Hore@aib.ie](mailto:Niamh.A.Hore@aib.ie)

+353 1 6411817

**Siobhain Walsh**

Head of Debt Investor Relations

[Siobhain.M.Walsh@aib.ie](mailto:Siobhain.M.Walsh@aib.ie)

+353 87 3956864



# Disclaimer (1/2)

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY AIB AND ACCORDINGLY, NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS GIVEN BY OR ON BEHALF OF AIB OR ANY OF THEIR RESPECTIVE MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES OR ANY OTHER PERSON AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, REASONABLENESS, COMPLETENESS OR CORRECTNESS OF THE INFORMATION INCLUDED HEREIN. NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY AIB AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, REASONABLENESS, COMPLETENESS OR CORRECTNESS OF SUCH INFORMATION.

THIS DOCUMENT MAY CONTAIN STATEMENTS ABOUT FUTURE EVENTS, PLANS, OBJECTIVES, GOALS, STRATEGIES AND EXPECTATIONS THAT ARE FORWARD LOOKING STATEMENTS. THESE FORWARD LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE ONLY TO HISTORICAL OR CURRENT FACTS. FORWARD LOOKING STATEMENTS SOMETIMES USE WORDS SUCH AS 'AIM', 'ANTICIPATE', 'TARGET', 'EXPECT', 'ESTIMATE', 'INTEND', 'PLAN', 'GOAL', 'BELIEVE', 'MAY', 'COULD', 'WILL', 'SEEK', 'CONTINUE', 'SHOULD', 'ASSUME', OR OTHER WORDS OF SIMILAR MEANING. NONE OF THE FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES, TARGETS OR PROSPECTS IN THIS DOCUMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES, TARGETS OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THIS DOCUMENT. AIB HAS NO OBLIGATION AND UNDERTAKES NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS DOCUMENT OR THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS OR TO OTHERWISE NOTIFY ANY ADDRESSEE IF ANY INFORMATION, OPINION, PROJECTION, FORECAST OR ESTIMATE SET FORTH HEREIN CHANGES OR SUBSEQUENTLY BECOMES INACCURATE. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS GIVEN BY OR ON BEHALF OF AIB AS TO THE ACHIEVEMENT OR REASONABLENESS OF ANY FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES, TARGETS OR PROSPECTS.

THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS PROVIDING INVESTMENT, LEGAL, ACCOUNTING, REGULATORY, TAXATION OR OTHER ADVICE. IT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SELL OR ANY SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OR A RECOMMENDATION REGARDING ANY SECURITIES. NOTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER AND IT HAS NOT BEEN APPROVED BY ANY SECURITY REGULATORY AUTHORITY.

THE INFORMATION IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED.

THIS DOCUMENT IS AN ADVERTISEMENT FOR THE PURPOSES OF REGULATION (EU) 2017/1129. THE BASE PROSPECTUS IN RESPECT OF AIB'S EURO MEDIUM TERM NOTE PROGRAMME, ANY SUPPLEMENTS AND EACH FINAL TERMS, WHEN PUBLISHED, WILL BE AVAILABLE AT [HTTPS://LIVE.EURONEXT.COM/EN/MARKETS/DUBLIN/BONDS/LIST](https://live.euronext.com/en/markets/dublin/bonds/list).

THE DISTRIBUTION OF THIS DOCUMENT AND OF THE INFORMATION IT CONTAINS MAY BE SUBJECT TO LEGAL RESTRICTIONS IN SOME COUNTRIES. PERSONS WHO MIGHT COME INTO POSSESSION OF IT MUST INQUIRE AS TO THE EXISTENCE OF SUCH RESTRICTIONS AND COMPLY WITH THEM.

THE ADDRESSEE IS SOLELY LIABLE FOR ANY USE OF THE INFORMATION CONTAINED HEREIN AND AIB AND ANY OF THEIR RESPECTIVE MEMBERS, DIRECTORS, OFFICERS OR EMPLOYEES OR ANY OTHER PERSON SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGES OR LOSS, DIRECT, INDIRECT OR OTHERWISE, ARISING FROM ANY USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH THIS DOCUMENT BY THE ADDRESSEE.

# Disclaimer (2/2)

THIS DOCUMENT REPRESENTS CURRENT AIB POLICY AND INTENT AS AT THE DATE OF THIS DOCUMENT AND IS SUBJECT TO CHANGE WITHOUT NOTICE AND IS NOT INTENDED NOR CAN BE RELIED ON, TO CREATE LEGAL RELATIONS, RIGHTS OR OBLIGATIONS.

ANY DECISION TO PURCHASE ANY AIB GREEN BONDS SHOULD BE MADE SOLELY ON THE BASIS OF THE INFORMATION TO BE CONTAINED IN ANY OFFERING DOCUMENT OR PROSPECTUS PRODUCED IN CONNECTION WITH THE OFFERING OF SUCH BONDS.

PROSPECTIVE INVESTORS ARE REQUIRED TO MAKE THEIR OWN INDEPENDENT INVESTMENT DECISIONS.

NO REPRESENTATION IS MADE AS TO THE SUITABILITY OF ANY AIB GREEN BONDS TO FULFIL GREEN CRITERIA REQUIRED BY PROSPECTIVE INVESTORS. EACH POTENTIAL PURCHASER OF AIB GREEN BONDS SHOULD DETERMINE FOR ITSELF THE RELEVANCE OF THE INFORMATION CONTAINED OR REFERRED TO IN THIS DOCUMENT OR THE RELEVANT BOND DOCUMENTATION FOR SUCH AIB GREEN BONDS REGARDING THE USE OF PROCEEDS AND ITS PURCHASE OF AIB GREEN BONDS SHOULD BE BASED UPON SUCH INVESTIGATION AS IT DEEMS NECESSARY.

AIB HAS SET OUT ITS INTENDED POLICY AND ACTIONS IN THIS DOCUMENT IN RESPECT OF USE OF PROCEEDS, PROJECT EVALUATION AND SELECTION, MANAGEMENT OF PROCEEDS AND INVESTOR REPORTING, IN CONNECTION WITH AIB GREEN BONDS. HOWEVER, IT WILL NOT (I) GIVE RISE TO ANY CLAIM OF AN INVESTOR AGAINST AIB; OR (II) CONSTITUTE AN EVENT OF DEFAULT UNDER THE AIB GREEN BONDS; OR (III) LEAD TO AN OBLIGATION OF AIB TO REDEEM SUCH AIB GREEN BONDS OR BE A RELEVANT FACTOR FOR AIB IN DETERMINING WHETHER OR NOT TO EXERCISE ANY OPTIONAL REDEMPTION RIGHTS IN RESPECT OF ANY AIB GREEN BONDS; OR (IV) WHERE APPLICABLE, AFFECT THE QUALIFICATION OF SUCH GREEN BONDS FOR REGULATORY PURPOSES; OR (V) OTHERWISE AFFECT OR IMPEDE THE ABILITY OF AIB TO APPLY THE PROCEEDS OF ANY AIB GREEN BONDS TO COVER LOSSES IN ANY PART OF THE AIB GROUP; OR (VI) RESULT IN ANY STEP-UP OR INCREASED PAYMENTS OF INTEREST, PRINCIPAL OR ANY OTHER AMOUNTS IN RESPECT OF THE AIB GREEN BONDS OR OTHERWISE AFFECT THE TERMS AND CONDITIONS OF SUCH BONDS, IF AIB FAILS TO ADHERE TO THIS DOCUMENT, WHETHER BY FAILING TO FUND OR COMPLETE ELIGIBLE GREEN PROJECTS OR OTHERWISE.

IN ADDITION, IT SHOULD BE NOTED THAT ALL OF THE EXPECTED BENEFITS OF THE PROJECTS AS DESCRIBED IN THIS DOCUMENT MAY NOT BE ACHIEVED. FACTORS INCLUDING (BUT NOT LIMITED TO) MARKET, POLITICAL AND ECONOMIC CONDITIONS, CHANGES IN GOVERNMENT POLICY (WHETHER WITH A CONTINUITY OF THE GOVERNMENT OR ON A CHANGE IN THE COMPOSITION OF THE GOVERNMENT), CHANGES IN LAWS, RULES OR REGULATIONS, THE LACK OF AVAILABLE SUITABLE PROJECTS BEING INITIATED, FAILURE TO COMPLETE OR IMPLEMENT PROJECTS AND OTHER CHALLENGES, COULD LIMIT THE ABILITY TO ACHIEVE SOME OR ALL OF THE EXPECTED BENEFITS OF THESE INITIATIVES, INCLUDING THE FUNDING AND COMPLETION OF ELIGIBLE GREEN PROJECTS. IN ADDITION, EACH ENVIRONMENTALLY FOCUSED POTENTIAL PURCHASER OF AIB GREEN BONDS SHOULD BE AWARE THAT ELIGIBLE GREEN PROJECTS MAY NOT DELIVER THE GREEN BENEFITS ANTICIPATED, AND MAY RESULT IN ADVERSE IMPACTS. ON THIS BASIS, ALL AND ANY LIABILITY, WHETHER ARISING IN TORT, CONTRACT OR OTHERWISE WHICH ANY PURCHASER OF AIB GREEN BONDS OR ANY OTHER PERSON MIGHT OTHERWISE HAVE IN RESPECT OF THIS DOCUMENT OR ANY AIB GREEN BONDS AS A RESULT OF ANY FAILURE TO ADHERE TO OR COMPLY WITH THIS DOCUMENT IS HEREBY DISCLAIMED TO THE FULLEST EXTENT PERMITTED BY LAW.